

PRESIDENT'S MESSAGE

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Bandai Namco Holdings Inc.

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“By creating 360° connections with our fans,
we will realize sustainable growth together

Assuming My New Role as President

I have been appointed as president and representative director of Bandai Namco Holdings Inc. I joined Bandai Co., Ltd. in 1986 and transferred to Bandai Namco Holdings in 2005. Since then, I have been involved in a wide range of work, centered on corporate planning and business administration. In 2010, I was appointed as a director of the Company and have since participated in Group management from a corporate perspective.

The Bandai Namco Group was born exactly 20 years ago, with the management integration of two distinctive companies: Bandai Co., Ltd. and Namco Limited. The president at the time, Takeo Takasu, as well his successors, the late Shukuo Ishikawa and Mitsuaki Taguchi, laid the foundation of the Group and instilled the values that would become part of the Bandai Namco DNA. Following that, the strong leadership of my predecessor, Masaru Kawaguchi, became a driving force behind our rapid growth, resulting in net sales reaching ¥1 trillion. As I take the baton from these past presidents and assume the responsibility as leader of the Group, I am reminded once again of the weight of this role and feel determined to tackle the challenges ahead.

Although we have continued to achieve business growth in recent years, the Group's organization itself still retains some of the characteristics of a federation of small and medium-sized companies, each with its own distinct features. To create an environment where employees can work with peace of mind and take on new challenges with confidence, it is essential that we establish foundational infrastructure and conduct regular maintenance. With our current stable performance, now is the perfect time to do just that. When doing so, we also have the opportunity to foster an environment where each business can pursue new endeavors in a free and open-minded manner.

One pressing issue for us to address is strengthening Group governance, both in terms of achieving sustainable growth over the next 10 to 20 years and of fulfilling our social responsibilities as a corporate citizen. It is my mission to build and strengthen a foundation to help us achieve these goals while striking a balance between proactive and cautious approaches.

Promoting Management Through a Team-Based Structure

I have spent most of my career working in corporate divisions and have always been mindful of maintaining a clear division of roles with the business side. Although I will be the ultimate decision-maker as president, I will need Executive Vice President Momoi to proactively demonstrate his leadership in strategic areas such as the CW360 strategy (see page 37 for details). Mr. Momoi has a thorough understanding of frontline operations and, in recent years, has been extensively involved in Groupwide projects such as the GUNDAM NEXT FUTURE PAVILION at Expo 2025 Osaka, Kansai, Japan. He therefore is an ideal person to take on such a role.

Also, in line with promoting management through a team-based structure, I have newly appointed directors Takashi Tsuji and Noriko Fujita to take over my former responsibilities as CFO and CISO/CSO, respectively. I have high expectations of both these directors in terms of reforming awareness among personnel in the corporate divisions. With these changes, one-third of the Board of Directors, including Audit & Supervisory Committee members, comprises outside directors, and one-fifth of the Board is women. Through the increased diversity among members of the Board, I believe we are now able to have more open and thoughtful discussions than ever before.

Evaluation of Performance: Achieving Record Highs for Both Net Sales and Operating Profit

In FY2025.3, the final year of the previous Mid-term Plan (April 1, 2022, to March 31, 2025), we achieved a record-high performance, with net sales reaching ¥1,241.5 billion and operating profit rising to ¥180.2 billion, due to the dedicated efforts of our frontline personnel. In addition, over the three-year period of the previous Mid-term Plan, average operating profit came to ¥129.1 billion, a significant increase from the average operating profit for the Mid-term Plan before it of ¥82.4 billion.

By business segment, sales and profits grew across all businesses, with particularly strong contributions from the Toys and Hobby Business, which saw strong demand for highly profitable products and services, and the Digital Business. The Toys and Hobby Business recorded record-high results for the seventh

consecutive fiscal year, driven by strong demand for products for the mature fan base, such as *Gundam* model kits, and the strong performance of product categories such as trading cards, capsule toys, and confectionery. In the Digital Business, where we have been working to revise our development structure, profit levels approached an all-time high due to the strong performance of mainstay and new titles, including robust sales of the large-scale DLC for *ELDEN RING* and repeat sales of the base game. Furthermore, in the IP Production Business, we expanded the potential of the *Gundam* series with titles such as *Mobile Suit Gundam SEED FREEDOM* and *Mobile Suit Gundam GQuuuuuuX*, while in the Amusement Business, we realized record-high results for the third consecutive fiscal year due to the contributions of initiatives such as Bandai Namco Cross Stores, which integrate Group IPs, products, and services.

Promoting Initiatives Under the Current Mid-term Plan (April 2025 to March 2028)

CW360: Creating 360° Connections with Fans

Under the previous Mid-term Plan, we achieved tremendous results by promoting initiatives under the ALL BANDAI NAMCO concept. These initiatives, such as the integration and consolidation of overseas offices into a single-office structure as well as Groupwide IP projects and personnel exchanges, have energized collaboration between business Units and have deepened our partnerships and alliances with our business partners. Under the current Mid-term Plan, which commenced in April 2025, we will accelerate these kinds of initiatives.

I believe that our strong performance in recent years has been largely driven by products and services based on mainstay IPs as well as efforts to deepen and expand our existing businesses. While there is certainly still room for further expansion, we also must chart a clear course toward future growth domains from a medium- to long-term perspective. I believe the holding company should take a leading role in this initiative.

Taking into account the issues we need to address, we will aim to create 360° connections and promote co-creation with not only IP fans but also our shareholders, employees, business partners, and society as a whole. Guided by this aim, we will promote efforts to deepen our connection with fans both internally and externally, including establishing a framework for ¥150.0 billion in strategic investment (360 investment) over the upcoming three years and launching the CW360 (Connect with 360) Division within the Company.

For example, to promote Japanese entertainment abroad as a form of cultural export, it is essential that companies collaborate by leveraging their respective strengths and working toward a shared goal. For the first initiative of the CW360, we have concluded a strategic partnership with Sony Group Corporation and Gaudi Inc., through which we will actively promote a wide range of initiatives.

Reforming Our Unit Structure

In tandem with the start of the current Mid-term Plan, we made two revisions to our conventional Unit structure.

As the first change, the Entertainment Unit, which was established in April 2021, has been split into the Toys and Hobby Unit and the Digital Unit, returning to the previous Unit structure. The original aim behind integrating these two Units was to promote collaboration between the Toys and Hobby and Digital businesses. With that objective now achieved, we have separated them back into two Units, marking a successful conclusion to the integration phase and a transition toward the next stage.

The second change was the restructuring of the Amusement Unit, where we transferred shares of Bandai Namco Amusement Inc. to the newly established Bandai Namco Experience Inc. via an absorption-type company split. Bandai Namco Experience will serve as the business management company, handling the planning and sale of facilities, amusement machines, and content, while Bandai Namco Amusement will specialize in facility operation. With this change, the companies will be able to reinforce their respective strengths in planning and development as well as in facility management, while also working to cultivate talent in both areas.

Driving Growth in the Toys and Hobby Business

We expect the Toys and Hobby Business to be a driver for growth under the current Mid-term Plan. The fast-paced business cycle of the Toys and Hobby Business allows us to implement initiatives in a more agile manner. With considerable room still for expansion in product categories, IP types, and areas of operations, there is tremendous potential for further growth in the Toys and Hobby Business.

For the Digital Business, we will continue efforts to revise our development structure with the aim of establishing an optimized title portfolio. Due to the long lead times for development, we expect to see concrete results for these efforts emerge in the latter half of the Mid-term Plan period. Until then, we will work to fortify our earnings base so that it is less dependent on the major success of titles by reviewing current titles under development, leveraging our rich library of past titles, and strengthening our network content, which plays a key role in the business.

In the Visual and Music Business (formerly the IP Production Business), we will bolster our in-house production structure and pursue collaborations with external partners with a view toward new IP creation. In these ways, we will strive to create groundbreaking visual and musical content. Furthermore, in the Amusement Business, we will push forward with efforts that draw on the Group's unique nature, including collaborations between Group IPs, products, and services.

For the final year of the current Mid-term Plan (FY2028.3), we have set numerical targets of ¥1,450.0 billion in net sales, ¥200.0 billion in operating profit, and an overseas sales ratio on a destination basis of 50% or more. Furthermore, as ongoing targets throughout the three-year period of the plan, we aim to achieve an operating profit margin of 12% or more and an equity spread of 5% or more. With the aim of sustainable growth over the medium to long term, we will continue to focus on improving return on equity (ROE) with

By creating 360°connections with all our fans through the power of entertainment, we aim to contribute to society and achieve sustainable growth



an emphasis on earnings per share (EPS) and equity spread as we work to enhance corporate value by maximizing the value of IPs and generating long-term profit. In terms of shareholder returns, we have made partial revisions to our basic shareholder return policy based on an awareness of cost of capital and with the aim of establishing long-term connections with our shareholders.

Creating Growth Environments Where Employees Can Take On Challenges in a Free and Open-Minded Manner

The source of the Bandai Namco Group's competitiveness comes from the coexistence of individuals with diverse talents and personalities who take on challenges in a free and open-minded manner. Based on the concept of "Same Spirit, Diverse Talents," we are stepping up the human resource development in each business domain. Through efforts such as appointing young employees to projects promoted by the CW360, we will strive to cultivate personnel who are "visionary risk-takers," meaning those who are willing to tackle new challenges without fear of failure.

To that end, we are faced with the urgent task of building a platform for human resource frameworks. This platform must have various functionalities, including offering a comprehensive lineup of training programs and defining personnel criteria that are shared across the Group. Moreover, we must unify our human resource systems if we are to smoothly facilitate personnel exchanges and organizational restructuring. We will thus continue efforts to standardize such systems with the aim of ensuring the quality and enhancing the efficiency of our operations.

Revising the Officer Remuneration System

With a view toward medium- to long-term corporate value enhancement with a greater emphasis on investor perspectives, we have recently revised the remuneration framework for internal directors, excluding those who are Audit & Supervisory Committee members.

The first step in this revision was the addition of EPS as a KPI alongside operating profit. We believe that EPS is appropriate as an incentive for directors, as the numerator—profit attributable to

owners of parent—directly represents business performance, while the denominator—the number of shares issued—reflects our capital policy.

At the same time, we raised the upper limit on total annual compensation following the change in the number of directors. We also revised the payment criteria for performance-based share compensation, included in variable remuneration. Accordingly, the ratio of fixed variable remuneration has changed from roughly 40:60 to 30:70, and the ratio of share compensation to total annual compensation has increased. We are also working to reform our Groupwide mindset through the introduction of various systems, including the establishment of similar remuneration systems for the executive directors at business management companies and other domestic subsidiaries.

Connecting the World with Smiles

To achieve sustainable growth over the medium- to long-term, it is extremely important that we share and articulate our corporate philosophy across the entire Group. In particular, we are working to entrench our Purpose, which is the ultimate definition of the Group, in various settings.

To express the spirit of our Purpose in my own words, I would say it is to "connect the world with smiles." A smile is something you can make all on your own. A smile reflects personal fulfillment and is able to positively impact those around you. The world of entertainment contains many layers. These layers include spaces where IP fans gather, the economic sphere and organization of the Company, people's families, and even each individual heart. We understand that our fans exist in all these layers and strive to forge 360° connections with them through the power of entertainment. By doing so, we will contribute to society and realize sustainable growth. I would like to ask for your further support of the Bandai Namco Group as we strive to make the next leap toward growth moving forward.

September 2025

T. Asako