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CFO'S MESSAGE

“We will maximize business value through long-term growth and global expansion, while maintaining a strong awareness of capital costs.”

Strong Performance Driven by the Success of the *Gundam* Series

In FY2026.3, the first year of the current Mid-term Plan, the Bandai Namco Group achieved its initial-year targets in all business segments and reached record highs for net sales and across all profit metrics. Supported by the release of multiple visual works from the Visual and Music Business and growing interest in the *Gundam* IP generated by Expo 2025 Osaka, Kansai, sales of the *Gundam* series increased to ¥254.3 billion, up 65.7% year-on-year, helping drive overall Group performance. The growth of the *Gundam* series had a positive impact across a wide range of businesses, products, and services. In particular, *Gundam* titles delivered strong momentum in the gaming domain, achieving significant commercial success.

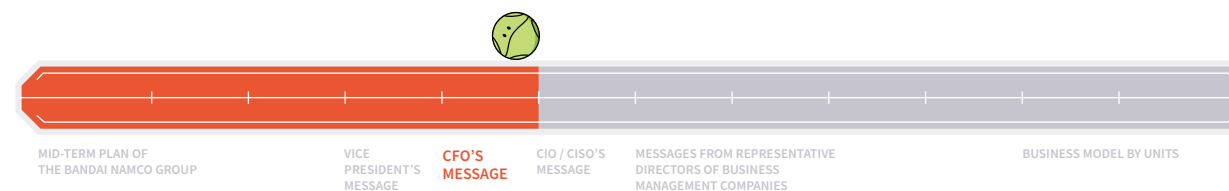
Using this growth as a springboard, we are working to fundamentally reinforce our production structure in the Toys and Hobby Business, which continues to perform strongly across each category around the world. For example, we have already expanded our in-house manufacturing facilities for model kits and trading card games and will continue to augment production capacity to meet growing demand moving forward. Furthermore, in the Digital Business, we are pursuing a balanced title

portfolio while exercising careful oversight of titles in development, helping to mitigate the volatility inherent in the business. In this way, we are reducing the likelihood of impairment losses and other risks.

Importance of Global Business Expansion

Under the current Mid-term Plan, we have set a target of achieving an overseas sales ratio, based on destination, of 50% or more by the plan's final year. In FY2026.3, the ratio reached approximately 42%. Although our overseas businesses continue to grow steadily, growth in the Japanese market has been even stronger. Looking ahead, we believe that the IP and business strengths cultivated in Japan will increasingly serve as a catalyst for global expansion, and we will continue to pursue growth opportunities in international markets.

Achieving this goal will require talent across the organization, including local personnel in each region who can embrace and execute our IP-axis strategy, employees in Japan with deep knowledge of our overseas operations, and corporate teams that support the business as a whole. While global expansion is a long-term endeavor, we remain firmly committed to this objective and will continue to invest in the capabilities needed to achieve it.



Steady Progress of Growth Investments in Line with Plans

Under the current Mid-term Plan, we have approximately ¥600.0 billion for Groupwide growth investments, consisting of investments in game and visual production, regular capital expenditures, and “360 investments” designed to strengthen connections with all stakeholders. Although the investment plan is unprecedented in scale, execution remained firmly on track in the first year of the current Mid-term Plan, including the allocation of ¥150.0 billion to our “360 investment” strategy. Examples of such investments include the forming of strategic partnerships with Sony Group Corporation and Gaudi Group, Inc., participation in Expo 2025 Osaka, Kansai, investments to strengthen our supply chain, and the acquisition of treasury shares, which I will touch upon later in this message. We also have several additional initiatives currently under consideration.

Cash pooling, which centralizes funds within each region, is essential for the swift and efficient execution of growth investments while strengthening financial discipline. We have adopted this strategy and established a cash pooling framework in Japan, the United States, and China, and we plan to introduce said framework throughout Europe during FY2027.3. At the same time, we are enhancing our Group cash management system to further improve the accuracy of our financial monitoring activities.

Awareness of Capital Costs and Approach Toward Shareholder Returns

With respect to cross-shareholdings, the Board of Directors conducts an annual review of all listed and unlisted shares held by the Bandai Namco Group from multiple perspectives to assess the strategic rationale for each holding from multiple perspectives. Shareholdings that are no longer considered strategically meaningful are divested, while those that continue to support value creation are retained.

Our basic shareholder return policy is to maintain a total return ratio of 50% or more. While striving to provide stable, long-term dividends with a minimum dividend on equity (DOE) of 3.60%, we will also acquire treasury shares as appropriate with an awareness of capital cost. In FY2026.3,

the annual dividend was ¥73 per share, comprising a base dividend of ¥46 and a performance-based dividend of ¥27, making for a DOE of 5.7%. In addition, our total return ratio came to 51.0% following our acquisition of treasury shares totaling ¥24.7 billion. Moreover, we canceled five million shares of treasury shares held by the Company on April 30, 2026.

Guided by our basic shareholder return policy, we will continue to carry out an appropriate level of shareholder returns moving forward.

Reflection on My First Year as CFO

One of my greatest responsibilities as CFO is to promote financial management with an awareness of capital costs. The current Mid-term Plan incorporates the specific framework required to achieve this objective, and ensuring its steady execution represents my most important mission.

Under the current Mid-term Plan, we established a new financial target of maintaining an equity spread (defined as ROE minus the cost of equity) of 5% or more on a continuous basis. Gaining the trust of the capital markets is the most crucial undertaking to help reduce cost of shareholders' equity. To further strengthen such trust, we are committed to timely and appropriate information disclosure, proactive investor relations activities, consistent achievement of performance targets, and ongoing enhancement of our governance framework.

In the formulation of the current Mid-term Plan, senior management engaged in discussions with personnel throughout the Bandai Namco Group. Through this process, I feel that a shared commitment to maximizing the value of IPs over the medium to long term, strengthening our focus on global markets, and reinforcing a stable foundation to achieve sustainable profit growth has become entrenched on a Groupwide basis. As a member of senior management, I am committed to advancing such positive developments while communicating our progress to investors in a transparent and straightforward manner. Through these efforts, I hope to deepen the capital markets' understanding of our business and financial strategies and strengthen the trust and support we receive from investors.

Capital Allocation

