

BANDAI NAMCO

Fun for All into the Future

BANDAI NAMCO NEWS

Bandai Namco Holdings Inc.

Bandai Namco miraikenkyusho

5-37-8, Shiba, Minato-ku, Tokyo, 108-0014, Japan

Management**Interview with the President**

Masaru Kawaguchi
President and Representative Director, Group CEO
Bandai Namco Holdings Inc.

Strong results in the Digital and Toys and Hobby Businesses contributing to business performance in the first quarter

Bandai Namco Holdings Inc. has announced its results for the first three months of FY2025.3 (April to June, 2024). In this issue of the newsletter, President Masaru Kawaguchi discusses the results, the status of the first steps in the final year of the Mid-term Plan, and other matters.

What are the results for the first quarter?

Kawaguchi: In the first quarter of FY2025.3, we recorded net sales of ¥280.6 billion, operating profit of ¥44.0 billion, recurring profit of ¥49.0 billion, and profit attributable to owners of parent of ¥34.0 billion. In terms of performance, the success of the DLC *ELDEN RING SHADOW OF THE ERDTREE* for the home console game *ELDEN RING* made a significant contribution. Furthermore, in the Toys and Hobby Business, products for the mature fan base, as well as trading card games and other card products and capsule toys, continued to enjoy success around the world.

Please discuss the situation for each business in the first quarter.

Kawaguchi: In the Digital Business, mainstay app titles such as *DRAGON BALL* and *ONE PIECE* continued to perform steadily worldwide, supported by ongoing initiatives geared toward users. In addition, the new app *THE IDOLM@STER Gakuen* got off to an extremely strong start. For home console games, *ELDEN RING SHADOW OF THE ERDTREE* was a tremendous success across the globe.

Turning to the Toys and Hobby Business, due to the global popularization of online video streaming services, Japanese IPs* have become extremely popular in the global market. In light of this, we have expanded the range of categories in which we offer products and services around the world and increased fan contact points through the holding of live events and the establishment of physical stores. We have also taken steps to bolster our production structure. Through such efforts, we recorded a strong performance in the first

quarter. Specifically, products for the mature fan base, such as *Gundam* model kits and collector's figures, performed well, driven by an enhanced lineup and successful sales and marketing activities. We also saw solid contributions from card products, such as trading card games for the *ONE PIECE* and *DRAGON BALL* series, capsule toys, and confectionery and other food products. This was attributable to not only efforts to enhance product lineups, grow customer bases, and expand regions where products are rolled out but also to initiatives aimed at strengthening contact points with customers.

In the IP Production Business, we increased the number of countries and regions screening the theatrical film *Mobile Suit Gundam SEED FREEDOM* in an effort to enhance the level of recognition for our IP. Such efforts helped contribute to the robust performance of Group products and services. The online distribution and licensing businesses also saw a favorable performance, starting with the new theatrical work *BLUELOCK* as well as titles for the *Gundam series*, *LoveLive! series*, *IDOLiSH7*, and *That Time I Got Reincarnated as a Slime*. We also saw steady sales from live events and related merchandise, backed by growing demand for physical entertainment.

In the Amusement Business, sales from existing amusement facilities in Japan were up 5.9% year on year. We also opened facilities linked to Group products and services in a manner that is uniquely Bandai Namco, such as the Bandai Namco Cross Store and GASHAPON Department Store. These stores performed well around the world. For amusement machines, despite strong sales of the



new *WANGAN MIDNIGHT MAXIMUM TUNE 6RR PLUS* arcade machines, differences in the product lineup compared to the first quarter of the previous fiscal year affected our overall performance.

Would you discuss the first-half results projections for FY2025.3?

Kawaguchi: We revised the first-half results projections that we announced on May 9, 2024, taking into consideration the significant progress we made in the first quarter, the current trends in each business, and our marketing plans for products and services in the second quarter. Revising our initial plans of net sales of ¥515.0 billion and operating profit of ¥55.0 billion, our new forecasts call for net sales of ¥555.0 billion and operating profit of ¥82.0 billion. These figures represent record highs for our first-half performance.

However, we have yet to make revisions to our full-year consolidated projections for FY2025.3. We will carefully review our full-year consolidated projections taking into account a broad range of factors. These include trends in the external operating environment, such as changing market environments around the world shifts in the preferences of fans, and intensifying competition. These also include sales trends for major home console game

(Continued on next page)

* IP: Characters and other intellectual property

Taking into account our marketing plans for products and services in the second quarter, we will aim to achieve a record-high first-half performance

titles slated to be released from the third quarter onward as well as major year-end and New Year sales season.

Could you please tell us about the trends and major points of interest for each business moving forward, starting with the Digital Business?

Kawaguchi: With a view to the next Mid-term Plan, we are restructuring our operating structure by building our title portfolio, carefully creating high-quality titles, and ensuring sales growth over the long term. For upcoming titles, the home console game *GUNDAM BREAKER 4* was just released at the end of August, and *DRAGON BALL Sparking! ZERO* will be released in October. We aim to enhance the presence of games as an outlet for the Gundam IP over the medium to long term. *DRAGON BALL Sparking! ZERO* is a classic fighting action game. In October, the new *DRAGON BALL* anime *DRAGON BALL DAIMA* will start to air, which will provide a great boost to the popularity of the IP. By releasing *DRAGON BALL Sparking! ZERO* in the same month, we will seek to gain fans on a worldwide basis. With regard to network content, the new app *THE IDOLM@STER Gakuen* is being enjoyed by not only existing fans but also many new fans. With the debut live starting in August, we will strive to further develop the title and its idols, together with our fans. In 2025, *THE IDOLM@STER* series will celebrate its 20th year as an IP brand. In celebration of this milestone, we are planning to hold a large-scale event at the end of 2024. Through apps, live events, Group products, and collaborations

with external partners, we will seek to maximize the value of this IP moving forward.

What are the circumstances in the Toys and Hobby Business?

Kawaguchi: We will continue to expand product lineups in each category and rollouts in global markets. The trading card game *ONE PIECE CARD GAME* continues to be extremely popular, primarily in Japan and North America. Looking ahead, we will hold large-scale events for the game and strengthen sales promotions with the aim of acquiring new fans. For overseas markets, we plan to release a French-language version by the end of the year, increasing the number of languages in which the game is available to five, with the game itself being offered in 49 countries and regions. In addition, *DRAGON BALL SUPER CARD GAME FUSION WORLD*, which launched in February 2024, has gotten off to a robust start. We are promoting this game as a new type of card game that can be enjoyed in both digital and physical formats.

For *DATA CARDDASS*, we plan to launch a new *DATA CARDDASS* machine *DRAGON BALL SUPER DIVERS*. This game offers an intense battle experience utilizing four screens. This summer, we conducted a playtest of the game. Also, in inland China, we launched a large-scale *DATA CARDDASS* machine for the *Ultraman*, which is very popular IP in the region. With both our trading card games and *DATA CARDDASS* games, we will establish a strong presence in the card market.

For model kits targeting the mature fan base, we have been working to increase

brand recognition and expand sales channels through steady efforts such as participating in overseas events and holding workshops on kit assembly. In addition to *Gundam* model kits, the fan base of model kit products is growing due to our efforts to create such products for various other popular IPs. In North America, our model kits are available in over 5,000 stores, and we aim to establish these products as a mainstay category moving forward. Also, toys geared toward younger fans are garnering a significant amount of attention. In terms of new series for established IPs, we have been expanding products such as *Ultraman: Rising*, a new anime that is being broadcast globally, and *KAMEN RIDER GAVV*, a new series based on the theme of confectioneries. In July, we released a new version of the *HYPER YOYO* toy, which was massively popular in the late 1990s, incorporating new features. This new version is garnering significant attracting both former fans and a new audience. In these ways, we will continue to utilize our diverse IPs to create new products in each category in the Toys and Hobby Business.

What is the situation in the IP Production Business?

Kawaguchi: Building on the release of *Mobile Suit Gundam SEED FREEDOM*, which is slated to be screened in over 82 countries and regions, we intend to release several notable titles moving forward, including *Mobile Suit Gundam Silver Phantom*, an immersive VR movie nominated at the Venice International Film Festival, and *Mobile Suit Gundam Requiem for Vengeance*, which has been confirmed for distribution on Netflix. From the second quarter on, we will offer a wide range of titles aside from those in the *Gundam* series, so we ask that you look forward in anticipation.

Our live events have been a major success, and we will actively hold more live events

moving forward, not only in Japan but also overseas. In October, we will begin our first-ever Asia tour for the *LoveLive!* series. Working together with various business partners, IP Production Business will create diverse IPs and develop them through the utilization of outlets both inside and outside the Group.

What are the circumstances in the Amusement Business?

Kawaguchi: The Amusement Business is playing an even greater role as the sales point for Group products and services and the contact point with our fans. In this business, we are offering proposals that go beyond simply the sale of products and services, including showcasing the world view of IPs and offering lectures on how to enjoy our products. Additionally, we are actively communicating within the Group the reaction and data we receive through communication with fans. Thanks to these efforts, we have had great success with opening stores both in Japan and internationally, including the popular Bandai Namco Cross Store and GASHAPON Department Store.

For amusement machines, in addition to series expansion of established products that can be expected to provide stable profits, we are developing new products such as *THE IDOLM@STER TOURS*. The Amusement Business is easily impacted by changes in markets and the external operating environment. To that end, we will promote this business by striking a good balance between facilities and equipment, while maintaining a constant awareness of efficiency.

In a flexible manner, we will accelerate our response to intensifying competition and changes in the operating environment

Please tell us about trends in the overseas business.

Kawaguchi: Large-scale events are being held around the world for IP fans. The Group has participated in many of these events, including the Anime Expo, which was held in July in Los Angeles; Comic-Con, which was held in San Diego; and China Joy, which was held in Shanghai. By consolidating our business locations into single offices in each region, we have deepened communication between employees and gained experience in promoting collaboration between businesses.

In the past, each Group company held individual exhibits at events. Now, however, we offer unified exhibits under the ALL BANDAI NAMCO concept, drawing on IP to ensure that the exhibits cater closely to the fans. In addition to events, I feel that collaboration and communication between businesses will occur much more organically in the future. Looking ahead, I expect each business to serve as an engine driving the global growth of the Group.

In closing, could you offer a message for the readers?

Kawaguchi: At Bandai Namco, we have built up a robust foundation enabling us to constantly secure stable earnings. Profits in the short term have the potential to fluctuate

based on the timing of strategic product launches and the scale of their success. However, underpinned by our robust earnings foundation, we will continue to be a corporate group that achieves steady growth over the medium to long term. In FY2024.3, our full-year net sales surpassed ¥1 trillion for the first time ever, and I feel this has changed how we are perceived externally. As competition intensifies and the external operating environment continues to change, we must accelerate our response to such issues in a flexible manner. However, as demonstrated by our Purpose “Fun for All into the Future,” we will never abandon what we cherish most as a company. To that end, I want us to continue to be a corporate group that creates a world of smiles and happiness together with our fans. I believe that every employee working for Bandai Namco feels the same way. Moving forward, we will continue to engage earnestly with IPs and our fans.



▲ ELDEN RING DLC becomes a worldwide hit

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▲ Card products continue to enjoy popularity around the world

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▲ Anime Expo 2024 held in July in Los Angeles

◆ Consolidated Financial Results in First Quarter of FY2025. 3

(million yen)

	Net Sales	Operating profit	Recurring Profit	Profit Attributable to Owners of Parent
Results	280,627	44,023	49,072	34,050
year-on-year changes	124.8%	157.3%	149.9%	156.3%

◆ Consolidated Projections for the First Half of FY2025.3

(million yen)

	Net Sales	Operating profit	Recurring Profit	Profit Attributable to Owners of Parent
Revised projections (as of August 2024)	555,000	82,000	88,000	60,000
Initial projections (as of May 2024)	515,000	55,000	57,500	40,000
Previous results (April to September 2023)	502,002	65,479	73,931	52,167

* Forward-looking statements are based on a variety of assumptions and are not promises or guarantees that the stated future forecasts/measures will be realized.

◆ Consolidated Financial Results by Segment in First Quarter of FY2024. 3

(million yen)

Business segment	Net sales	Segment profit
Digital	106,309	14,731
Toys and Hobby	132,815	26,957
IP Production	17,503	2,495
Amusement	33,027	2,774
Other	8,307	342
Elimination and Corporate	(17,335)	(3,277)
Consolidated Total	280,627	44,023

Our mission is to resolve issues within the group by leveraging the capabilities of each Unit

In tandem with the commencement of the current Mid-term Plan in April 2022, we established the Group Business Strategy Department within Bandai Namco Holdings Inc. In this newsletter, we spoke with Nobuhiko Momoi, Director and General Manager of the Group Business Strategy Department, who entered the third year in his position, regarding such topics as initiatives for deepening collaboration between Units and efforts to expand business overseas.

Please tell us about your career with Bandai Namco and what you do in your current position.

Momoi: It has been 23 years since I joined Bandai Co., Ltd. as mid-career hire. Given my experience working outside of the Group, I believe one of my roles is to objectively assess the Group and clearly communicate that assessment to Group employees. Ensuring that what I communicate when doing so is easy for the other party to understand is very important.

One of my roles in my current position as General Manager of the Group Business Strategy Department is to serve as a liaison within the Group. Generally speaking, each Unit handles various affairs pertaining to its respective business in a manner that caters to the characteristics of said business. My responsibility is to address issues that exist in the gaps between each Unit and to serve as a contact point when new business opportunities arise that do not pertain to any one specific business. Another important role of mine is to

make cross-organizational adjustments. For example, the Bandai Namco Group is unique in that it possesses functions both as a licensee for product commercialization and a licensor that utilizes its own IP. As such an entity, we are leveraging the know-how we possess in both areas to generate synergies and implement decision-making and measures for enhancing the value of our IP.

In addition, my role entails conveying business insights and an on-the-ground perspective within the holdings company based on my many years of experience at a Group business company. To ensure that each Unit can engage in their business while demonstrating its respective identity, I will spearhead efforts to build environments and address issues to deepen collaboration.

Could you please provide a summary of the initiatives you have worked on and the progress you have made thus far?

Momoi: With regard to initiatives pursued to date, we have developed the Data Universe concept as an integrated platform from a Groupwide perspective. A major strength of the Group is the fact that we offer products and services in a broad range of categories. However, we had been lacking a data platform that integrates Groupwide perspectives. To draw on this strength to the greatest extent possible, we need to be able to mutually utilize the data we possess across a broad range of businesses.

By doing so, we can achieve significant growth. Ideally, we need a framework for formulating hypotheses and making future productions based on an analysis of various perspectives. The Data Universe system is nearing completion, and moving forward we will thoroughly incorporate this system into our business in an effort to further enhance value.

The Group Business Strategy Department will be managing the pavilion exhibit at the World Expo in Osaka in 2025. Entitled GUNDAM NEXT FUTURE PAVILION, this exhibit will focus on the worldview of the *Gundam* IP. When imagining future lifestyles or outer space, the story and expansive worldview of *Gundam* serve as a perfect motif. We would love to have *Gundam* serve as a means for getting a large number of people interested in and curious about new technologies and outer space. Also, while exhibits on the pavilion are typically required to be held under the name of the country or company, we will be able to offer our exhibit under the name of an IP as a result of persistent negotiations. This will mark the first time ever that an exhibit is allowed to do so. We have designed the entire pavilion around the worldview of *Gundam*, making for an exhibit that is easy to understand even for people who are unfamiliar with any works in the series. We have been making steady progress with setting up the exhibit, so we ask that you look forward to it in anticipation.

With FY2025.3 being the final year of the current Mid-term Plan, it is important for us to consider how we will apply and build upon the initiatives we have examined and promoted to date. While better demonstrating the unique strengths of Bandai Namco, we will continue to promote fan-centric initiatives moving forward.

What is the current situation with the overseas business?

Momoi: As a director at Bandai, I am in charge of the Toys and Hobby Business in Europe. At the moment, we are rolling out products

and services primarily in France, the United Kingdom, and Spain. We are also attempting to expand our business in Germany. The local toy culture in Germany is deeply rooted, which has presented us with some challenges in getting our business off the ground in the region. However, we have been working closely with staff members who have a deep understanding of local culture and business practices, and this has helped our business start to gain traction. In addition to the store opened in London, the GASHAPON Bandai Official Shop that we opened on a trial basis in Geneva, Switzerland has been extremely well received. We will draw on this store's success to further expand our business in Europe moving forward.

In our overseas expansion, I believe that we are not only selling products but also exporting Japanese culture. For example, individuals from

overseas who have been able to get a hands-on experience of assembling model kits at an event or those who have encountered GASHAPON for the first time have appreciated value that goes beyond simply the purchase of products.

Another important issue we must address in our overseas business is human resource development. To date, personnel from Japan have primarily been responsible for educating and training local staff on matters such as Japanese IP and the IP axis strategy. Looking ahead, we will aim to establish a cycle in which local talent will train young personnel from Japan and advance business operations entirely on a local basis.



Nobuhiko Momoi
Director
General Manager of Group Business Strategy Department
Bandai Namco Holdings Inc.
Director (Concurrent)
BANDAI CO., LTD.

Drawing on the strengths of our corporate culture, which always places the fans first, we will aim to be a Group that can continue to grow in the digital era

Where do you believe the competitive edge of Bandai Namco lies?

Momoi: I believe that our competitive edge lies in the fact that we always place the fans first and have embedded this ideal as part of our corporate culture. I also believe that the Group's commitment to supporting people in the pursuit of new challenges is something that is leveraged in our efforts to develop human resources. With the Bandai Namco Content Fund, for which I am responsible, we provide production assistance and other forms of support for a broad range of content that can create new IPs, based on the perspective of Groupwide optimization. For the IPs that emerge from the fund's support, we will leverage the Group's execution capabilities, which enable a trial-and-error approach without fear of failure, to nurture such IPs together with the fans. Moving forward, we will continue to provide comprehensive support for producers that possess a high level of individuality and perseverance and who can create new content entirely from scratch.

What are your impressions of the Purpose "Fun for All into the Future"?

Momoi: "Fun for All into the Future" is a reaffirmation in writing of what we have

always cherished and sought to achieve as a company. It is our hope that all employees engage in their day-to-day work using "Fun for All into the Future" as the basis for their actions. At the same time, I feel there is a significant need to consider ways to help people in other countries better understand our Purpose "Fun for All into the Future," and we therefore are working with employees from all over the world to translate the Purpose into multiple languages. Having discussions on how to convey the nuances of each word has served as an opportunity for all of us involved in the translation process to reflect on the significance of the Purpose "Fun for All into the Future" itself. In this regard, the translation process has proven to be very valuable.

What is your motto for your work and what dreams do you have?

Momoi: I believe that communicating a message is extremely important. The key is to avoid making things overly complicated and to express ideas in a way that is easy for the other party to understand. Although the wording is different, our Purpose, "Fun for All into the Future," and the Mid-term Vision, "Connect with Fans," are ambitions that I have

always held in my heart. I believe that the goals of the Company align with my personal goals.

Regarding my dreams, I always want to be in a position where I can be of value to the Group. Personally, I strive to tackle tasks that others may find challenging and actively engage in work that is extremely difficult and time-consuming.

What message do you have for the readers?

Momoi: The work we do at Bandai Namco relates closely and is sensitive to people's feelings, and I believe that our work will stand out even more as digitalization advances further. Through work that is done by people, not AI, we will strive to achieve further growth for each business. Moving forward, I hope that you can continue to appreciate the potential of the Bandai Namco Group from a broad range of perspectives.



▲ Rendered image of the GUNDAM NEXT FUTURE PAVILION exhibit at the World Expo in Osaka



▲ Diorama of the GUNDAM NEXT FUTURE PAVILION ©SOTSU・SUNRISE



▲ GASHAPON Bandai Official Shop in Geneva, Switzerland ©BANDAI