



Fun for All into the Future

January 18, 2023

Name of listed company:
Bandai Namco Holdings Inc.
Name of representative:
Masaru Kawaguchi,
President and Representative Director
(Code Number: 7832 TSE Prime Market)
Contact: Yuji Asako, Director

Notice Regarding Lawsuit Filed Against a Former Employee of a Subsidiary for Fraudulent Acts

Bandai Namco Holdings Inc. hereby announces that there has been a fraudulent act (the “Fraudulent Act”) by a former employee (the “Former Employee”) of our subsidiary Bandai Namco Entertainment Inc. (Headquarters: Minato-ku, Tokyo; President & CEO: Yasuo Miyakawa) (the “Relevant Company”), and the Relevant Company filed civil proceedings in the Tokyo District Court on January 18, 2023, seeking approximately 600 million yen in damages, as well as making other claims, against the Former Employee.

Our group takes the occurrence of this kind of incident seriously, and sincerely apologizes for the great inconvenience and concerns it has caused to our customers, shareholders, and all other concerned parties.

1. Overview of the Fraudulent Acts

In November 2021, it was discovered that there was a discrepancy between the number of mobile devices, such as smartphones registered in the Relevant Company’s management system and the number of mobile devices actually in use, and the Relevant Company conducted an investigation. Thereafter, in April 2022, a further investigation was conducted since the Former Employee was suspected of being involved.

As a result, it was discovered that, from around April 2015 to around April 2022, the Former Employee had sold more than 4,400 of the mobile devices under the Former Employee’s management to outside companies without the Relevant Company’s permission, and embezzled approximately 600 million yen from the sale of these devices.

In regard to this matter, in addition to filing civil proceedings, we are considering filing criminal proceedings in the future. Our group will fully cooperate with any and all investigations by the relevant authorities.

2. Disciplinary Action for the Fraudulent Acts

In response to the Fraudulent Acts, the Relevant Company has dismissed the Former Employee as of December 20, 2022.

Our group also has decided to take the following disciplinary action in order to clarify the management and supervision responsibilities in connection with this matter:

- (1) Reduction of remuneration for three directors of the company as a parent company
 - Representative Director: 30% reduction of base monthly remuneration for three months from January 2023
 - Director: 15% reduction of base monthly remuneration for three months from January 2023
- (2) Reduction of remuneration for four directors of the Relevant Company

- Representative director: 30% reduction of base monthly remuneration for three months from January 2023
 - Director: 15% reduction of base monthly remuneration for three months from January 2023
- (3) Six former directors of the Relevant Company and former direct supervisors
- Former Director: 10% to 15% reduction of base monthly remuneration for three months from January 2023
 - Former direct supervisors: Strict disciplinary action taken in accordance with company regulations

3. Prevention of Recurrence

The company has drafted a Declaration of Compliance for our group, and has taken steps to ensure thorough awareness of compliance by publishing the Declaration of Compliance, distributing compliance-related brochures, providing in-house education through e-learning, and conducting compliance awareness surveys of employees on an ongoing basis.

We take the occurrence of the Fraudulent Acts seriously, and will continue to investigate the cause. In addition, we will take measures to further ensure thorough awareness of compliance going forward. Specifically, we will implement measures (review and improve our business processes, strengthen our internal control systems, etc.) in cooperation with outside experts to prevent the recurrence of such an incident, and work together as a group to prevent a recurrence.

4. Impact on Performance

The impact of this matter on consolidated financial results for the fiscal year ending March 2023 will be immaterial. We will promptly disclose any matters that should be disclosed in the future.