

The Bandai Namco Group's New Mid-term Plan

Interview with the President

## Under the new Mid-term Plan, we will aim for deep, broad, and multifaceted connections with a wide variety of stakeholders.

The Bandai Namco Group has announced a Mid-term Plan that will start from April 2022. In this issue of the newsletter, Bandai Namco Holdings' President Masaru Kawaguchi provides an overview of the new Mid-term Plan and discusses the Group's results in FY2022.3 and other matters.



▲ Bandai Namco Holdings' President Masaru Kawaguchi announced the new Mid-term Plan through an online presentation.

### The results for FY2022.3 have been announced.

Kawaguchi: Looking at our results in the first nine months of FY2022.3 (April to December 2021), net sales were ¥628.3 billion, operating profit was ¥92.1 billion, recurring profit was ¥95.5 billion, and profit attributable to owners of parent was ¥61.7 billion. We achieved record highs for sales and for profits at all levels. In comparison with the same period of the previous fiscal year, the Toys and Hobby business improved its results, with favorable performances by products for the mature fan base, such as *Gundam* plastic models, and by toy-related items, such as trading cards. As a result, the Toys and Hobby business achieved record-high results. In addition, the Visual and Music Production business and the Amusement business, which were significantly affected by the spread of COVID-19 in the previous fiscal year, recovered with year-on-year gains in the nine-month period. Overall, the Group was able to demonstrate continued solid results in its regional, business, and IP portfolios.

With consideration for results in each business in the nine-month period; current market conditions; and products, services, and marketing plans in the fourth quarter, we decided to revise the forecasts for FY2022.3. Going forward, while planting seeds for the future, we will work to steadily implement current business initiatives, achieve the full-year forecasts for net sales of ¥810.0 billion and operating profit of ¥96.0 billion, and prepare for a solid start with the new Mid-term Plan.

Looking at the dividend forecast for FY2022.3, in accordance with our basic policy of providing a return to shareholders that targets a total return ratio of 50% or more based on stable dividend payments of 2% of DOE, we are expecting an annual per-share dividend of ¥153 per share, including a base dividend of ¥48 per share and a performance-based dividend of ¥105 per share.

### In conjunction with the start of the new Mid-term Plan, the Group has formulated its Purpose.

Kawaguchi: From April 2022, we will introduce the Purpose, which is the ultimate definition of the Group. The Purpose expresses the meaning of our existence for society, the reason why we conduct business operations and corporate activities, and the significance of our working at Bandai Namco. In formulating the Purpose, we held repeated deliberations based on factors that were identified through questionnaires distributed to all employees, discussions among employees from around the world, etc.

In the Purpose, we want to emphasize the key phrase “connecting and working together to create things.” Through our history of pursuing the realization of smiles and dreams for fans and staying close to those fans, the concept of aiming for the same future has become an established part of Bandai Namco's corporate culture. We redefined that concept in the Purpose. As we cooperate with people around the world, the result of “connecting and working together to create things” will

be “Fun for All into the Future,” which will entail providing fun and inspiration to people around the world and striving to create smiles and happiness into the future.

### The corporate logo will be changed.

Kawaguchi: Our previous logo was created at the time of the management integration of Bandai and NAMCO in 2005, and accordingly it expressed the concept of “fusion.” It has been 16 years since the integration, and we will change the logo to incorporate the idea that Bandai Namco is moving on to the next stage. The new logo expresses the key phrase of the Purpose — connecting and working together to create things — and in line with the concept of communication, it has a motif of a speech bubble like those used in manga, etc. For the color, through questionnaires answered by employees around the world, we asked about words expressing images associated with the aims of the Group. From among the words that were frequently mentioned, we selected candidate colors through scientific methods linking words with colors. Then, from among these candidates, we selected red as a color that creates an impression that is enthusiastic, fun, active, bold, etc.

The new logo will be displayed on all of the Group's products and services. Going forward, we will strengthen our branding initiatives in order to make the logo known around the world as the emblem of Bandai Namco, which aims for global growth.

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### Working on an IP axis to develop a metaverse for each IP that is close to fans



▲ The IP metaverse

#### “Connections” is one of the key words in the Mid-term Plan.

Kawaguchi: That’s right. Under the new Mid-term Plan, we will target what we aim to be, as expressed by the Purpose. First, we will work to build an original Bandai Namco framework for connecting with fans. Bandai Namco is supported by many fans who have long-lasting connections to the Group through our products and services. Centered on the Purpose, we will aim to solidly strengthen our connections with all stakeholders, including IP fans, partners, employees, communities, and the world.

First, we will connect with IP fans. By always staying close to IP fans and continuing to provide products and services that they enjoy, Bandai Namco will do its utmost to be considered essential by fans. Then, we will connect with our business partners. With the know-how that we have cultivated in a wide

range of business fields and through the IP axis strategy, which aims to maximize IP value, we will strive to be the choice of business partners so that they want to establish connections with Bandai Namco.

Furthermore, we will connect with communities. In addition to IP communities, we will work on an IP axis to connect with communities throughout society, and together we will strive to build a sustainable future. In pursuing the aim expressed by the Purpose, we must foster deeper, broader, and more-multifaceted connections with fans around the world. We will connect deeply with current fans and broadly with new fans. And then we will foster multi-faceted connections with existing fans and new fans, and with the communities that they form. Together with fans,

we will work to foster connections filled with dreams. What will be important in making connections will be the quality of connections, in other words, how we connect.

#### Is this idea also linked to the main strategies in the Mid-term Plan?

Kawaguchi: In regard to the “new framework for connecting with fans,” which is a main strategy of the IP axis strategy in the new Mid-term Plan, on an IP axis, we will develop a metaverse for each IP as a framework that is close to fans. For the IP Metaverse, we are envisioning a framework under which fans can use avatars to become characters, watch videos, and enjoy exciting live events, as well as games, shopping, etc. Our greatest focus will be the existence of various worlds (metaverses) that leverage the worldview of each IP, with IP as the center of the framework. This will be a fan-oriented metaverse that fosters deep, broad, and multifaceted connections with fans.

#### Would you provide more detail about the metaverse?

Kawaguchi: We will consider specific content and designs as we go forward, starting with the use of *Gundam*, for which we are implementing a worldwide rollout as original Group IP. Although the details are not yet finalized, the *Gundam* metaverse will likely offers spaces with dreams that fully leverage the IP’s worldview, such as outer space and space colonies. In working to advance metaverse development, we will first collect IP information, and we will enable fans to access a variety of that information. Second, we will develop metaverse content. We will provide unique services that draw on Bandai Namco’s distinctive strengths, such as services that leverage a fusion of physical

*Gundam* plastic models and digital games. Third, we will build communities. We will provide the optimal venues for fans and business partners to gather and form connections.

#### Please discuss “accelerating evolution in the IP Axis strategy.”

Kawaguchi: To advance to the next stage under the IP axis strategy, Bandai Namco will need to aim for lateral development with an increased focus on an IP axis, and to change over to a platformers’ mindset. Perhaps the word “platformer” might give the wrong impression. I am referring not to the management of platforms but rather to a transition in our mindset, from a business axis to an IP axis.

Bandai Namco’s strength is the ability to use a wide range of outlets to connect with fans. For example, looking at *Gundam*, in digital operations our outlets include the metaverse, e-commerce sites, games, online visual product distribution, etc. In physical operations, we can connect with fans through venues, such as directly operated stores for *Gundam* plastic models, multipurpose amusement facilities, events, etc. We will build IP platforms that facilitate connections with fans in both digital and physical operations. The building of IP platforms that enable

connections between Bandai Namco and fans, as well as among fans themselves, will be the first step toward the acceleration of evolution in the IP axis strategy.

Up to this point, the major flow of our efforts with the IP axis strategy involved drawing on a wide range of products and services while leveraging the worldviews of the IP. In order to maximize businesses, we will continue to advance the utilization of IP in this manner. In addition, going forward we will increase measures to strengthen initiatives for the maximization of the value of IP itself.

This raises the question of how we can maximize IP value. In that regard, I think it might be essential to increase the opportunities for many fans to experience IP and to rapidly broaden the potential of IP. In advancing short-term and long-term initiatives while maximizing businesses, it is possible that there will be some cases in which we will prioritize initiatives from a long-term viewpoint in order to maximize IP value. Furthermore, in areas where we cannot do everything ourselves, we will need to promote initiatives to maximize IP value in cooperation with business partners.

#### Does the Mid-term Vision reflect previous discussions?

Kawaguchi: The Mid-term Vision for the next three years will be “Connect with Fans.”

This Mid-term Vision expresses our objective of working together under the ALL BANDAI NAMCO concept to advance toward the realization of what we aim to be as expressed by the Purpose.

As indicated in the Mid-term Vision, Bandai Namco will aim to continually address the needs of our fans, and to maintain a unique existence that connects with those fans in a broad, deep, and multi-faceted manner.

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< Bandai Namco's Purpose >

## Fun for All into the Future

Bandai Namco exists to share dreams, fun and inspiration with people around the world. Connecting people and societies in the enjoyment of uniquely entertaining products and services, we’re working to create a brighter future for everyone.

< New logo >



< The Bandai Namco Group's Mid-term Plan >



## Aiming to achieve an overseas sales ratio of 35% by strengthening global business development under the ALL BANDAI NAMCO concept

### Please discuss "building businesses under the ALL BANDAI NAMCO concept."

Kawaguchi: The results of the Bandai Namco Group have been stable over the past few years, and we have the potential for growth around the world. Overseas, the scale of our operations is small compared with our business in Japan, and consequently we will need to work on an ALL BANDAI NAMCO basis rather than on an individual business basis. Accordingly, prior to the start of the new Mid-term Plan, we have established systems to compete under the ALL BANDAI NAMCO concept in all regions.

In inland China, a new company integrating the Digital business and the Toys and Hobby business started operations in January 2022. In addition, in the U.S. and France, we have brought together the offices for the Digital business and the Toys and Hobby business and established systems for advancing our strategies under the ALL BANDAI NAMCO concept. Moving forward, under ALL BANDAI NAMCO, we will actively implement collaboration among businesses, and we will advance IP projects that extend across business and regions. In this way, we will work to maximize businesses and IP value. Moreover, we will also focus on the creation of IP from each region. Although it is difficult to make a precise statement about the timing, we must aim to achieve, as rapidly as possible, a 50-50 balance between overseas sales and sales in Japan. Accordingly, in the new Mid-term Plan, we have set the objective of increasing the overseas sales ratio from the current level of slightly more than 20% to 35%. With sales in Japan growing, raising this ratio to 35% will not be an easy task, but we will aim to achieve it by working together under the ALL BANDAI NAMCO concept. Overseas, we have growth potential in all regions, but North America and inland China, which are currently recording growth, are especially important markets. In the Digital business, we will launch titles for a variety of regions and targets, and work to raise overseas business as a whole. Also, in the Toys and Hobby business, we will expand business for

the mature fan base. Furthermore, to expand business overseas, we will need to strengthen our production system. With *Gundam* plastic models, for which we are stepping up overseas roll-out initiatives, we will work to further expand the production system in order to address demand in each region.

### What are the Group's investment plans for advancing its strategies?

Kawaguchi: Under the previous Mid-term Plan, we implemented ¥25.0 billion in strategic investment to strengthen the IP axis strategy, and currently we are starting to see the creation of IP resulting from Groupwide initiatives, such as *SCARLET NEXUS* and *Amaim Warrior at the Borderline*.

Under the new Mid-term Plan, we will implement ¥40.0 billion in strategic investment to accelerate evolution of the IP axis strategy. Of this amount, we will invest ¥25.0 billion to maximize IP value, and we will implement initiatives for new IP creation and projects that extend across business lines. In addition, we will invest ¥15.0 billion centered

on the construction of an IP metaverse data platform. We will consolidate the Group's fan data, build a framework for integrated management, etc.

The data of fans who have connections with Bandai Namco is highly valuable. To make full use of this resource, we will consolidate the Group's fan customer data in a storehouse known as the Data Universe. We will analyze the consolidated data in terms of such factors as fan behavior, purchases, preferences, etc., and link it to increased satisfaction with products and services, the formation of communities among fans, and the development of the IP metaverse.

### What is the Group's view of the market environment for IP?

Kawaguchi: Going forward, multiple major-IP visual products will be released for a wide range of regions and targets. For example, the release of a new *DRAGON BALL* film has been announced. For the previous film release, together with the licensor and other partners, we held events around the world and

generated considerable excitement among IP fans worldwide. In a wide range of IP, we will work closely with partners and actively roll out products and services to facilitate synergy effects.

In the Group's IP Production Unit, we are planning to invest approximately ¥45.0 billion in about 120 visual products over three years. This will include taking on the challenge in new IP creation of more than 10 products a year. Moreover, with existing IP, we have a lineup of multiple new *Gundam* visual

products, and with other IP as well, we plan to create buzz by continually launching new visual products in order to foster excitement about the IP itself and among fans. In the Digital business, over the three years of the new Mid-term Plan, we are planning a total of approximately 30 worldwide titles for home video games and network content. Going forward, we will aim for worldwide hits and conduct development with a focus on quality.

engineers involved with the creation of IP and the development of products and services, and managers who will be the foundation for advancing management strategies and business strategies. In this way, we will aim for a workforce with a balanced composition.

### Please explain the system for advancing the new Mid-term Plan.

Kawaguchi: Bandai Namco Holdings Inc. will transition to a new system. Following approval at the shareholders' meeting in June, we will transition from a "company with an audit and supervisory board" to a "company with an audit and supervisory committee." Through this transition, we will work to strengthen corporate governance, delegate certain authorities related to business execution to a newly established committee, and implement rapid decision-making and business execution.

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## Announcing sustainability, which is an important management issue, as a main strategy

### Sustainability was added as one of the main strategies.

Kawaguchi: We consider sustainability to be an important management issue, and for the first time it has been included as a main strategy in the Mid-term Plan. To support the realization of a sustainable society, we have already announced the Bandai Namco Group Sustainability Policy and medium to long term targets for decarbonization. Looking at our sustainable activities, our objective is to work together with fans toward the realization of a sustainable society in the future. Moreover, we have identified five of the most important themes as material issues. For *Gundam*, we are already implementing multi-faceted activities on an IP axis, such as recycling and education. Moving forward, we will foster this type of collaboration involving the IP axis strategy and work together with fans to advance a variety of activities. In addition, as a sustainability promotion structure, the Group CSR Committee, which has reported directly to the president, has been reorganized into the Group Sustainability Committee and repositioned so that it is directly under the Board of Directors. In addition to implementing business strategies, we will also conduct sustainable activities and strive to create smiles and happiness into the future.

### Please explain the personnel strategy.

Kawaguchi: Our employees are the Group's greatest asset. In accordance with our Purpose, we seek to be a group in which companies and employees can act with motivation and

energy to leverage varied talents, individual characteristics, and values. In this way, we will strive to be a group that demonstrates the concept of "same spirit, diverse talents." We will secure and promote human resources without regard to whether they are new graduates or mid-career hires, their gender, or their nationality. In addition, we will further focus resources on the establishment of systems and environments that enable diverse human resources to actively participate and to work in a manner that is healthy in body and mind.

Furthermore, we will advance initiatives to support employees as they take on challenges, and we will work to address diverse working styles and new working styles. In addition, we will strive to develop diverse human resources in a variety of fields, such as marketing personnel who will advance the IP axis strategy on a global basis, creators and

## The Bandai Namco Group Sustainability Policy

Under the IP Axis Strategy, we will work with fans to promote sustainability activities corresponding to social issues that should be addressed by the Group.

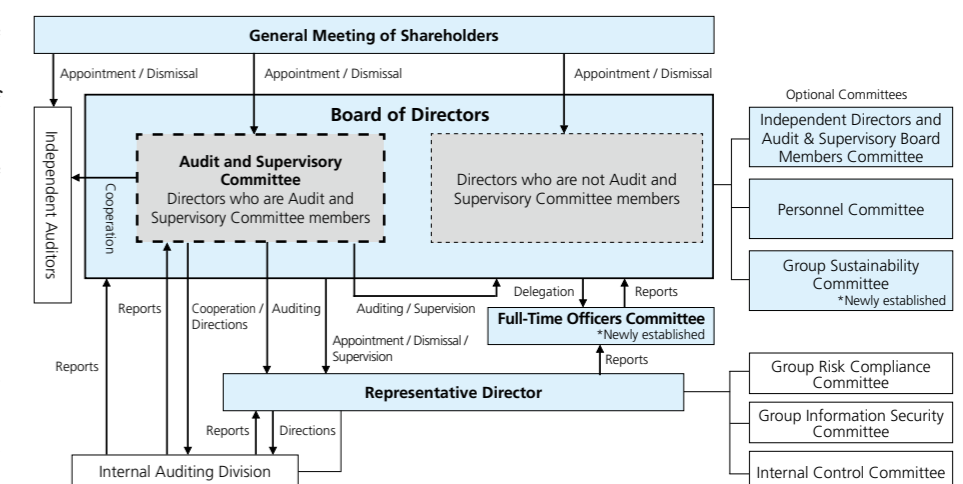
### Material issues (important themes)

- Harmonious coexistence with the natural environment
- Provision of appropriate products and services
- Appropriate utilization and protection of intellectual property
- Establishment of work environments that facilitate mutual respect
- Harmonious coexistence with communities

### Medium- to long-term targets for decarbonization

<b>Target</b>	By 2050: Reduce the amount of energy-related carbon dioxide emissions at Group business sites (offices, own plants, directly operated amusement facilities, etc.) to net zero
<b>Medium-term target</b>	By 2030: A 35% reduction compared with FY2020.3 (a 50% reduction compared with FY2014.3) in energy-related carbon dioxide emissions at Group business sites
<b>Main initiatives</b>	Further promotion of energy-saving initiatives and introduction of renewable energy, etc.

### System After Transition to a Company with an Audit and Supervisory Committee (plan)



## Aiming for sales of ¥1,100.0 billion in the final year of the Mid-term Plan

Following the approval of the shareholders' meeting in June, we will transition to a company with an audit and supervisory committee. Looking at the new director system, out of 14 directors, 5 will be outside directors.

In regard to the Unit system, we will continue to have three Units, but in the IP Production Unit the IP production business will be consolidated through the integration of the visual and music production business and the creation business. For the organizational system, the three companies in the visual products business and the three companies and the music and live events business will be integrated to form new companies.

### What are the numerical targets in the Mid-term Plan?

Kawaguchi: In FY2025.3, the final year of the plan, we are targeting consolidated net

sales of ¥1,100.0 billion, consolidated operating profit of ¥125.0 billion, and ROE of 12% or more. Net sales of ¥1,000 billion and operating profit of ¥100 billion might generally be said to be high targets, but we will aim to achieve them in the final year of the Mid-term Plan by implementing our strategies with everyone in the Group working together.

In regard to our shareholder return policy, we will continue to implement a policy of aiming a total payout ratio of 50% or higher, with dividend payments of 2% of DOE.

### Finally, do you have a message for readers?

Kawaguchi: In accordance with the new Purpose, Bandai Namco will work to give concrete form to the Purpose in business, in sustainability, and in the actions of individual

### Numerical targets

FY2025.3

Consolidated net sales	¥1,100 billion
Consolidated operating profit	¥125.0 billion
ROE	12% or more

employees so that we can provide fun and inspiration to people around the world and work to create smiles and happiness into the future. I would like to ask all of our shareholders for their continued support. Please look forward to exciting developments for Bandai Namco in the years ahead.

## Directors at Major Companies in the Bandai Namco Group

(as of April 1, 2022)

### Bandai Namco Holdings. Inc.

Following the General Meeting of Shareholders scheduled for June 2022

President and Representative Director	Masaru Kawaguchi
Director	Yuji Asako
Director	Nobuhiko Momoi ☆
Director (Part-time)	Yasuo Miyakawa
Director (Part-time)	Kazuhiro Takenaka ☆
Director (Part-time)	Makoto Asanuma
Director (Part-time)	Hiroshi Kawasaki
Director (Part-time)	Shuji Ohtsu *
Director (Part-time, Outside)	Koichi Kawana
Director (Part-time, Outside)	Toshio Shimada
Director (Audit and Supervisory Committee Member)	Masataka Nagaïke ☆
Director (Audit and Supervisory Committee Member, Outside)	Toru Shinoda ☆
Director (Audit and Supervisory Committee Member, Part-time, Outside)	Satoko Kuwabara *
Director (Audit and Supervisory Committee Member, Part-time, Outside)	Takayuki Komiya ☆

### Bandai Namco Entertainment Inc.

President and Representative Director	Yasuo Miyakawa
Senior Managing Director	Naoki Katashima *
Managing Director	Koji Fujiwara
Director	Toru Konno
Director (Part-time)	Daisuke Uchiyama
Director (Part-time)	Nao Udagawa ☆
Director (Part-time)	Arnaud Muller ☆

### BANDAI CO., LTD.

President and Representative Director	Kazuhiro Takenaka
Director	Nobuhiko Momoi *
Director	Shinjiro Kaji
Director	Daiki Miyatani ☆
Director	Akira Togashi
Director	Keisuke Furusawa ☆
Director (Part-time)	Taro Tsuji
Director (Part-time)	Yasuo Miyakawa

### BANDAI SPIRITS CO., LTD.

President and Representative Director	Nao Udagawa
Director	Hiroshi Sakakibara
Director	Takahiro Mizuno
Director	Akira Togashi
Director	Keisuke Furusawa ☆
Director (Part-time)	Kazuhiro Takenaka
Director (Part-time)	Shin Sasaki

### Bandai Namco Filmworks Inc.

President and Representative Director	Makoto Asanuma
Vice President and Director	Satoshi Kono *
Director	Yoshitaka Tao ☆
Managing Director	Shin Sasaki
Director	Naoya Masaki
Director	Kenji Hamada ☆
Director	Kimikazu Ueyama ☆
Director (part-time)	Takaaki Suzuki ☆
Director (part-time)	Koji Fujiwara ☆
Director (part-time)	Keisuke Furusawa ☆
Director (part-time)	Yoshiyasu Horiuichi

### Bandai Namco Music Live Inc.

President and Representative Director	Takaaki Suzuki *
Director	Kazunori Goka ☆
Director	Masayuki Ozaki ☆
Director	Yuka Sakurai
Director	Hideyuki Kurita
Director (part-time)	Kimikazu Ueyama *
Director (part-time)	Kai Tanaka ☆

### Bandai Namco Amusement Inc.

President and Representative Director	Hiroshi Kawasaki
Managing Director	Seiji Kagawa
Managing Director	Haruo Iwayaguchi *
Director	Yoshiyasu Horiuichi
Director	Hiroshi Ikeda ☆
Director (part-time)	Takahiro Mizuno
Director (part-time)	Yuji Asako

☆ Newly appointed \* Change in position