



BANDAI NAMCO Holdings Inc.

Consolidated Financial Report for the Fiscal Year Ended

March 31, 2017

May 10, 2017

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- This document contains forward-looking statements that are based on management’s estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.

BANDAI NAMCO Holdings Inc.

Stock Listing: Tokyo Stock Exchange

Code Number: 7832

(URL: <http://www.bandainamco.co.jp/>)

May 10, 2017

Consolidated Financial Report for the Fiscal Year Ended March 31, 2017 (Japanese GAAP)

Representative: Mitsuaki Taguchi, President and Representative Director
 Contact: Yuji Asako, Director, Division General Manager of the Corporate Planning Division
 Date of Ordinary General Meeting of Shareholders: June 19, 2017
 Scheduled starting date for dividend payments: June 20, 2017
 Scheduled filing date of the annual security report: June 20, 2017
 The Financial Highlights of the Financial Results: Yes
 The information session of the Financial Results: Yes (for institutional investors and analysts)

* Figures are in millions of yen, rounded down

1. Consolidated Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2017	620,061	7.7	63,238	27.4	63,290	24.7
Fiscal Year Ended March 31, 2016	575,504	1.8	49,641	(11.9)	50,774	(14.5)

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2017	44,159	27.7	201.03	200.97
Fiscal Year Ended March 31, 2016	34,583	(8.0)	157.43	157.39

(Note) Comprehensive income: 43,104 million yen [57.4%] (FY2017.3), 27,377 million yen [(36.9)%] (FY2016.3)

	ROE (Profit attributable to owners of parent / Net assets)	ROA (Recurring profit / Total assets)	Operating margin (Operating profit / Net sales)
	%	%	%
Fiscal Year Ended March 31, 2017	13.3	13.5	10.2
Fiscal Year Ended March 31, 2016	11.2	11.4	8.6

(Reference) Gain or loss from application of equity method: 556 million yen (FY2017.3), 1,508 million yen (FY2016.3)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2017	488,032	348,784	71.3	1,584.71
As of March 31, 2016	448,336	317,304	70.6	1,441.49

(Reference) Equity: 348,106 million yen (as of March 31, 2017), 316,663 million yen (as of March 31, 2016)

(3) Consolidated Statements of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ended March 31, 2017	64,136	(13,016)	(13,171)	205,667
Fiscal Year Ended March 31, 2016	58,049	(23,425)	(16,123)	169,542

2. Cash Dividends

	Annual cash dividends					Total dividend payment (Full year)	Payout ratio (Consolidated)	Dividend / Net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total			
	¥	¥	¥	¥	¥			
Fiscal Year Ended March 31, 2016	–	12.00	–	40.00	52.00	11,429	33.0	3.7
Fiscal Year Ended March 31, 2017	–	12.00	–	70.00	82.00	18,023	40.8	5.4
Fiscal Year Ending March 31, 2018 (Projections)	–	12.00	–	12.00	24.00		13.2	

(Note) The year-end cash dividend per share for the fiscal year ended March 31, 2017 consists of:

Ordinary cash dividend per share: 50.00 yen and Special dividend per share: 20.00 yen.

Concerning the projected amounts of the end of second quarter and year-end cash dividends for the fiscal year ending March 31, 2018, the stable dividend is stated based on the Company's basic policy on the distribution of profits. The year-end cash dividend for the fiscal year ending March 31, 2018, will be considered by the Company in light of the consolidated operating results and other factors.

3. Consolidated Projections for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six Months Ending September 30, 2017	275,000	(6.6)	22,500	(42.2)	23,000	(39.9)	16,000	(47.0)	72.84
Full Fiscal Year	600,000	(3.2)	57,000	(9.9)	58,000	(8.4)	40,000	(9.4)	182.10

* Notes

(1) Changes in Significant Subsidiaries during the Period

(Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): Yes

Included: 1 company (Anime Consortium Japan Inc.) Excluded: – company

(2) Changes in Accounting Policies, Changes in Accounting Estimation and Restatement

a) Changes in accounting policies due to revisions to accounting standards and other regulations: No

b) Changes in accounting policies due to revisions to other reasons: No

c) Changes in accounting estimation: No

d) Restatement: No

(3) Number of Issued Shares (Common Stock)

a) Total number of issued shares at the end of the period (including treasury stock)

As of March 31, 2017 222,000,000 shares

As of March 31, 2016 222,000,000 shares

b) Number of shares of treasury stock at the end of the period

As of March 31, 2017 2,334,579 shares

As of March 31, 2016 2,321,565 shares

c) Average number of shares during the period

For the Fiscal Year Ended March 31, 2017 219,672,077 shares

For the Fiscal Year Ended March 31, 2016 219,679,282 shares

(Reference) Non-consolidated Information

1. Non-consolidated Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2017	24,309	(16.9)	19,103	(25.7)	19,233	(26.1)
Fiscal Year Ended March 31, 2016	29,241	21.1	25,696	15.3	26,023	15.2

	Profit		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2017	12,399	(52.2)	56.41	56.40
Fiscal Year Ended March 31, 2016	25,946	-	118.05	118.02

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2017	354,697	251,257	70.8	1,142.70
As of March 31, 2016	348,350	249,403	71.6	1,134.26

(Reference) Equity: 251,158 million yen (as of March 31, 2017), 249,304 million yen (as of March 31, 2016)

2. Non-consolidated Projections for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Operating revenue		Recurring profit		Profit		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	20,000	(17.7)	14,000	(27.2)	14,000	12.9	63.70

* Consolidated Financial Reports are not required to be audited.

* Explanation on appropriate use of the projections of business results, etc.

- Forward-Looking Statements:

This document contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication and those forward-looking statements do not purport to be a promise by the Company to achieve such results. A number of factors could cause actual results to differ materially from expectations. Please refer to the section of "(4) Future Outlook" of "1. Overview of Operating Results and Others" on page 4 of the attached material for matters pertaining to the earnings projections.

- To obtain Financial Highlights:

The Financial Highlights will be posted on the Company's website on May 10, 2017.

Attached Material

Index

1. Overview of Operating Results and Others	2
(1) Overview of Operating Results for the Period (April 1, 2016 to March 31, 2017)	2
(2) Overview of Financial Position for the Period	3
(3) Overview of Cash Flows for the Period	3
(4) Future Outlook	4
(5) Basic Policy on the Distribution of Profits	5
2. Basic Concept Regarding Selection of Accounting Standards.....	5
3. Consolidated Financial Statements and Significant Notes.....	6
(1) Consolidated Balance Sheets.....	6
(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income.....	8
(Consolidated Statements of Operations).....	8
(Consolidated Statements of Comprehensive Income).....	9
(3) Consolidated Statements of Changes in Net Assets	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
(Notes on Premise of Going Concern)	14
(Additional Information)	14
(Segment Information)	15
(Per-Share Data)	20
(Significant Subsequent Events)	21
4. Other	23
Changes in Directors and Audit & Supervisory Board Members.....	23

1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Period (April 1, 2016 to March 31, 2017)

During the fiscal year ended March 31, 2017, the Japanese economy continued to moderately recover, supported mainly by a recovery in personal consumption and improved corporate profitability. However, the outlook for the overall economy remained uncertain. Overseas, personal consumption was steady, but impacted in some regions by uncertainty due to political instability and other factors.

In this environment, the BANDAI NAMCO Group (“the Group”) is targeting medium- and long-term growth under the Vision of “NEXT STAGE: Empower, Gain Momentum and Accelerate Evolution” in the three-year Mid-term Plan that started in April 2015. The Group has focused on creating and cultivating new IP (Intellectual Property: meaning characters and other intellectual property), expanding target markets, and growing new businesses as part of efforts to strengthen the “IP Axis Strategy” that aims to maximize IP value through the provision of the best products and services at the best possible times.

The Group also worked to expand its IP lineup, business fields and areas in overseas including Asia, North America and Europe.

On the business front, the Company recorded year-on-year increases in the Network Entertainment Business, which performed well, mainly in network content and overseas home video games, and in the Visual and Music Production Business, which delivered a strong performance mainly in its key IP products.

Consequently, the Group’s consolidated results for the fiscal year ended March 31, 2017 were net sales of 620,061 million yen (year-on-year increase of 7.7%), operating profit of 63,238 million yen (year-on-year increase of 27.4%), recurring profit of 63,290 million yen (year-on-year increase of 24.7%), and profit attributable to owners of parent of 44,159 million yen (year-on-year increase of 27.7%).

<Operating Results by Segment>

Operating results by segment are as follows.

Toys and Hobby Business

In the Toys and Hobby Business, earnings declined from the previous fiscal year, in which highly profitable products grew in popularity in Japan and Asia; however, the Group’s key long-established IP products sold favorably in each region. In Japan, there were favorable sales for long-established IP products such as the *Mobile Suit Gundam* series, *KAMEN RIDER* series, *Super Sentai* series, and *PRETTY CURE!* series. In addition, the Group implemented measures to strengthen the IP axis strategy by taking steps to expand its target markets for adults and IP lineup and the like. Overseas, in the Asian region, products of the *Mobile Suit Gundam* series and collectable toys for adults became popular. In North America and Europe, products of the *Power Rangers* series gained in popularity, and the Group worked to strengthen its IP lineup by commercializing locally developed IP and the like.

As a result, net sales in the Toys and Hobby Business were 193,229 million yen (year-on-year decrease of 6.4%), and operating profit was 10,991 million yen (year-on-year decrease of 33.9%).

Network Entertainment Business

For home video games in the Network Entertainment Business, sales were favorable for the new titles *DARK SOULS III* and *DRAGON BALL XENOVERSE 2* in North America and Europe. In network content such as game applications for smartphones, key titles released worldwide such as *DRAGON BALL Z DOKKAN BATTLE* and *ONE PIECE Treasure Cruise* gained in popularity, while key titles in Japan such as *The iDOLM@STER Cinderella Girls: Starlight Stage* retained popularity. In amusement facilities, the Group’s existing facilities in Japan performed favorably due to targeting resources on key facilities and other measures, and the Group also took measures to strengthen stores in new business formats. In the arcade game machines, various measures to strengthen its foundations and thereby improve profitability have generated effects. In addition, in home video games and arcade game machines, the Group worked proactively to develop products and services incorporating new technologies such as virtual reality (VR).

As a result, net sales in the Network Entertainment Business were 380,273 million yen (year-on-year increase of 18.5%), and operating profit was 44,298 million yen (year-on-year increase of 85.1%).

Visual and Music Production Business

In the Visual and Music Production Business, the *LoveLive!* series, which is IP for which visual content was developed in conjunction with music content and live events, retained popularity. In addition, the *GIRLS und PANZER* series gained popularity especially for products themed around a movie release, and sales of visual and music package software, as well

as related products, were favorable. Moreover, in the *Mobile Suit Gundam* series, products such as visual package software of the *MOBILE SUIT GUNDAM THE ORIGIN* series sold favorably.

As a result, net sales in the Visual and Music Production Business were 56,290 million yen (year-on-year increase of 8.3%), and operating profit was 13,436 million yen (year-on-year increase of 15.2%).

Other Businesses

Other Businesses consist of companies that conduct businesses such as logistics support, printing, and other kinds of administration and operational support for each of the Group's strategic business units: Toys and Hobby SBU, Network Entertainment SBU, and Visual and Music Production SBU. We are making efforts to manage such operations related to group support in an efficient manner.

As a result, net sales in the Other Businesses were 26,797 million yen (year-on-year decrease of 2.4%), and operating profit was 702 million yen (year-on-year decrease of 37.5%).

(2) Overview of Financial Position for the Period

At the end of the fiscal year ended March 31, 2017, total assets stood at 488,032 million yen, an increase of 39,696 million yen from the end of the previous fiscal year. The main factors were increases of 30,758 million yen in cash and time deposits, 3,218 million yen in work in process, and 4,683 million yen in investment securities.

Total liabilities amounted to 139,248 million yen, an increase of 8,216 million yen from the end of the previous fiscal year. The main factors were increases of 5,909 million yen in accrued income taxes, 2,908 million yen in accounts payable-other included in other current liabilities, and 2,484 million yen in accrued employee bonuses included in other current liabilities, while there was a decrease of 4,153 million yen in net defined benefit liability mainly due to contribution to retirement benefit trust.

Total net assets stood at 348,784 million yen, an increase of 31,479 million yen from the end of the previous fiscal year. The main factor was an increase of 32,753 million yen in retained earnings thanks to the recording of 44,159 million yen in profit attributable to owners of parent, despite a decrease of 2,936 million yen in foreign currency translation adjustment due to foreign exchange fluctuation and cash dividends paid of 11,429 million yen.

As a result, the equity ratio became 71.3% compared with 70.6% at the end of the previous fiscal year.

(3) Overview of Cash Flows for the Period

As of the end of the fiscal year, cash and cash equivalents ("funds") remaining on hand had increased by 36,124 million yen from the end of the previous fiscal year to 205,667 million yen.

Below is the breakdown of cash flows by activities.

(Cash Flows from Operating Activities)

The amount of funds provided by operating activities totaled 64,136 million yen (year-on-year increase of 10.5%). As a breakdown of funds used, income taxes paid was 10,462 million yen (compared with 18,902 million yen in the previous fiscal year). However, overall, there was a net increase in funds due to profit before income taxes of 60,860 million yen (compared with 48,489 million yen in the previous fiscal year) and depreciation and amortization of 21,854 million yen (compared with 21,626 million yen in the previous fiscal year).

(Cash Flows from Investing Activities)

The amount of funds used in investing activities totaled 13,016 million yen (year-on-year decrease of 44.4%). The main breakdown of funds used was purchases of property, plant and equipment and intangible assets totaling 14,821 million yen (compared with 19,206 million yen in the previous fiscal year).

(Cash Flows from Financing Activities)

The amount of funds used in financing activities totaled 13,171 million yen (year-on-year decrease of 18.3%). The main breakdown of funds used was cash dividends paid of 11,429 million yen (compared with 13,627 million yen in the previous fiscal year) and repayment of long-term borrowings of 1,315 million yen (compared with 2,261 million yen in the previous fiscal year).

(Reference) Cash Flow Indices

	FY2013.3	FY2014.3	FY2015.3	FY2016.3	FY2017.3
Equity ratio (%)	66.0	66.0	68.6	70.6	71.3
Equity ratio (market capitalization basis) (%)	97.8	132.5	116.3	120.2	149.9
Cash flows to interest bearing debt ratio (years)	0.4	0.2	0.1	0.0	0.0
Interest coverage ratio (times)	244.8	308.0	635.3	1,123.3	1,718.0

Equity ratio: Total stockholders' equity/Total assets

Equity ratio (market capitalization basis): Market capitalization/Total assets

Cash flows to interest bearing debt ratio: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest expenses

Note 1: All calculations are performed using consolidated financial figures.

Note 2: Market capitalization is calculated on the basis of the number of issued shares excluding treasury stock.

Note 3: Operating cash flow is used for cash flow.

Note 4: Interest-bearing debt covers all debt reported in the consolidated balance sheets for which interest is paid.

(4) Future Outlook

Looking ahead, although there are bright signs in Japanese and overseas economic trends, the business environment is expected to remain beset by uncertainties, including the impact on personal consumption from uncertainties in the overall society and the overall economy, as well as overseas political trends. Such factors are also expected to have an impact on the entertainment industry, in which the Group is extensively involved, resulting in ongoing uncertainty in this business environment.

Facing these circumstances, the Group has been pushing ahead with a Mid-term Plan with the vision "NEXT STAGE: Empower, Gain Momentum, and Accelerate Evolution" since April 2015. In the Mid-term Plan, the Group will further strengthen the "IP Axis Strategy" to expand the value of its IPs through taking advantage of the worldview and unique characteristics of its IPs and providing the best products and services at the best possible times. In addition, aiming towards growing in the global market, the Group will further strengthen business development in overseas including Asia, North America and Europe.

For its main strategies in the Mid-term Plan, the Group will implement Business Strategies to "Accelerate Evolution in IP Axis Strategy," Region Strategies to "Gain Momentum in Global Markets" and Functional Strategies to "Empower and Innovate Business Model." In its Business Strategies to "Accelerate Evolution in IP Axis Strategy," the Group will not only cultivate Group IP by such means as creating and obtaining IP, but also expand new IP business such as live events, expand its target markets, and strengthen collaboration among its businesses. In its Region Strategies to "Gain Momentum in Global Markets," the Group will not only maintain its pursuit of becoming No. 1 in each of its markets in Japan, but also work to expand its IP lineup, business fields and areas in Asia, North America and Europe. Furthermore, in its Functional Strategies to "Empower and Innovate Business Model," the Group will create and cultivate new IP business for the next generation and push ahead with creating foundations for the implementation of its IP axis strategy in global markets.

In order to carry out these initiatives, the Group is pushing ahead with each of its strategies with a focus on these three SBUs (Strategic Business Units). The Toys and Hobby SBU will aim to strengthen the IP axis strategy and gain momentum in global markets, the Network Entertainment SBU will aim to deploy a new business that goes beyond the framework of the existing game business and fuses networks and entertainment, and the Visual and Music Production SBU will create IP and strengthen the Group's business deployment as it looks toward new outlets. As one part of expanding target markets, effective the fiscal year ending March 31, 2018, three companies belonging to the Network Entertainment SBU will be reorganized as companies belonging to the Toys and Hobby SBU in order to further deepen cooperation among the businesses that develop products for adult customers.

In the fiscal years ended March 31, 2016 and 2017, the Group made progress with Business Strategies to "Accelerate Evolution in IP Axis Strategy." Specifically, it created and cultivated new IP, extended its target markets to include adults and other groups, and expanded new businesses such as live events. In Region Strategies to "Gain Momentum in Global Markets," the Group expanded the Toys and Hobby Business in Asia, increased the popularity of home video games in North America and Europe, and expanded the development of network content for each overseas regional market. In Functional Strategies to "Empower and Innovate Business Model," the Group developed and provided products and services that integrate real and virtual elements, and developed products and services incorporating new technologies such as VR. Going forward, the Group will continue to implement a range of measures to respond rapidly and flexibly to the

fast-changing entertainment market based on constant monitoring of conditions in the Group and the operating environment, and develop solid business foundations in order to continually achieve stable-earnings of a 500,000 million yen for net sales and a 50,000 million yen for operating profit in this industry that is characterized by rapid changes in operating climate and user preferences. Furthermore, intending to move to the next stage as an entertainment corporate group, we will endeavor to link the results of the current Mid-term Plan to the growth strategies of the next Mid-term Plan scheduled to begin from April 2018.

In light of the above considerations, the consolidated projections of the fiscal year ending March 31, 2018 are as follows: net sales of 600,000 million yen (year-on-year decrease of 3.2%), operating profit of 57,000 million yen (year-on-year decrease of 9.9%), recurring profit of 58,000 million yen (year-on-year decrease of 8.4%), and profit attributable to owners of parent of 40,000 million yen (year-on-year decrease of 9.4%).

(5) Basic Policy on the Distribution of Profits

The Company places the return of profits to shareholders as one of its highest priorities in its management. The Company assumes that its basic policy is 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 concrete terms, the Company's basic policy is to provide a return to shareholders that targets a payout ratio of 30% in accordance with consolidated operational results and based on stable annual dividend payments of 24 yen per share. The Company will add a performance-based dividend of 38 yen and a special dividend of 20 yen per share to the stable annual dividend of 24 yen per share to pay an annual dividend of 82 yen per share for this fiscal year (year ended March 31, 2017). The Company plans to pay the special dividend, to express its thanks to shareholders concerning its achievement of the record-high net sales and profit and its surpassing, one year ahead of schedule, of 600,000 million yen in net sales and 60,000 million yen in operating profit, the final numerical targets of its three-year Mid-term Plan started in April 2015. Since the Company paid an interim dividend of 12 yen per share in December 6, 2016, the year-end dividend will be 70 yen per share.

At present, the Company's annual dividend forecast for next fiscal year (year ending March 31, 2018) is the stable dividend of 24 yen per share, and this will be considered by the Company in light of the consolidated operating results and other factors.

In addition, its fundamental policy is that part of any profit, after deduction of dividends, may be used to acquire treasury stock, upon comprehensive consideration of the amount of funds on hand, performance trends, recent share price trends, the existence or nonexistence of major investment proposals, and other factors.

2. Basic Concept Regarding Selection of Accounting Standards

The Group plans to continue using Japanese GAAP to prepare its consolidated financial statements for the time being, as they facilitate comparison with previous consolidated financial statements and with other companies.

The Group's policy on applying International Financial Reporting Standards is to take action as appropriate based on considerations of various conditions in Japan and overseas.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Assets		
Current assets		
Cash and time deposits	174,757	205,516
Trade receivables	72,530	75,519
Finished goods and merchandise	16,743	14,466
Work in process	25,605	28,823
Raw materials and supplies	3,893	3,398
Deferred tax assets	8,522	9,240
Other current assets	20,730	21,271
Allowance for doubtful receivables	(606)	(453)
Total current assets	322,176	357,782
Fixed assets		
Property, plant and equipment		
Buildings and structures	32,820	30,699
Accumulated depreciation	(15,956)	(15,343)
Buildings and structures, net	16,863	15,356
Amusement facilities and machines	57,258	58,975
Accumulated depreciation	(44,572)	(46,876)
Amusement facilities and machines, net	12,685	12,098
Land	11,025	11,155
Other property, plant and equipment	111,367	117,199
Accumulated depreciation	(98,239)	(103,624)
Other property, plant and equipment, net	13,127	13,575
Total property, plant and equipment	53,702	52,184
Intangible assets	9,449	9,686
Investments and other assets		
Investment securities	34,519	39,202
Net defined benefit asset	71	71
Deferred tax assets	12,544	12,444
Other investments and assets	16,887	18,321
Allowance for doubtful receivables	(1,015)	(1,662)
Total investments and other assets	63,007	68,378
Total fixed assets	126,159	130,249
Total assets	448,336	488,032

(¥ million)

	Prior Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Liabilities		
Current liabilities		
Trade payables	62,645	64,173
Accrued income taxes	2,747	8,657
Provision for directors' bonuses	1,401	1,822
Provision for sales returns	970	780
Other provision	644	860
Other current liabilities	45,923	49,815
Total current liabilities	114,333	126,110
Long-term liabilities		
Net defined benefit liability	9,920	5,766
Deferred tax liabilities for land revaluation	443	433
Other long-term liabilities	6,333	6,938
Total long-term liabilities	16,697	13,138
Total liabilities	131,031	139,248
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Additional paid-in capital	52,246	52,064
Retained earnings	265,231	297,984
Treasury stock	(2,410)	(2,423)
Total stockholders' equity	325,067	357,626
Accumulated other comprehensive income		
Unrealized gains or losses on other securities, net of tax	6,907	7,884
Deferred gains or losses on hedges, net of tax	(706)	210
Revaluation reserve for land, net of tax	(5,670)	(5,693)
Foreign currency translation adjustments	(5,788)	(8,725)
Remeasurements of defined benefit plans, net of tax	(3,145)	(3,195)
Total accumulated other comprehensive income	(8,403)	(9,519)
Subscription rights to shares	99	99
Non-controlling interests	541	577
Total net assets	317,304	348,784
Total liabilities and net assets	448,336	488,032

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income**(Consolidated Statements of Operations)**

(¥ million)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Net sales	575,504	620,061
Cost of sales	372,904	396,302
Gross profit	202,600	223,759
Selling, general and administrative expenses	152,959	160,520
Operating profit	49,641	63,238
Non-operating income		
Interest income	216	318
Dividend income	352	275
Equity in gain of affiliated companies	1,508	556
Other non-operating income	1,018	1,029
Total non-operating income	3,094	2,179
Non-operating expenses		
Interest expense	49	36
Foreign exchange losses	629	1,048
Loss on valuation of derivatives	750	–
Provision of allowance for doubtful accounts	299	667
Other non-operating expenses	232	375
Total non-operating expenses	1,961	2,127
Recurring profit	50,774	63,290
Extraordinary income		
Gain on sales of fixed assets	900	316
Gain on sales of investment securities	0	72
Other extraordinary income	123	67
Total extraordinary income	1,025	455
Extraordinary loss		
Loss on impairment of fixed assets	2,552	1,306
Loss on disposal of fixed assets	93	545
Other extraordinary loss	664	1,034
Total extraordinary loss	3,311	2,886
Profit before income taxes	48,489	60,860
Corporate income, inhabitant and enterprise taxes	13,746	17,343
Adjustment for income taxes	186	(680)
Total income taxes	13,932	16,662
Profit	34,556	44,197
Profit (loss) attributable to non-controlling interests	(27)	37
Profit attributable to owners of parent	34,583	44,159

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Profit	34,556	44,197
Other comprehensive income		
Unrealized gains or losses on other securities, net of tax	170	890
Deferred gains or losses on hedges, net of tax	(1,982)	906
Revaluation reserve for land, net of tax	24	–
Foreign currency translation adjustments	(4,221)	(2,936)
Remeasurements of defined benefit plans, net of tax	(1,100)	(50)
Share of other comprehensive income of associates accounted for using equity method	(70)	96
Total other comprehensive income	(7,179)	(1,092)
Comprehensive income	27,377	43,104
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	27,404	43,067
Comprehensive income attributable to non-controlling interests	(27)	37

(3) Consolidated Statements of Changes in Net Assets

Prior Fiscal Year (From April 1, 2015 to March 31, 2016)

(¥ million)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	10,000	52,246	244,274	(2,403)	304,118
Changes during the period					
Cash dividends			(13,627)		(13,627)
Profit attributable to owners of parent			34,583		34,583
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		0		0	0
Change in treasury shares of parent arising from transactions with non-controlling shareholders		0			0
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied				(2)	(2)
Reversal of revaluation reserve for land					-
Net changes of items other than shareholders' equity					
Total changes during the period	-	0	20,956	(7)	20,949
Balance at end of year	10,000	52,246	265,231	(2,410)	325,067

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized gains or losses on other securities, net of tax	Deferred gains or losses on hedges, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Balance at beginning of year	6,757	1,300	(5,695)	(1,542)	(2,045)	(1,224)	44	575	303,512
Changes during the period									
Cash dividends									(13,627)
Profit attributable to owners of parent									34,583
Purchase of treasury stock									(4)
Disposal of treasury stock									0
Change in treasury shares of parent arising from transactions with non-controlling shareholders									0
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied									(2)
Reversal of revaluation reserve for land									-
Net changes of items other than shareholders' equity	149	(2,006)	24	(4,246)	(1,100)	(7,179)	55	(33)	(7,157)
Total changes during the period	149	(2,006)	24	(4,246)	(1,100)	(7,179)	55	(33)	13,791
Balance at end of year	6,907	(706)	(5,670)	(5,788)	(3,145)	(8,403)	99	541	317,304

Current Fiscal Year (From April 1, 2016 to March 31, 2017)

(¥ million)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	10,000	52,246	265,231	(2,410)	325,067
Changes during the period					
Cash dividends			(11,429)		(11,429)
Profit attributable to owners of parent			44,159		44,159
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		0		0	0
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(182)			(182)
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied				(8)	(8)
Reversal of revaluation reserve for land			22		22
Net changes of items other than shareholders' equity					
Total changes during the period	-	(182)	32,753	(12)	32,558
Balance at end of year	10,000	52,064	297,984	(2,423)	357,626

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized gains or losses on other securities, net of tax	Deferred gains or losses on hedges, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Balance at beginning of year	6,907	(706)	(5,670)	(5,788)	(3,145)	(8,403)	99	541	317,304
Changes during the period									
Cash dividends									(11,429)
Profit attributable to owners of parent									44,159
Purchase of treasury stock									(4)
Disposal of treasury stock									0
Change in treasury shares of parent arising from transactions with non-controlling shareholders									(182)
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied									(8)
Reversal of revaluation reserve for land			(22)			(22)			-
Net changes of items other than shareholders' equity	977	916	-	(2,936)	(50)	(1,092)	-	36	(1,055)
Total changes during the period	977	916	(22)	(2,936)	(50)	(1,115)	-	36	31,479
Balance at end of year	7,884	210	(5,693)	(8,725)	(3,195)	(9,519)	99	577	348,784

(4) Consolidated Statements of Cash Flows

(¥ million)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	48,489	60,860
Depreciation and amortization	21,626	21,854
Loss on impairment of fixed assets	2,552	1,306
Amortization of goodwill	167	741
Increase (decrease) in allowance for doubtful receivables	170	394
Increase (decrease) in provision for sales returns	1	(160)
Increase (decrease) in provision for directors' bonuses	137	421
Increase (decrease) in other provision	130	119
Increase (decrease) in net defined benefit liability	434	1,094
Contribution to retirement benefit trust	—	(5,350)
Interest and dividend income	(568)	(593)
Interest expense	49	36
Foreign exchange losses (gains)	445	0
Equity in loss (gain) of affiliated companies	(1,508)	(556)
Loss on disposal of fixed assets	93	545
Loss (gain) on sales of fixed assets, net	(897)	(211)
Loss on disposal of amusement facilities and machines	467	576
Loss (gain) on sales of investment securities, net	(0)	(71)
Decrease (increase) in trade receivables	14,526	(2,999)
Decrease (increase) in inventories	(4,578)	(1,048)
Acquisition of amusement facilities and machines	(3,532)	(3,471)
Increase (decrease) in trade payables	6,736	1,517
Increase (decrease) in accounts payable-other	(5,327)	2,940
Increase (decrease) in consumption tax payables	(4,044)	1,074
Other	869	(4,958)
Subtotal	76,441	74,060
Interest and dividends received	562	575
Interest paid	(51)	(37)
Income taxes paid	(18,902)	(10,462)
Net cash provided by operating activities	58,049	64,136

(¥ million)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Cash flows from investing activities		
Payments for deposit in time deposits	(15,163)	(1,902)
Proceeds from withdrawal from time deposits	10,879	6,184
Purchases of property, plant and equipment	(13,607)	(9,451)
Sales of property, plant and equipment	2,224	1,191
Purchases of intangible assets	(5,599)	(5,369)
Purchases of investment securities	(105)	(2,946)
Sales of investment securities	34	177
Purchase of shares of subsidiaries and associates	(234)	(1,472)
Proceeds from sales of shares of subsidiaries and associates	–	35
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(340)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	955
Payments of loans receivable	(539)	(1,591)
Collection of loans receivable	272	760
Payments of guarantee money deposited	(2,079)	(782)
Collection of guarantee money deposited	700	1,586
Other	(208)	(51)
Net cash used in investing activities	(23,425)	(13,016)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	(357)	(341)
Proceeds from long-term borrowings	200	200
Repayment of long-term borrowings	(2,261)	(1,315)
Payment of lease obligations	(65)	(62)
Purchase of treasury stock	(4)	(4)
Proceeds from disposal of treasury stock	0	0
Cash dividends paid	(13,627)	(11,429)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(6)	(217)
Cash dividends paid to non-controlling interests	(0)	–
Net cash used in financing activities	(16,123)	(13,171)
Effect of exchange rate changes on cash and cash equivalents	(2,722)	(1,823)
Net increase (decrease) in cash and cash equivalents	15,778	36,124
Cash and cash equivalents at beginning of year	153,764	169,542
Cash and cash equivalents at end of year	169,542	205,667

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Additional Information)

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the fiscal year ended March 31, 2017, the Company has applied the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016).

Organizational restructuring in Europe and establishment of subsidiary in association thereof

The Company established BANDAI Toy S.A.S. (“BToy”) as a subsidiary of BANDAI S.A.S. (“Current BSAS”), a subsidiary of the Company, on February 28, 2017 based on the resolutions of the Board of Directors meeting held on December 16, 2016.

In September 2017, BANDAI NAMCO Holdings France S.A.S. (“BNHFR”) (name to be changed from Current BSAS) will transfer its Toys and Hobby Business to BANDAI S.A.S. (“New BSAS”) (name to be changed from BToy) and transition to a pure holding company.

1. Objective

Currently in Europe, Current BSAS, a subsidiary of the Company based in France under the regional headquarters in the U.K., has two functions – a Toys and Hobby Business company and a holding company. Current BSAS is a business holding company responsible for the Company’s operations in Continental Europe. The Company has decided to reorganize Current BSAS in order to promote greater cooperation within the Group and expand operations, by clearly separating Current BSAS’s business company and holding company functions and strengthening governance function in Continental Europe.

2. Transactions conducted by commonly controlled entities

(1) Overview of transaction

(i) Name and content of business to be transferred

Toys and Hobby Business in France of BNHFR

(ii) Date of business combination

September 2017 (scheduled)

(iii) Legal form of business combination

A method corresponding to a Japanese absorption-type company split (BNHFR will transfer the assets and liabilities related to the Toys and Hobby Business at the book value, and New BSAS will issue shares to BNHFR as consideration for the transaction)

(2) Overview of accounting process

The accounting process for the consolidated financial statements is to be carried out as transactions conducted by commonly controlled entities, in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) and Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013).

(Segment Information)

a. Segment Information

1. Overview of reportable segments

The reportable segments of the Company are components of the Group whose separate financial information is available and which are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The Group is made up of (1) three SBUs, one for each business domain, namely the Toys and Hobby SBU, the Network Entertainment SBU, and the Visual and Music Production SBU, and (2) the affiliated business companies that mainly serve a supporting role for these SBUs. The core company of each SBU leads the planning and promotion of the business strategies of the strategic business unit for Japan and overseas.

Accordingly, the Group has the following three reportable segments: Toys and Hobby Business, Network Entertainment Business, and Visual and Music Production Business.

The Toys and Hobby Business conducts manufacturing and sales of toys, candy toys and production for vending machines. The Network Entertainment Business conducts planning, development and distribution services for network content, planning, development and sales of home video games and arcade game machines, and planning and operation of amusement facilities. The Visual and Music Production Business conducts production and sales of visual and music related products and live entertainment operations.

2. Method for calculating the amounts of net sales, profit/loss, assets, liabilities and others by reportable segment

The accounting method used for the business segments reported is the same as the accounting method stated in “Important Information Constituting the Basis for Preparation of Consolidated Financial Statements” presented in the most recent annual security report (filed on June 21, 2016).

The income of reportable segments is measured by operating profit.

The inter-segment transactions are based on prevailing market prices.

3. Information regarding the amounts of net sales, profit/loss, assets, liabilities and others by reportable segment

Prior Fiscal Year (From April 1, 2015 to March 31, 2016)

(¥ million)

	Reportable Segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	Toys and Hobby Business	Network Entertainment Business	Visual and Music Production Business	Subtotal				
Net sales								
To external customers	199,409	317,995	48,268	565,673	9,831	575,504	–	575,504
Inter-segment sales and transfers	7,015	2,945	3,699	13,660	17,624	31,285	(31,285)	–
Total	206,424	320,941	51,967	579,333	27,456	606,790	(31,285)	575,504
Segment profit	16,639	23,930	11,665	52,235	1,123	53,359	(3,717)	49,641
Segment assets	99,461	166,244	38,687	304,393	27,040	331,434	116,902	448,336
Others								
Depreciation and amortization	11,781	7,965	592	20,339	439	20,779	847	21,626
Amortization of goodwill	82	17	68	167	–	167	–	167
Loss on impairment of fixed assets	1,857	658	–	2,516	23	2,539	12	2,552
Investment in associates accounted for using equity method	755	–	–	755	12,050	12,806	–	12,806
Increase in property, plant and equipment and intangible assets	11,142	11,612	653	23,408	496	23,905	3,081	26,986

Notes: 1. The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and printing for each of the Group’s strategic business units are classified.

2. The details of adjustment amounts are as follows:

- (1) Included in the 3,717 million yen deducted from segment profit as adjustment are an addition of 292 million yen in inter-segment eliminations, and a deduction of 4,010 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.
- (2) Included in the 116,902 million yen added to segment assets as adjustment are a deduction of 17,654 million yen in inter-segment eliminations, and an addition of 134,556 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.
- (3) Included in the 847 million yen added to depreciation and amortization as adjustment are a deduction of 320 million yen in inter-segment eliminations, and an addition of 1,167 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
- (4) Included in the 12 million yen added to loss on impairment of fixed assets as adjustment is related to corporate assets that cannot be allocated to any reportable segment.
- (5) Included in the 3,081 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.

3. Segment profit is adjusted with operating profit in the consolidated statements of operations.

Current Fiscal Year (From April 1, 2016 to March 31, 2017)

(¥ million)

	Reportable Segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	Toys and Hobby Business	Network Entertainment Business	Visual and Music Production Business	Subtotal				
Net sales								
To external customers	185,701	371,998	52,896	610,597	9,464	620,061	–	620,061
Inter-segment sales and transfers	7,527	8,274	3,393	19,196	17,333	36,529	(36,529)	–
Total	193,229	380,273	56,290	629,793	26,797	656,590	(36,529)	620,061
Segment profit	10,991	44,298	13,436	68,727	702	69,429	(6,190)	63,238
Segment assets	104,294	181,427	44,031	329,753	31,319	361,073	126,959	488,032
Others								
Depreciation and amortization	12,575	7,304	614	20,495	438	20,933	920	21,854
Amortization of goodwill	649	26	65	741	–	741	–	741
Loss on impairment of fixed assets	573	661	–	1,235	66	1,301	4	1,306
Investment in associates accounted for using equity method	889	–	–	889	12,499	13,388	–	13,388
Increase in property, plant and equipment and intangible assets	14,202	7,992	836	23,031	544	23,575	1,440	25,016

- Notes:
- The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and printing for each of the Group’s strategic business units are classified.
 - The details of adjustment amounts are as follows:
 - Included in the 6,190 million yen deducted from segment profit as adjustment are a deduction of 181 million yen in inter-segment eliminations, and a deduction of 6,008 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.
 - Included in the 126,959 million yen added to segment assets as adjustment are a deduction of 20,438 million yen in inter-segment eliminations, and an addition of 147,398 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.
 - Included in the 920 million yen added to depreciation and amortization as adjustment are a deduction of 736 million yen in inter-segment eliminations, and an addition of 1,656 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
 - Included in the 4 million yen added to loss on impairment of fixed assets as adjustment is related to corporate assets that cannot be allocated to any reportable segment.
 - Included in the 1,440 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.
 - Segment profit is adjusted with operating profit in the consolidated statements of operations.

b. Related Information**Prior Fiscal Year (From April 1, 2015 to March 31, 2016)****1. Information by product and service**

This information is omitted because the same information has been presented in Segment Information.

2. Information by region

(1) Net sales

(¥ million)

Japan	Americas	Europe	Asia	Total
430,368	51,642	47,285	46,208	575,504

Note: Net sales are classified by country and region based on customer location.

(2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
41,199	2,877	4,304	5,320	53,702

3. Information by major customer

(¥ million)

Name of customer	Net sales	Names of related segments
Happinet Corporation	62,096	Toys and Hobby Business, Network Entertainment Business, and Visual and Music Production Business

Current Fiscal Year (From April 1, 2016 to March 31, 2017)**1. Information by product and service**

This information is omitted because the same information has been presented in Segment Information.

2. Information by region

(1) Net sales

(¥ million)

Japan	Americas	Europe	Asia	Total
454,630	65,058	45,115	55,257	620,061

Note: Net sales are classified by country and region based on customer location.

(2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
40,856	2,358	3,935	5,035	52,184

3. Information by major customer

(¥ million)

Name of customer	Net sales	Names of related segments
Apple Inc.	68,579	Network Entertainment Business, and Visual and Music Production Business
Google Inc.	62,539	Toys and Hobby Business, Network Entertainment Business, and Visual and Music Production Business

Note: Apple Inc. and Google Inc. are both platform-provision companies. The actual results of sales to these companies are usage fees, etc. for users (ordinary users) of game services provided by the Group.

c. Information Regarding Loss on Impairment of Fixed Assets by Reportable Segment

Prior Fiscal Year (From April 1, 2015 to March 31, 2016)

This information is omitted because the same information has been presented in Segment Information.

Current Fiscal Year (From April 1, 2016 to March 31, 2017)

This information is omitted because the same information has been presented in Segment Information.

d. Information Regarding Amortized Amounts and Unamortized Balance of Goodwill by Reportable Segment

Prior Fiscal Year (From April 1, 2015 to March 31, 2016)

(¥ million)

	Toys and Hobby Business	Network Entertainment Business	Visual and Music Production Business	Other	Eliminations and Corporate	Total
Amortized amount	82	17	68	–	–	167
Unamortized balance	247	54	151	–	–	453

Current Fiscal Year (From April 1, 2016 to March 31, 2017)

(¥ million)

	Toys and Hobby Business	Network Entertainment Business	Visual and Music Production Business	Other	Eliminations and Corporate	Total
Amortized amount	649	26	65	–	–	741
Unamortized balance	165	87	85	–	–	337

e. Information Regarding Gain on Negative Goodwill by Reportable Segment

Prior Fiscal Year (From April 1, 2015 to March 31, 2016)

Not applicable.

Current Fiscal Year (From April 1, 2016 to March 31, 2017)

Not applicable.

(Per-Share Data)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Net assets per share	1,441.49 yen	1,584.71 yen
Basic earnings per share	157.43 yen	201.03 yen
Diluted earnings per share	157.39 yen	200.97 yen

Note: The basis of calculating basic earnings per share and diluted earnings per share figure is as follows:

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Basic earnings per share		
Profit attributable to owners of parent (¥ million)	34,583	44,159
Amount not applicable to common stockholders (¥ million)	–	–
Profit attributable to owners of parent available to common stock (¥ million)	34,583	44,159
Average number of common stock outstanding (shares)	219,679,282	219,672,077
Diluted earnings per share		
Profit attributable to owners of parent adjustment (¥ million)	–	–
Increase in number of common stock (shares)	56,925	63,179
[Subscription rights to shares (shares)]	[56,925]	[63,179]
Summary of potential shares not included in the calculation of diluted earnings per share as they do not have a diluting effect.	–	–

(Significant Subsequent Events)

(Change to reportable segments)

The Company has decided to change its organizational structure in April 2017, in order to further strengthen its business in Japan and overseas related to collectable products for adults, centered on figures.

Planning, development, production and sales businesses of prizes for amusement facilities and Loto prizes for convenience stores and so forth currently belong to the Network Entertainment Business. However, the Company has decided to change their classification to the Toys and Hobby Business following the change of its organizational structure effective from the fiscal year ending March 31, 2018.

Information regarding the amounts of net sales and profit/loss, assets, liabilities and others by reportable segment for the current fiscal year, assuming the classification of its reportable segments after the organizational change is as follows.

Current Fiscal Year (From April 1, 2016 to March 31, 2017)

(¥ million)

	Reportable Segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	Toys and Hobby Business	Network Entertainment Business	Visual and Music Production Business	Subtotal				
Net sales								
To external customers	208,811	348,889	52,896	610,597	9,464	620,061	–	620,061
Inter-segment sales and transfers	9,286	6,696	3,393	19,376	17,333	36,710	(36,710)	–
Total	218,098	355,585	56,290	629,974	26,797	656,771	(36,710)	620,061
Segment profit	13,330	42,034	13,436	68,802	702	69,504	(6,266)	63,238
Segment assets	118,108	167,871	44,031	330,011	31,319	361,330	126,701	488,032
Others								
Depreciation and amortization	12,735	7,145	614	20,495	438	20,933	920	21,854
Amortization of goodwill	649	26	65	741	–	741	–	741
Loss on impairment of fixed assets	573	661	–	1,235	66	1,301	4	1,306
Investment in associates accounted for using equity method	889	–	–	889	12,499	13,388	–	13,388
Increase in property, plant and equipment and intangible assets	14,303	7,891	836	23,031	544	23,575	1,440	25,016

Notes: 1. The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and printing for each of the Group’s strategic business units are classified.

2. The details of adjustment amounts are as follows:

- (1) Included in the 6,266 million yen deducted from segment profit as adjustment are a deduction of 257 million yen in inter-segment eliminations, and a deduction of 6,008 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.
- (2) Included in the 126,701 million yen added to segment assets as adjustment are a deduction of 20,696 million yen in inter-segment eliminations, and an addition of 147,398 million yen in corporate assets that

cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.

- (3) Included in the 920 million yen added to depreciation and amortization as adjustment are a deduction of 736 million yen in inter-segment eliminations, and an addition of 1,656 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
 - (4) Included in the 4 million yen added to loss on impairment of fixed assets as adjustment is related to corporate assets that cannot be allocated to any reportable segment.
 - (5) Included in the 1,440 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.
3. Segment profit is adjusted with operating profit in the consolidated statements of operations.

4. Other

Changes in Directors and Audit & Supervisory Board Members

(1) Change in Representative

Not applicable.

(2) Other Changes in Directors and Audit & Supervisory Board Members

Not applicable.

(3) Responsible Area of Directors (Effective June 19, 2017)

Shukuo Ishikawa	Chairman and Representative Director
Mitsuaki Taguchi	President and Representative Director
Shuji Ohtsu	Director and Division General Manager of the Group Administrative Headquarters
Yuji Asako	Director and Division General Manager of the Corporate Planning Division
Masaru Kawaguchi	Director (Part-time) in charge of Toys and Hobby SBU
Satoshi Oshita	Director (Part-time) in charge of Network Entertainment SBU
Kazumi Kawashiro	Director (Part-time) in charge of Visual and Music Production SBU
Yuzuru Matsuda	Director (Outside)
Satoko Kuwabara	Director (Outside)
Mikiharu Noma	Director (Outside)