



May 11, 2022

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 Decision on Performance-based Stock Compensation Plan

Bandai Namco Holdings Inc. (the “Company”) has passed a resolution at the Board of Directors meeting held today to apply a new performance-based stock compensation plan to Directors (excluding Directors who are Audit & Supervisory Committee Members after transitioning to a company with an Audit & Supervisory Committee and Outside Directors (the “Eligible Directors.”)).

Specifically, the Company decided on a plan for providing monetary compensation claims for granting common stock of the Company and cash with an upper limit that is the amount obtained by multiplying 45,000 shares by the delivery share price (meaning the delivery share price defined in (*3) of Section 2.(2) below; the “Delivery Share Price”) (that plan, the “Plan”) by means of responding to the “Mid-term Plan of the Bandai Namco Group (From April 2022 to March 2025),” which started in April 2022 (the “Mid-term Plan”), and the Company hereby announces that it has decided to submit Agenda Item “Determination of Performance-based Stock Compensation Plan for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors)” regarding the Plan at the Seventeenth Ordinary General Meeting of Shareholders of the Company (the “Ordinary General Meeting of Shareholders”) to be held on June 20, 2022. The details are as follows.

The resolution of the Board of Directors described above has been passed based on the results of deliberations at the Personnel Committee, which is a voluntary advisory board, the majority of whose members are Outside Directors.

As separately announced in the press release dated February 8, 2022 titled “Notice Regarding Transition to a Company with Audit & Supervisory Committee and Changes in Officers,” the Company decided to transition from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee subject to the adoption of a resolution for approval at the Ordinary General Meeting of Shareholders.

1. Purpose, etc. of the decision

At the Thirteenth Ordinary General Meeting of Shareholders of the Company held on June 18, 2018, approval for a plan that provides monetary compensation claims for granting common stock of the Company and cash with an upper limit that is the amount obtained by multiplying 45,000 shares by the Delivery Share Price (the “Current Plan”) was received by means of responding to the “Mid-term Plan of the Bandai Namco Group (From April 2018 to March 2021),” which started in April 2018 (the “Previous Mid-

term Plan”). Moreover, after the Previous Mid-term Plan ended in March 2021, approval for the terms of the Current Plan continuing to be effective for the fiscal year ended March 31, 2022 was received at the Sixteenth Ordinary General Meeting of Shareholders of the Company held on June 21, 2021.

If a resolution for approval of Agenda Item “Partial Amendments to the Articles of Incorporation” is adopted at the Ordinary General Meeting of Shareholders in its original form, the Company will transition to a company with an Audit & Supervisory Committee. Therefore, the Company intends, for the purpose of sharing value with shareholders and continuously promoting improvement in corporate value, to set the total amount of monetary compensation claims and cash to be provided to the Eligible Directors after newly transitioning to a company with an Audit & Supervisory Committee as performance-based stock compensation whose upper limit is the amount obtained by multiplying 45,000 shares by the Delivery Share Price, which is an amount considered to be reasonable in light of the purposes described above, excluding the amount of remuneration, etc. (1,000 million yen or less for one fiscal year) that is requested to be approved as Agenda Item “Determination of Remuneration Limit of Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)” of the Ordinary General Meeting of Shareholders. As described below, under the Plan, the target performance under the Current Plan is raised and the payment level upon the achievement of the target performance are revised, as well as the payment conditions if an Eligible Director is also a president and representative director of a business management company, etc., and other matters are partially amended.

Under the Plan, taking the predetermined reference number of share units in accordance with the roles of Eligible Directors as the basis for calculation, common stock of the Company and cash will be delivered or provided to Eligible Directors according to the number of payment share units that is determined based on the status of attainment of the performance target for the Company’s consolidated operating profit for each fiscal year during the period of the Mid-term Plan (the “Evaluated Fiscal Years”). Under the Plan, the number of payment share units will be determined only based on the performance results, and the shares will be provided only when consolidated operating profits are 75,000 million yen or higher, and thereafter, the number of payment share units will be gradually increased until consolidated operating profit reaches 125,000 million yen (which is the final fiscal year target for the Mid-term Plan). It is possible to directly reflect fluctuations in the stock price in the remuneration by designing the Plan as described above. In addition, the execution of payments and the number of payment share units will be determined based on the performance results of each Evaluated Fiscal Year. However, notwithstanding the above, if an Eligible Director is also a president and representative director of any of four business management companies of the Company Group, namely Bandai Namco Entertainment Inc. (“BNE”), BANDAI CO., LTD. (“BC”), Bandai Namco Filmworks Inc. (“BNF”), and Bandai Namco Amusement Inc. (“BNAM”), and if operating profits of the business for which the relevant Eligible Director is responsible in the relevant company for the Evaluated Fiscal Year are in the red, the performance-based stock compensation will not be provided.

In addition, as in the case of the Current Plan, common stock of the Company to be delivered under the Plan is subject to a sale restriction during the term of office of each Director, etc. in order to ensure ongoing sharing of value with shareholders during the term of office of Director, etc. Therefore, cash converted at the Delivery Share Price will be provided for part of the determined number of payment

share units so that such cash may be applied to the funds for tax imposed when common stock of the Company is delivered to an Eligible Director.

The Plan will be implemented on the condition that the shareholders approve the proposal regarding the Plan at the Ordinary General Meeting of Shareholders.

2. Content of the Plan

(1) Overview of the Plan

Under the Plan, common stock of the Company (*) and cash (hereinafter referred to as “the Company’s Shares, Etc.”) shall be delivered or provided to Eligible Directors according to the degree of attainment of the performance target for consolidated operating profit for each Evaluated Fiscal Year. The Company’s Shares, Etc. shall be delivered or provided only when consolidated operating profit is 75,000 million yen or higher, and in spite of the gradual increase in the payment ratio based on the results of consolidated operating profit, the payment ratio shall become 100%, which is an upper limit of payment, when consolidated operating profit reaches the final fiscal year target for the Mid-term Plan of 125,000 million yen. (However, upon calculation of the payment ratio, fractions less than one will be rounded up to the first decimal place.)

(*) Method of delivering the Company’s common stock under the Plan

The Company shall provide monetary compensation claims as remuneration to Eligible Directors, who shall pay in the monetary compensation claims as property contributed in kind to receive delivery of the Company’s common stock.

However, for Eligible Directors who are non-residents of Japan, in place of the delivery of the Company’s common stock, they shall be provided with cash in the amount obtained by converting all of the determined number of share units at the Delivery Share Price.

(2) Calculation method of the number of the Company’s Shares, Etc., and the total amount of the Company’s Shares, Etc., to be delivered or provided to Eligible Directors

Taking the predetermined reference number of share units for Eligible Directors as the basis for calculation, the number of shares of common stock of the Company and amount of cash to be delivered or provided are calculated according to the amount of consolidated operating profit of the Company for the Evaluated Fiscal Years based on the formula below.

- (a) The number of shares of common stock of the Company to be delivered to each Eligible Director
Number of payment share units × 50% (with any resulting odd-lots of less than 100 shares rounded up)

(Note 1) Number of payment share units = Predetermined reference number of share units (*1) × Ratio according to the consolidated operating profit of the Company for that Evaluated Fiscal Year (payment ratio) (*2) (with any resulting odd-lots of less than 100 shares rounded down)

(Note 2) As in (1)*, what is actually provided to Eligible Directors is monetary compensation claims corresponding to the amount obtained by multiplying the number of the abovementioned shares of common stock of the Company by the Delivery Share Price

(*3). These are for making payment as property contributed in kind upon delivery of the Company's common stock.

(b) The amount of cash to be provided to each Eligible Director
(Number of payment share units – The number calculated in (a) above) × Delivery Share Price

(*1) Reference number of share units shall be determined in advance based on the roles and responsibilities of each Eligible Director.

Reference: If a resolution for approval of Agenda Item “Election of Ten Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)” is adopted in its original form at the Ordinary General Meeting of Shareholders, the predetermined reference number of share units for the Eligible Directors for the fiscal year ending March 31, 2023 shall be as set out in the following table. If a Director of the Company is also a president and representative director of any of four business management companies of the Company Group, namely BNE, BC, BNF, and BNAM, or of Bandai Namco Business Arc Inc. (“BNBA”), the reference number for share units as the president and representative director of those business management companies, or BNBA shall apply. If a Director of the Company is also a president and representative director of two or more business management companies, or BNBA, the largest of the corresponding reference numbers for share units shall apply. If a Director of the Company is also a president and representative director as described above, each business management company, or BNBA of which the relevant Director is also a president and representative director shall provide monetary compensation claims and cash to the relevant Director as remuneration.

However, a Director of the Company who is also a president and representative director of the business management companies will not be entitled to receive monetary compensation claims and cash as performance-based stock compensation from the company of which he or she is also a president and representative director if the operating profit of the business for which he or she is responsible in the relevant company for the Evaluated Fiscal Year is in the red.

Reference number of share units

	Company	BNE	BC	BNF	BNAM	BNBA
President and representative director	9,900	8,900	8,900	5,900	5,900	3,700
Director	4,900	—	—	—	—	—

(*2) The Company's Shares, Etc. shall not be provided if consolidated operating profit does not reach 75,000 million yen. If consolidated operating profit is 125,000 million yen or higher, 100% of the Company's Shares, Etc. shall be provided. The specific method for determining the payment ratio is as follows.

However, a Director of the Company who is also a president and representative director of the business management companies shall not receive the performance-based stock

compensation if the operating profit of the business for which he or she is responsible in the relevant company for the Evaluated Fiscal Year is in the red.

Consolidated operating profit	Payment ratio
Less than 75,000 million yen	0%
75,000 million yen or more but less than 125,000 million yen	$[100 \times 1/3 + 2/3 \times \{ (\text{Amount of consolidated operating profit (in 100 million yen)} - 75,000 \text{ million yen}) \div 100 \text{ million yen} \div 5 \}] \%$ (However, fractions less than one will be rounded up to the first dismal place.)
125,000 million yen or more	100%

- (*3) Delivery Share Price is the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution at the Board of Directors meeting to deliver the Company's common stock related to the Plan held within two months from the date of the Ordinary General Meeting of Shareholders pertaining to each Evaluated Fiscal Year stipulated in (3) below (if the Company's shares were not traded on that day, the closing price on the last day the shares were traded prior to that).

The upper limit of the total amount of monetary compensation claims (to be used as property contributed in kind in payment for common stock of the Company) and cash for one fiscal year of the Evaluated Fiscal Years shall be the amount obtained by multiplying 45,000 shares by the Delivery Share Price. Of this, the upper limit for the total number of shares of common stock of the Company that can actually be delivered to the Eligible Directors shall be 22,500 shares (0.01% of the total number of shares issued). However, at the close of the Ordinary General Meeting of Shareholders or thereafter, if the Company carries out a share split (including allotments of shares without receipt of monetary consideration; the same shall apply hereinafter to share splits mentioned below) or share consolidation of the common stock of the Company, the abovementioned number of shares shall be adjusted in accordance with the following formula, with any fractions less than one share resulting from the adjustment being rounded down.

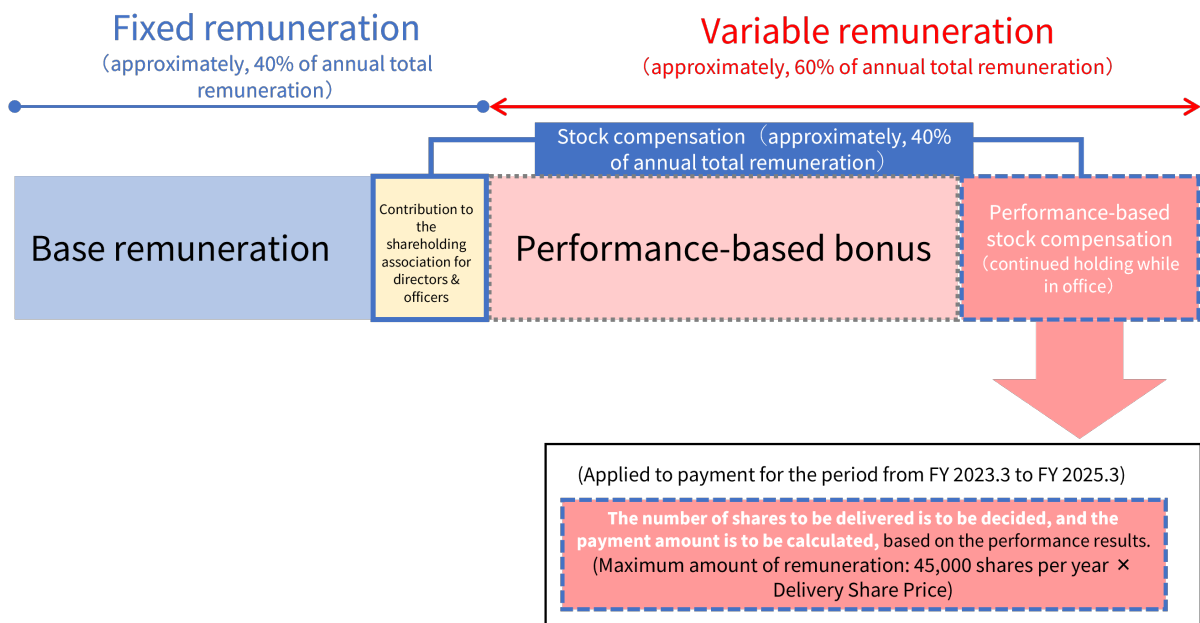
Number of shares after adjustment = Number of shares before adjustment × Ratio of share split or share consolidation

- (3) Requirements for delivering or providing the Company's Shares, Etc. to Eligible Directors
Under the Plan, the Company's Shares, Etc. shall be delivered or provided when the Evaluated Fiscal Year ends and Eligible Directors fulfill the following requirements.
- The number of the Company's Shares, Etc. to be delivered or provided shall be decided at a Board of Directors meeting for delivering the Company's common stock related to the Plan held within two months from the Ordinary General Meeting of Shareholders for the Evaluated Fiscal Year.
- (a) The Eligible Director remained in office as a Director, etc. until the end of the Evaluated Fiscal Year
 - (b) The Eligible Director did not engage in any specified misconduct
 - (c) Other requirements deemed necessary that have been set by the Board of Directors

Reference: The Company shall apply a similar performance-based stock compensation plan to the Directors of four business management companies of the Company Group, namely BNE, BC, BNF, and BNAM, or of BANDAI SPIRITS CO., LTD., Bandai Namco Music Live Inc, or BNBA who are not Directors of the Company (the “Eligible Subsidiary Directors”). The Company’s Shares, Etc. shall be also delivered or provided to the Eligible Subsidiary Directors on the same terms as those set out in the proposal regarding the Plan on the condition that the proposal is approved in its original form and its calculation method will be the same as (2) above.

The upper limit of the total amount of monetary compensation claims (to be used as property contributed in kind in payment for common stock of the Company) and cash provided to the Eligible Subsidiary Directors for one fiscal year of the Evaluated Fiscal Years shall be the amount obtained by multiplying 124,000 shares by the Delivery Share Price (in addition, together with the amount provided to the Eligible Directors, the upper limit shall be the amount obtained by multiplying 169,000 shares by the Delivery Share Price). Also, the upper limit for the total number of shares of common stock of the Company that can actually be delivered to the Eligible Subsidiary Directors shall be 62,000 shares (0.03% of the total number of shares issued) (in addition, together with the amount provided to the Eligible Directors, the upper limit shall be 84,500 shares (0.04% of the total number of shares issued)). However, if the Company conducts a stock split or stock consolidation of common stock of the Company after the conclusion of the Ordinary General Meeting of Shareholders, the Company shall make an adjustment by using the same formula, etc. as those set out in Item (2) above.

Reference: An overview of remuneration for Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) is set out below.



End of notice