Major Groupwide Risks and Opportunities

	Ris	ks and Opportunities	Measures	
Items accompanying the advancement of the IP axis strategy	Risks	Rapid changes in markets and customers; technological progress Dependence on specific IP Increased investment related to IP creation/acquisition, and protection Intensifying competition Problems with quality, etc., in products and services that utilize IP Damage to IP value, such as IP infringement Securing and development of the human resources who will advance the IP axis strategy	Implementing the following initiatives, in addition to enhancing brand value through the permeation of the Purpose "Fun for All into the Future" and advancing the main strategies in the Mid-term Plan: • Demonstrating synergies, such as from collaboration involving initiatives in both the physical and digital business categories • Implementing initiatives for new business models, businesses, and platform • Implementing reorganization to demonstrate our comprehensive strength under the ALL BANDAI NAMCO concept, such as with inter-Unit cooperation • Strengthening cooperation with external partners • Establishing balanced IP, business, and regional portfolios • Strengthening quality control/inspection systems, strengthening employer	
	Opportunities	Promotion of collaboration among regions and businesses Expanding potential for the creation of new markets, businesses, business models, and IP as a result of rapid changes in markets and customers and advances in technology Expansion of market presence through increased global recognition of Japanese IP Sustainable development of entertainment through effective utilization and protection of IP	training and supply chain management Strengthening the development system with focus on quality Implementing strategic investment Appropriately utilizing and protecting IP, including the elimination of counterfeit products and services, and conducting awareness activities both internally and externally Taking steps to achieve workplace environments that foster mutual respincluding the introduction of systems and frameworks that facilitate activareers for diverse human resources Bolstering a sound financial position	
Items accompanying the active utilization of human resources	Risks	Securing and development of the human resources who will advance the IP axis strategy on a global basis Intensified competition in building relationships with external creators and partner companies	Implementing the following initiatives, in addition to the permeation of the Purpose "Fun for All into the Future" within the Group: • Taking steps to achieve workplace environments that foster mutual respecincluding the introduction of systems and frameworks that facilitate actives careers for diverse human resources • Implementing an employee engagement survey • Implementing open collaboration without limiting ourselves to partners within the Group	
	Opportunities	• Improved engagement of Group employees		
Changes in the natural environment, such as climate change	Risks	Higher raw materials costs as well as production and procurement costs due to carbon regulations and plastic use regulations Higher costs due to the introduction of new technologies, investment in R&D, or capital investment Property damage, supply chain interruption, or resource depletion due to natural disasters Decline in revenue from live events and store operations due to decreased willingness to go out	Advancing decarbonization initiatives Promoting a circular economy Advancing environmentally friendly products Reducing waste Note: Information about the risks and opportunities related to the five material issues of the Bandai Namco Group is available on our website.	
	Opportunities	Lower electricity costs due to energy saving Lower costs due to the introduction of efficient production/transportation processes Creation of new markets due to changes in customer preferences Enhancing the corporate image through environmental initiatives Creating business opportunities through environmental commitment Improved engagement of Group employees		
Items accompanying information security	Risks	Information leaks and effects on business systems resulting from cyberattacks, etc. Technological progress and changes in laws, regulations, etc. Decline in in-house information literacy	Strengthening monitoring; strengthening vulnerability countermeasures Expanding information security departments Strengthening information security education Collecting the latest information, strengthening relationships with external specialists Establishing a personal information management system compliant with global privacy laws	
Items accompanying other external factors	Risks	Disasters, such as natural disasters and accidents Changes in the political situation Revision of laws, regulations, etc. Exchange rate fluctuations Spread of infectious diseases, etc.	Promoting activities such as training based on the business continuity plan (BCP and business continuity management (BCM), along with continuous reevaluatio Strengthening the risk management system Strengthening the system for the collection and sharing of the latest information about each business and region Implementing initiatives in accordance with circumstances and the requests of national and local governments in each country/region Managing hygiene thoroughly Implementing social support, such as through the contribution of support funds and business-based measures	

For the Bandai Namco Group to record sustained growth over the medium to long term, we will need to reduce risks and make the most of opportunities by responding rapidly to changes in the environment, identifying risks and opportunities for the Group, and considering and implementing measures to address them. At top management meetings and various committees, we are analyzing and sharing information about risks and opportunities and considering measures. In these ways, we will maintain an appropriate risk management system. In addition, we will strive to leverage new opportunities arising from changes in the business environment and to implement a range of initiatives going forward.

Major Risks and Opportunities in Each Business

	Ris	ks and Opportunities	Measures
All businesses	Opportunities	Spreading/expanding network environment Technological progress Expansion of customer touchpoints through digitalization	Addressing new technologies, new platforms Strengthening initiatives to enhance IP recognition as well as global rollouts Strengthening digital initiatives, such as digital marketing for online events and enhancing e-commerce capabilities
Entertainment Unit Digital Business	Risks	Platform diversification Technological progress Lengthening development periods and increasing investment amounts Securing and developing talent for title development	Aggressively addressing new technologies and new platforms Strengthening research and information collection, such as for new technologies Strengthening development system with focus on quality and increasing efficiency
	Opportunities	Growing potential for new markets, businesses, and business models as a result of the advancement of technology	Strengthening development control in accordance with business models Enhancing production environment, and strengthening talent acquisition and development Continuing communication with fans after title releases
Entertainment Unit Toys and Hobby Business	Risks	Trend toward fewer children in Japan Oil price increases Strengthened regulations regarding the trend away from the use of plastic Rising distribution costs Concentration of production regions; quality control	Expanding target customer groups and regions Reforming and increasing the efficiency of the value chain in development and production Promoting initiatives for recycling and initiatives to addres the trend away from the use of plastic, such as new material R&D Dispersing manufacturing bases, strengthening quality control system (continued reevaluation of quality standards, implementation of CoC audits, etc.)
IP Production Unit	Risks	Intensification of competition in IP creation Development and securing of human resources in production	Consolidating studio and production functions Collecting know-how regarding visual products, music products, and live events Enhancing production environment, securing human resources, strengthening human resources development Investing to enhance production technologies Strengthening collaboration with all partners inside and outside the Company
	Opportunities	• Expansion of viewing environments for visual works	
Amusement Unit	Risks	Diversification of entertainment utilizing real venues Rising fuel prices and labor costs	Strengthening collaboration with Group resources, such as IP, products, and services Increasing efficiency, strengthening stable business foundation Addressing diverse working styles

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