



February 9, 2018

Name of listed company:  
BANDAI NAMCO Holdings Inc.  
Name of representative:  
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(Code Number: 7832 TSE 1st section)  
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**Mid-term Plan of the BANDAI NAMCO Group (From April 2018 to March 2021)**  
**CHANGE for the NEXT: Empower, Gain Momentum, and Accelerate Evolution**

In April 2018, the BANDAI NAMCO Group (“the Group”) will start a three-year new Mid-term Plan.

**I. Background to Formulation and Direction of the Mid-term Plan**

Under the current Mid-term Plan from April 2015 to March 2018, we have focused on driving global development by further solidifying our “IP Axis Strategy” as the Group’s greatest strength. Under this strategy, we are working to maximize IP value by taking advantage of the worldview and unique characteristics of IP (Intellectual Property: meaning characters and other intellectual property) to provide the best products and services at the best possible times.

Based on the results and challenges of the current Mid-term Plan, the new Mid-term Plan will aim to evolve the IP axis strategy further and achieve penetration and expansion in global markets. At the same time, we will also strengthen development in regions and businesses with high growth potential. Under the IP axis strategy, we will drive creation of new IP and regionally oriented strategies by unifying the efforts in each region under the ALL BANDAI NAMCO concept.

Moreover, in promoting specific strategies, we aim to be a Group that is changing in all aspects to progress to a next stage rather than being bound by previous business models and established ideas while considering the changes in the global entertainment market environment and customer orientation, the appearance of new competitors, and other factors.

## II. Mid-term Vision



The Group's corporate philosophy remains unchanged. It is to become the leading innovator in global entertainment, offering "Dreams, Fun and Inspiration" through products and services. Under the new Mid-term Plan, we aim to achieve "CHANGE" to progress to a next stage by continuing to empower, gain momentum, and accelerate evolution without being bound by previous business models and established ideas. The CHANGE concept encompasses change to an IP creating company, change to a new business model, change to a unifying ALL BANDAI NAMCO concept, and change to a corporate group centered on people.

## III. Numerical Targets for the Fiscal Year Ending March 31, 2021

<u>Net sales: ¥750,000 million</u>	<u>Operating profit: ¥75,000 million</u>
<u>Operating margin: 10% or more</u>	<u>ROE: 10% or more</u>

## IV. Capital Policy (Policy for the Return of Profits to Shareholders)

Based on a stable dividend of DOE 2%, the Company will return profits to shareholders, aiming for a total payout ratio of 50% or higher.

BANDAI NAMCO Holdings Inc. ("the Company") places the return of profits to shareholders as one of its highest priorities in its management. The Company aims to further strengthen the Group's competitiveness and, while maintaining a sound financial status, to achieve regular distributions of dividends and improvement in the Company's corporate value. In embarking on a new Mid-term Plan from April 2018, the Company has considered its basic policy on returning profits to shareholders from various perspectives, taking into account the Group's strategy and management environment. As a result, the Company has decided to change the basic policy to focus more on capital cost by adopting dividend on equity (DOE) and total payout ratio as indicators while maintaining a stable dividend level over the long term.

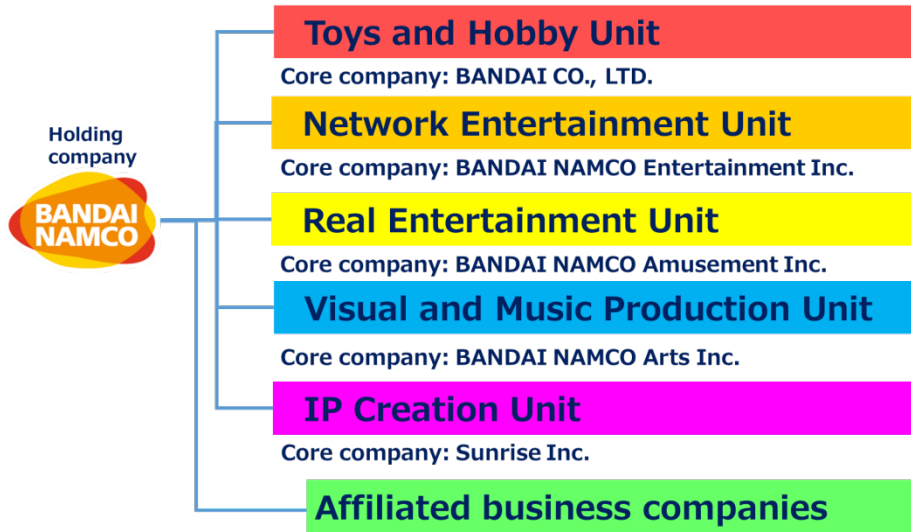
## V. Organizational Framework of the Group

The Group executes business strategies for each unit comprising business companies aggregated under a holding company.

From the new Mid-term Plan starting in April 2018, the name of the units of aggregated business companies will be changed from "SBUs" (Strategic Business Units) to "Units." In addition, to enable swifter advancement of the main strategies for each mission, such as accelerating evolution in IP axis strategy and empowering the push into new entertainment, the Group will shift from its previous three-SBU structure to a five-Unit structure.

Specifically, the Network Entertainment SBU will be reorganized into the Network Entertainment Unit, which will develop business in fields such as network content and home video games, and the Real Entertainment Unit, which will provide content for real-world based facilities, services, equipment, and so forth, unique to the Group. Moreover, the new IP Creation Unit will be established as a spin-off from the Visual and Music Production SBU to focus on creating new IP. (\*For details of the reorganization, refer to the disclosure material “Notice Regarding Reorganization of Subsidiaries.”)

<New Unit System> (From April 2018)



## VI. Main Strategy

<b>Corporate Philosophy</b>	Dreams, Fun and Inspiration To become the Leading Innovator in Global Entertainment	
<b>Mid-term Vision</b>	<b>CHANGE for the NEXT</b> <b>挑戦 成長 進化</b> <small>EMPOWER GAIN MOMENTUM ACCELERATE EVOLUTION</small>	
<b>Main Strategy</b>	<b>IP axis</b>	<b>Accelerate evolution</b> in IP axis strategy Boost capability to create IP (structural changes) Invest aggressively in IP creation
	<b>Business</b>	<b>Empower</b> push into new entertainment Establish and enhance business infrastructure Expand and strengthen business fields Promote Incubation
	<b>Region</b>	<b>Gain momentum</b> with ALL BANDAI NAMCO Make full-blown entry into Chinese market Establish system for ALL BANDAI NAMCO
	<b>Personnel</b>	<b>Make personnel</b> the core of the Group Establish environment to optimize employees' performance by tapping their individual strengths, and to empower new ventures

## 1. IP axis strategy: Accelerate evolution in IP axis strategy

To further solidify the IP axis strategy, the Group's greatest strength, we will drive creation of new IP while continuing to innovate long-established IP. The Group will undertake creation of new IP in all of its businesses, while collaborating openly with various partners in Japan and overseas.

### (1) Boost capability to create IP (structural changes)

In order to strengthen our capacity for creating IP, we will establish a new IP Creation Unit with the primary mission of creating new IP. The unit will do more than just create new animation products; it will constantly collaborate closely with Group businesses to produce IP linked to products and services, aiming to create IP through internal collaboration within the Group. In creating new IP, we will invest aggressively in enhancing our visual production and production technologies, as well as strengthening collaboration with external partners who have various advanced capabilities.

### (2) Invest aggressively in IP creation

To ensure that the Group's IP axis strategy remains strong in the future as well, we plan to make strategic Groupwide investments of ¥25.0 billion over the next three years on top of its normal investments. Specifically, we plan to invest aggressively in creating new IP, engagement with external partners, and taking on new businesses and new technologies, among others.

## 2. Business strategy: Empower push into new entertainment

To empower a push into new entertainment, we will upgrade and enhance our business infrastructure, expand and strengthen our business fields, and promote incubation.

### (1) Establish and enhance business infrastructure

- The newly established Real Entertainment Unit will be centered on BANDAI NAMCO Amusement Inc., which will be formed from the integration of the amusement machine business of BANDAI NAMCO Entertainment Inc. into NAMCO LIMITED. The unit will provide facilities, services, and content by making use of real-world venues that provide customer contact points and amusement machine planning and development capabilities, state-of-the-art technological capabilities, and expertise in commercialization leveraging IP worldviews. Leveraging our strength in having a value chain that extends from machine development to provision to customers, we will aim to achieve efficient operation at existing stores and provide a space for development of distinctive content unique to the Group.
- To create new digital services that will strengthen the IP axis strategy, we will concentrate functions within the Group and strengthen and enhance the platforms that connect us with our customers. In the Network Entertainment Unit, we will promote recognition of the Group's IP, products, and services by concentrating its internal video distribution functions and strengthening video distribution of visual products and promotional images. Furthermore, through BXD Inc. we will establish a new platform for distribution of browser games and other material. In addition to game distribution, the platform will offer features unique to the Group in coordination with Group products and services. In addition, we will deepen our contact with customers by strengthening our fan club service, which provides general information on IP, products, and services and conducts communication with customers.

### (2) Expand and strengthen business fields

- With a view to expanding our business in products for adult customers in Japan and overseas, we will establish a new company called BANDAI SPIRITS CO., LTD. inside the Toys and Hobby Unit, which will swiftly drive development and promotion of products for adult fans. From a regional perspective, we will maintain and expand our domestic market share while concentrating on business expansion overseas in areas such as Asia, Americas and Europe, making use of Japanese IP and globally popular IP.

- We will integrate the music business operating company Lantis Co., Ltd. into the visual business operating company BANDAI VISUAL CO., LTD. to establish BANDAI NAMCO Arts Inc. to drive creation of new entertainment that fuses visuals and music and IP creation with more thoroughly integrated visuals and music. Furthermore, to strengthen the live event business, which has expanding markets in Japan and overseas, we will bolster our operation of live events in Japan and overseas, integrating visuals, music, and live performance. In addition, we will also empower new live event genres. In the Network Entertainment Unit, we will begin focusing on wholehearted initiatives in the e-sports business, utilizing home video game title IP and so forth. In strengthening these live event businesses, we will construct a multipurpose facility on land that we have purchased in Shibuya-ku, Tokyo, and use it as a venue that has the Group's unique character.

### 3. Region strategy: Gain momentum with ALL BANDAI NAMCO

As we expand the development of the IP axis strategy globally, we aim to change from our previous Japan-centered development to a regionally focused structure. The regional holding companies and the business companies in each unit will form a unifying ALL BANDAI NAMCO concept to advance the Group's strategies autonomously on a regional basis through their deep knowledge of the customer base in each region. In Japan, we will continue to pursue the No. 1 position in each market, while in Americas and Europe we will expand our network content and home video games, as well as changing our approach in the Toys and Hobby Business. We will also make a full-blown entry into the Chinese market, which is a key region.

#### (1) Make full-blown entry into Chinese market

- To make full-blown entry into the growing Chinese entertainment market, we will actively collaborate with local partners, mainly through our holding company established in Shanghai, China in December 2017. We will develop our business with a strongly localized IP axis strategy incorporating both Japanese and locally originated IP. Following on from the business companies of the Network Entertainment Unit, which are already providing services in the network content business, we will look at establishing subsidiaries to undertake a full roll-out of services in the Toys and Hobby Unit and Visual and Music Production Unit as well.

#### (2) Establish system for ALL BANDAI NAMCO

- We will move towards an integrated office to conduct business under a unifying ALL BANDAI NAMCO concept, sharing expertise between units in every region. We will examine organizational framework that will serve to strengthen links within the Group with an awareness of ALL BANDAI NAMCO, focusing on the U.K., Hong Kong, and China regions, and then all other regions. In other efforts, we will undertake branding efforts to promote awareness of the BANDAI NAMCO brand among customers.

### 4. Personnel strategy: Make personnel the core of the Group

The Group seeks to be “a group centered on human resource management, with a focus on entertainment and imagination,” where companies and employees of various individual characteristics can work with motivation and energy. We have been working for some time on such initiatives as training the necessary global personnel, actively enabling personnel exchange, and establishing systems for promoting active participation of a diverse workforce, as well as various systems to enable employees to work in good mental and physical health. In the new Mid-term Plan, we will add to these initiatives by encouraging a proposal system for employees to take up new challenges, and systems for supporting their endeavors.

End of notice