

# ENTERTAINMENT UNIT

Unit Mid-term Vision

## Connect with Fans

Unit Main Strategies

- Large-scale, long-term investment × short-cycle, rapid investment
- Acquiring a focus on maximizing IP value



### NAO UDAGAWA

Director (Part-time)  
In charge of Digital Business,  
Entertainment Unit  
Bandai Namco Holdings Inc.  
President and CEO  
Bandai Namco Entertainment Inc.

**We will forge stronger connections with fans from both digital and physical perspectives, with IP as the axis.**

As with the Group as a whole, the Mid-term Vision of the Entertainment Unit is “Connect with Fans.” We are aiming to forge stronger connections with fans from both digital and physical perspectives, with IP as the axis.

We are advancing “large-scale, long-term investment × short-cycle, rapid investment,” which is one of our main strategies. Going forward, we will pursue growth under an investment cycle that leverages the distinctive characteristics of the business models of the Digital Business and the Toys and Hobby Business. At the same time, we will strive to further deepen collaboration among businesses.

In addition, maximizing the value of IP itself will link directly to business growth and expansion. “Acquiring a focus on maximizing IP value” is also one of our main strategies. In accordance with this strategy, we will collaborate with external partners, especially for IP that is rolled out around the world on a Groupwide basis. This will lead to the maximization of IP value.

**Digital Business:**

**We will deliver high-quality content that fans can enjoy over long periods of time by rebuilding and reinforcing our development structure.**

In our Digital Business, we focus on two fundamental principles: “high-quality content that offers deep, long-lasting engagement” and “a diverse range of entertainment.” We are committed to delivering high-quality games and a variety of entertainment that exceed our fans’ expectations and resonate worldwide.

In FY2024.3, games geared toward global audiences, such as *TEKKEN 8*, achieved notable success. However, the overall performance of home console games was impacted due to differences in the product mix compared with the previous fiscal year, in which repeat sales of *ELDEN RING* contributed greatly. Profits also significantly declined due to such factors as the recording of valuation losses on new online game and disposal losses that accompanied the cancellation of certain titles in development, which resulted from a review of the composition of the titles. In light of these circumstances, we position FY2025.3, the final year of the current Mid-term Plan, as a year in which we will rebuild our structure so that we may achieve growth over the medium to long term. (Please see the Special Feature on page 50.)

Although we believe that the global game market will continue to grow moving forward, games are becoming increasingly larger in scale, which has led to longer development periods. We therefore need to bolster our development structure so that we can respond to these kinds of changes in the operating environment. To that end, we will prioritize the determination of our title portfolio and clarification of the kinds of content that we should create throughout the Digital Business as a whole. Upon doing so, we will focus efforts on enhancing our ability to steadily see titles through to completion, including those currently under development, and grow sales of our titles over longer periods of time. Although we will not reap the benefits of this newly enhanced development structure in the short term, we will pursue efforts to accelerate the completion of titles currently under development. Furthermore, we aim to boost our marketing and sales capabilities to ensure that fans can enjoy the titles we release over longer

periods of time. To that end, we will oversee global marketing efforts through enhanced collaboration between Japan and North America. We will also examine the implementation of strategic initiatives and investments in a manner that caters to the needs of each region.

In the Digital Business, maximizing the value of IPs themselves contributes directly to our business growth and expansion. By combining the strengths of each Group company from both digital and physical perspectives, we will work together with our fans to create a new world of entertainment, unprecedented in nature, that brings together fans from across the world, in a manner distinctive to Bandai Namco.

**Toys and Hobby Business:**

**We will steadily execute the IP axis strategy in accordance with each region and target customer base as we aim to deliver an even greater number of products to fans.**

The Toys and Hobby Business offers a wide range of product categories on an IP axis. Being successful in strengthening core IPs and rolling out products in a swift and timely manner, we realized a record-high business performance in FY2024.3.

Under the core strategy of “global IP merchandising rollouts,” we will continue to accelerate product rollouts of core IP, including *Gundam*, supported by the tremendous potential of Japanese IPs, which are gaining popularity across the globe. By doing so, we will increase our fan base.

In the Toys and Hobby Business, we aim to reach an overseas sales ratio of 50% in the future and are currently strengthening our operations in North America and China with a view toward reaching this goal, alongside the promotion of Groupwide strategies. To date, we have expanded overseas rollouts by leveraging the strengths of each product category in a manner that caters to the characteristics of each region. Bandai Namco is unique in that it offers a broad range of product categories on an IP axis. By clearly showcasing the competitive edge this provides, we believe we can leverage unparalleled strengths.

Additionally, we are promoting a global strategy for digital marketing and direct marketing. In 2023, the number of members of PREMIUM BANDAI, the Group’s official e-commerce website, reached over 5.55 million in Japan, and the number of members overseas also continues to grow. Looking ahead, we will seek to deliver products to an even greater number of fans through targeted marketing activities that cater to the needs of each region.

Also, we will step up strategic investments to promote collaboration within the Entertainment Unit. Through the promotion of different investment cycles that draw on the advantages of each business—for example, large-scale, long-term investments in the Digital Business and swift, near-term investments in the Toys and Hobby Business—we will make unified efforts in the Entertainment Unit to maximize the value of IPs.

In addition, as part of our large-scale, growth-oriented investments under the next Mid-term Plan, we are currently constructing an additional plant at the Bandai Hobby Center with the aim of establishing a more stable production structure for model kits. (Please see the Special Feature on page 51.)

During the last year of the current Mid-term Plan, we will steadily execute the IP axis strategy in accordance with each region and target customer base as we aim to deliver an even greater number of products to fans.

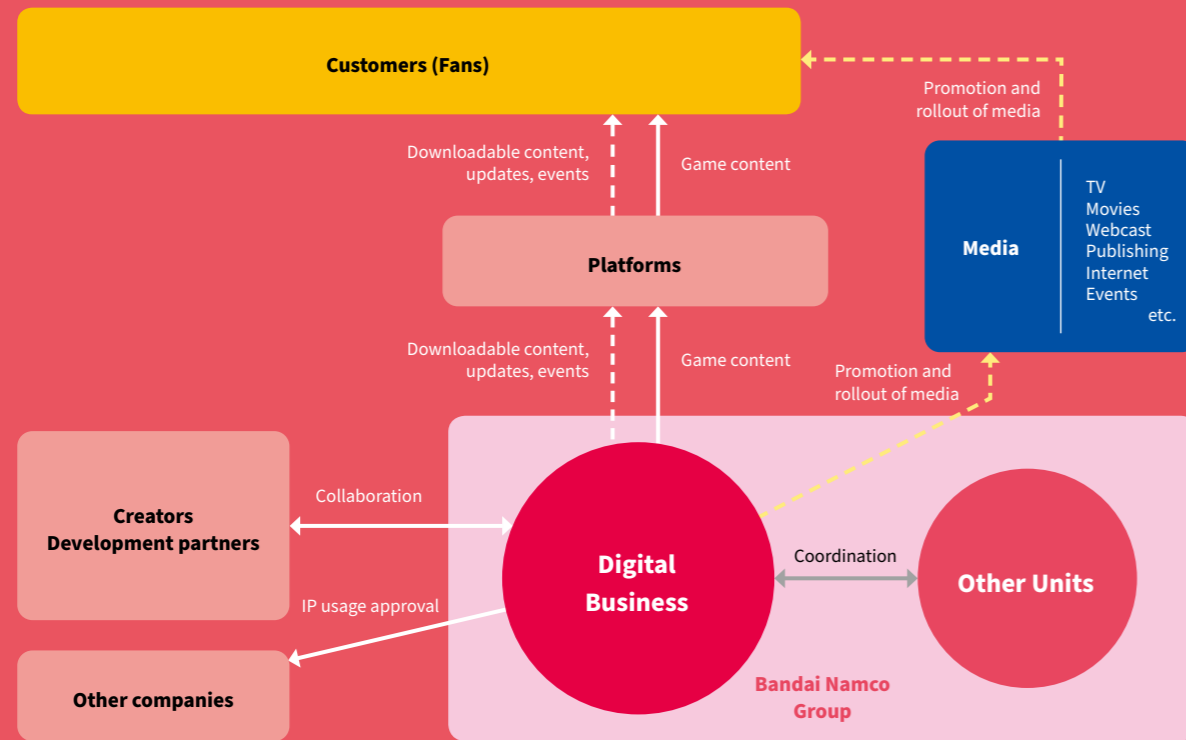


### KAZUHIRO TAKENAKA

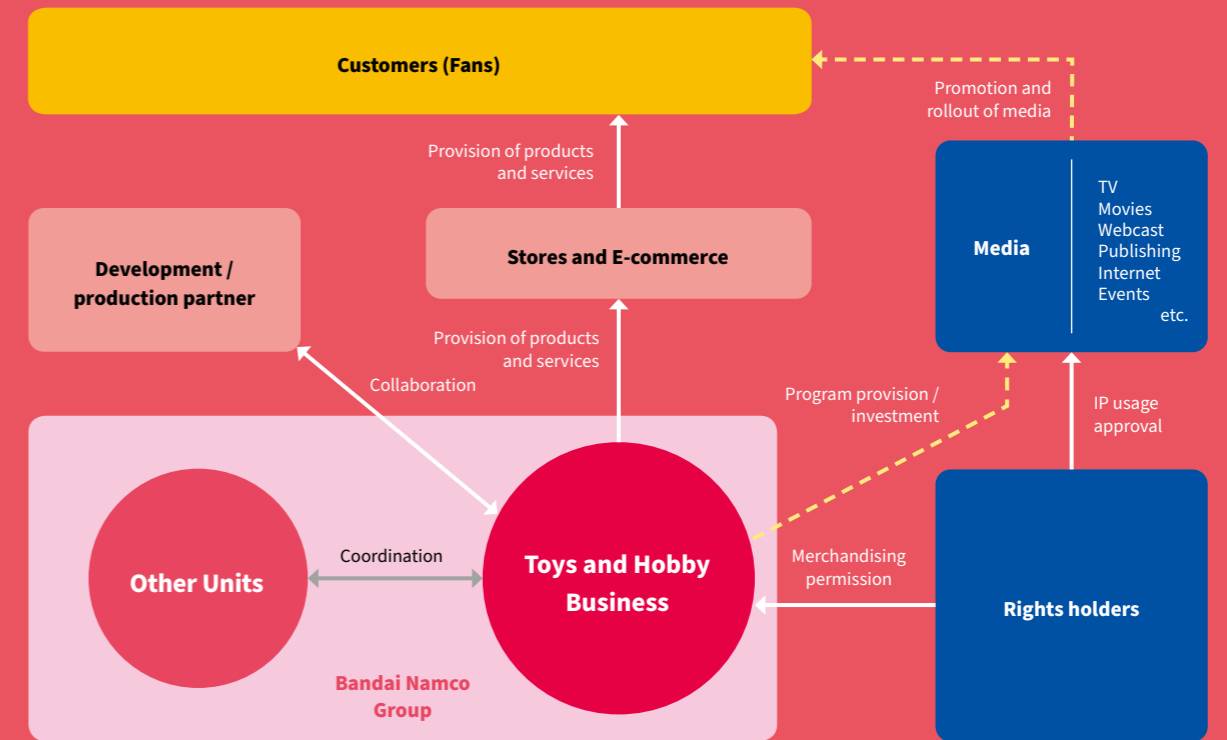
Director (Part-time)  
In charge of Toys and Hobby Business,  
Entertainment Unit  
Bandai Namco Holdings Inc.  
President and CEO  
BANDAI CO., LTD.

# ENTERTAINMENT UNIT

Example of Business Model in the Digital Business (When In-House IP Is Used)



Example of Business Model in the Toys and Hobby Business (When Another Company's IP Is Used)



MAIN STRATEGIES

- Worldwide title organization, large-scale development
- Strengthening content originating overseas
- Realizing the metaverse concept

FY2025.3 NUMERICAL TARGETS

Segment sales **¥370.0 billion**  
 Segment profit **¥30.0 billion**

Results forecasts are as of May 2024.

FY2024.3 RESULTS AND RELATED DATA

Sales by Major Category

NETWORK CONTENT  
**¥187.9 billion**

HOME CONSOLE GAMES  
**¥151.5 billion**

Network Content

OVERSEAS SALES RATIO\*  
**44%**

\* Percentage of network content sales contributed by transactions arising overseas

Home Console Games

UNIT SALES OF HOME CONSOLE GAMES  
**39,682 thousand units**

FULL PACKAGE DOWNLOAD SALES RATIO  
**56%**

MAIN STRATEGIES

- Global IP merchandising rollouts
- Strengthening business in North America and China
- Global strategy for digital marketing and direct marketing

FY2025.3 NUMERICAL TARGETS

Segment sales **¥530.0 billion**  
 Segment profit **¥80.0 billion**

Results forecasts are as of May 2024.

FY2024.3 RESULTS AND RELATED DATA

Sales of IP Products and Services (Toys and Hobby Business in Japan)

Anpanman	Gundam series	PRETTY CURE! series
<b>¥9.4 billion</b>	<b>¥68.7 billion</b>	<b>¥6.4 billion</b>

Ultraman series	Super Sentai series	Pokémon
<b>¥8.3 billion</b>	<b>¥5.4 billion</b>	<b>¥11.9 billion</b>

KAMEN RIDER series	DRAGON BALL series	ONE PIECE
<b>¥23.4 billion</b>	<b>¥23.0 billion</b>	<b>¥60.3 billion</b>

# IP PRODUCTION UNIT

Unit Mid-term Vision

**Evolving into the leading IP production group that continues to provide a wide variety of stories that bring the world together**



**MAKOTO ASANUMA**

Director (Part-time)  
In charge of IP Production Unit  
Bandai Namco Holdings Inc.  
President and CEO  
Bandai Namco Filmworks Inc.

**We remain committed to creating excellent products without compromise.**

Operating the visual works, music, and live event businesses, the IP Production Unit makes ongoing efforts to strengthen its development and production capabilities in order to create excellent visual works and music. In FY2025.3, the final year of the Mid-term Plan, the visual works business finds itself in a period of dramatic transformation. In such a period, we are steadily managing our visual work portfolio in an effort to maximize profits.

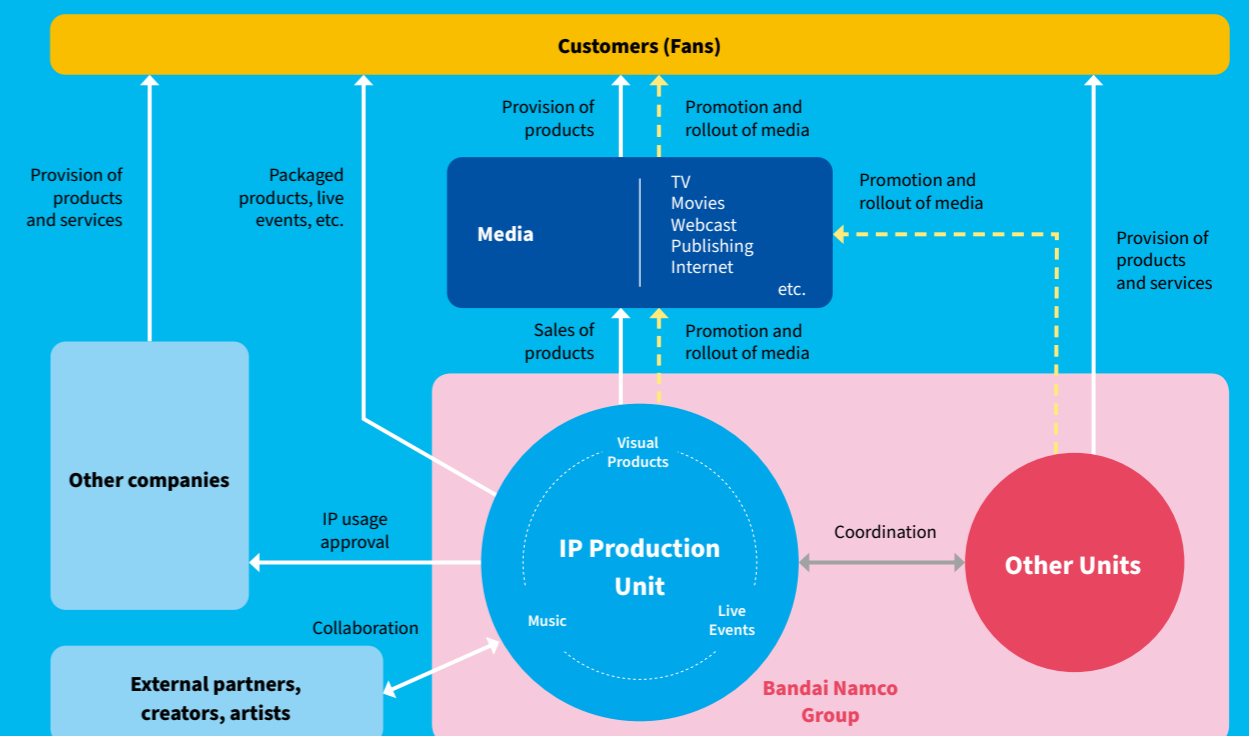
The market for the animation production and sales business is undergoing significant changes. Although the number of works being produced is rising, there is a shortage of animators, and this has led to difficulties in adjusting production schedules and increases in production costs. To adapt to these conditions, we will not only enhance our production capabilities within the Company but also bolster our creation and production capabilities with external partners. To that extent, we will fully leverage the strengths of our in-house production studios, accumulate know-how, and refine our technological capabilities over the long term. We will also focus on cultivating creators within the Unit. At the same time, we are steadily bolstering our production capabilities through business alliances with numerous animation production companies, including welcoming Eight Bit Co., Ltd., into the Group in April 2024. Moving forward, we will actively pursue greater collaboration and partnerships with external studios.

As part of our exit strategy, we will explore all possible avenues in the visual business, including TV, film, and streaming content, program sales, packaged sales, and use in live events. We aim to expand value in various forms based on the direction of each work. Furthermore, in the licensing business, where we possess major strengths, we will integrate the offices of each Unit company possessing licensing functions in a bid to bolster collaboration. By doing so, we will further enhance our function as a licensor.

For the music and live event businesses, we are currently building a concert hall with a 2,000-person capacity in Shibuya, Tokyo, slated to be completed in 2026, so that we can capture the growing demand in these businesses. Through a wide variety of music and live events, we will leverage this concert hall as a place for cultivating IPs and artists.

By continuing to create IPs in the IP Production Unit, we will not only realize growth for the Group but also contribute to the advancement of the visual works and music industries as a whole. Moving forward, we aim to become the leading IP production group by continuing to create excellent products without compromise and delivering them to fans across the world.

Example of Business Model in the IP Production Unit



MAIN STRATEGIES

- Accelerating the creation of hits by strengthening multifaceted production capabilities
- Maximizing product value by strengthening multifaceted management capabilities
- Establishing a strong Unit structure for the implementation and continued development of strategies

FY2025.3 NUMERICAL TARGETS

Segment sales **¥83.0 billion**  
Segment profit **¥12.0 billion**

Results forecasts are as of May 2024.

FY2024.3 RESULTS AND RELATED DATA

**IP Production Business**  
Number of Copyrighted Products  
(As of March 2024)

**NUMBER OF COPYRIGHTED PRODUCTS / TOTAL NUMBER OF HOURS**  
Bandai Namco Filmworks Inc. /  
Bandai Namco Pictures Inc. /  
SUNRISE BEYOND INC.

**1,137 products /**  
**5,902 hours**

**NUMBER OF MUSICAL WORKS**  
Bandai Namco Music Live Inc.  
Number of works with  
master license recordings

**Approx. 72,700**

Number of works published  
**Approx. 40,400**

**Number of Live Events Held**

**NUMBER OF PERFORMANCES\***  
**799**

\* Number of performances held by Bandai Namco Music Live Inc.



# AMUSEMENT UNIT

Unit Mid-term Vision

**Responsive to change—becoming a Unit that can address change as we move into the future**

**We are implementing “Fun for All into the Future” by leveraging our organizational capabilities to forge direct connections with fans.**

During the COVID-19 pandemic, people around the world experienced a stay-at-home lifestyle. Because of this, I believe that real entertainment has become more important to our customers. However, in this industry, where it is difficult to ensure business continuity without constantly pursuing uniqueness and evolving products, it is imperative that we pursue new and unique creations that leverage a broad range of ideas and Group strengths as we continue to develop and operate amusement facilities and develop amusement machines.

In the final year of the Mid-term Plan, the Amusement Unit will continue to advance three key strategies: TRANSFORM, UNITE, and CONTROL.

Under TRANSFORM, we have recorded solid results by reforming our internal organizational structure and transforming our business approaches. Nonetheless, we will remain steadfast in our promotion of the TRANSFORM strategy, as we still face issues such as labor shortages and the decline in opportunities to open new brick-and-mortar stores in Japan.

With UNITE, we are deepening collaboration not just within the Amusement Unit but also with various Group companies. While doing so, it has become clear that the brick-and-mortar stores of the Amusement Unit play an increasingly important role as physical contact points with customers. As we work to leverage Japanese IPs overseas and accelerate the global rollout of Group products and services, we will expand the development of official Bandai Namco Group stores around the world. Furthermore, we are stepping up internal collaboration for the development of amusement machines and are strengthening the sales structure therefor on a global basis.

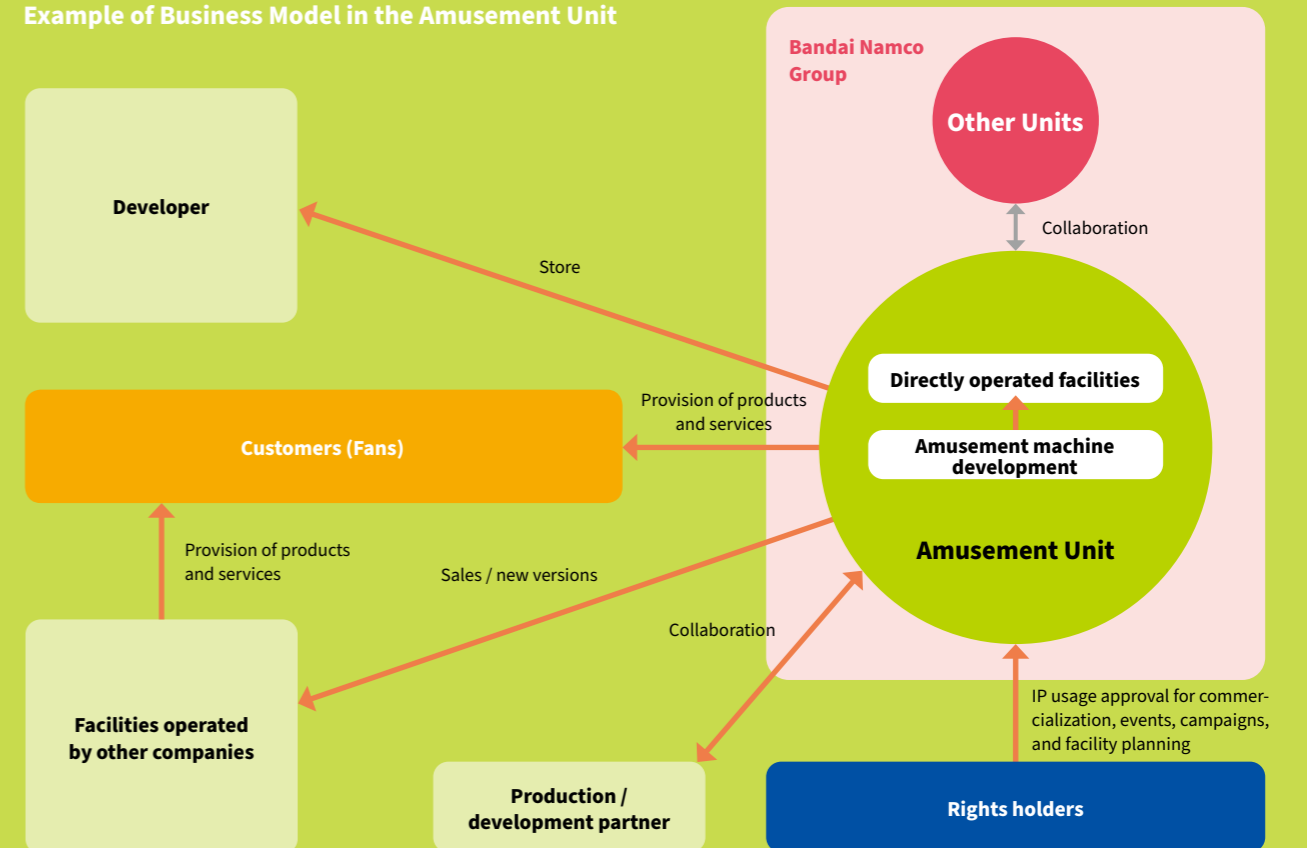
Under CONTROL, we are bolstering our management awareness of cash flows while striving to enhance our governance structure within the Unit. We will continue to advance these initiatives in the future.

In terms of the IP axis strategy, the Amusement Unit is able to ascertain and experience the passion of fans through the physical locations that we offer. Going forward, we will implement our Purpose of “Fun for All into the Future” by leveraging our ability to offer fun experiences, develop physical locations, and promote people-oriented operations.

**HIROSHI KAWASAKI**

Director (Part-time)  
In charge of Amusement Unit  
Bandai Namco Holdings Inc.  
President and CEO  
Bandai Namco Amusement Inc.

Example of Business Model in the Amusement Unit



MAIN STRATEGIES

- **Transform:** Change method of implementing businesses
- **Unite:** Continually work together as a Unit to foster optimization
- **Control:** Address circumstances rapidly and flexibly

FY2025.3 NUMERICAL TARGETS

Segment sales **¥125.0 billion**  
Segment profit **¥7.0 billion**

Results forecasts are as of May 2024.

FY2024.3 RESULTS AND RELATED DATA

Sales by Major Category

AMUSEMENT MACHINES  
**¥34.0 billion**  
AMUSEMENT FACILITIES  
**¥85.4 billion**

Number of Amusement Facilities (Global Total)

DIRECTLY MANAGED FACILITIES  
**240 facilities**  
REVENUE-SHARING FACILITIES\*  
**803 facilities**  
OTHER  
**78 facilities**  
TOTAL  
**1,121 facilities**

\* Contracted stores under the revenue-sharing facilities: Revenues from the operation of amusement machines are shared.

MESSAGES FROM THE PRESIDENTS OF THE BUSINESS MANAGEMENT COMPANIES