

# BANDAI NAMCO Holdings Inc.

## Notice of the Eleventh Ordinary General Meeting of Shareholders to be held on June 20, 2016

An English translation of the original notice in Japanese

### DISCLAIMER

The following is an English translation of the Japanese original “Notice of the Eleventh Ordinary General Meeting of Shareholders of BANDAI NAMCO Holdings Inc.” which meeting is to be held on June 20, 2016. The Company provides this translation for your reference and convenience only and does not guarantee its accuracy or otherwise. In the event of any discrepancies, the Japanese original notice shall prevail.

These documents have been prepared solely in accordance with Japanese law and are offered here for informational purposes only. In particular, please note that the financial statements included in the following translation have been prepared in accordance with Japanese GAAP.

Securities code: 7832  
May 30, 2016

5-37-8 Shiba, Minato-ku, Tokyo  
BANDAI NAMCO Holdings Inc.  
Mitsuaki Taguchi  
President and Representative Director

Dear Shareholders,

**NOTICE OF THE ELEVENTH ORDINARY GENERAL MEETING  
OF SHAREHOLDERS**

You are cordially invited to attend the Eleventh Ordinary General Meeting of Shareholders of BANDAI NAMCO Holdings Inc. (“the Company”) to be held as set forth below.

If you are unable to attend the meeting in person, we ask you to please review the enclosed “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights by either of the methods stated on the next page by 5:30 p.m., Saturday, June 18, 2016.

**Meeting Details**

- 1. Date and Time:** June 20, 2016 (Monday) at 10:00 a.m.
- 2. Place:** “Hiten,” Grand Prince Hotel New Takanawa  
3-13-1 Takanawa, Minato-ku, Tokyo
- 3. Purpose of the Meeting:**

**Matters to be Reported:**

1. Report on the Contents of the Business Reports, the Consolidated Financial Statements and the Results of the Auditing of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the Eleventh Fiscal Year (from April 1, 2015 to March 31, 2016)
2. Report on the Contents of the Non-Consolidated Financial Statements for the Eleventh Fiscal Year (from April 1, 2015 to March 31, 2016)

**Matters to be Resolved:**

**Proposal No. 1:** Appropriation of Surplus

**Proposal No. 2:** Election of Ten Directors

**4. Information on Exercise of Voting Rights**

Please see “Information on Exercise of Voting Rights” on pages 3 to 4 of this document.

**[Information on Exercise of Voting Rights]**

Please exercise your voting rights after reviewing the Reference Documents for the General Meeting of Shareholders on pages 5 to 17.

You may exercise your voting rights by one of the following three methods.

**A: Exercise of Voting Rights via attending the General Meeting of Shareholders:**

Please hand in the enclosed Voting Rights Exercise Form at the reception desk at the place of the shareholders' meeting.

In addition, please bring this NOTICE OF THE ELEVENTH ORDINARY GENERAL MEETING OF SHAREHOLDERS.

**B: Exercise of Voting Rights via Postal Mail:**

Please indicate, on the enclosed Voting Rights Exercise Form, your approval or disapproval of each item on the agenda and return the completed form so that it arrives by **5:30 p.m., Saturday, June 18, 2016.**

**C: Exercise of Voting Rights via the Internet etc.:**

Please access the website designated by the Company for the exercise of voting rights (<http://www.evote.jp/>), enter and send your approval or disapproval of each item on the agenda by **5:30 p.m., Saturday, June 18, 2016.**

For details, please see the following page.

If you exercise your voting rights more than once via both postal mail and the Internet etc., then only the vote cast via the Internet etc. shall be deemed valid.

In addition, if you cast your vote via the Internet etc. multiple times, then only the last vote cast shall be deemed valid. If you cast your vote via the Internet etc. more than once, using a personal computer, a smartphone and/or a mobile phone, then only the last vote cast shall be deemed valid.

If you attend the meeting in person, you do not need to follow the procedures for the exercise of voting rights via postal mail (sending the Voting Rights Exercise Form) or via the Internet etc.

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| <p>If revisions to the contents of the "Reference Documents for the General Meeting of Shareholders," the "Business Reports," the "Non-Consolidated Financial Statements" and the "Consolidated Financial Statements" are required, the Company shall publish a notification on the Company website at the following URL:<br/>(<a href="http://www.bandainamco.co.jp/ir/stock/meeting/index.html">http://www.bandainamco.co.jp/ir/stock/meeting/index.html</a>).</p> |
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**[Information on Exercise of Voting Rights via the Internet etc.]**

1. The exercise of voting rights via the Internet etc. is available only by gaining access to the Company's designated website for the exercise of voting rights (<http://www.evotep.jp/>) from a PC, a smartphone, or a mobile phone (i-mode, EZweb or Yahoo! Mobile)\*. However, please note that you cannot exercise your voting rights via the Internet on the designated website between the hours of 2:00 a.m. and 5:00 a.m.  
\* "i-mode," "EZweb" and "Yahoo!" are trademarks or registered trademarks of NTT DOCOMO, INC., KDDI Corporation, and Yahoo Inc. in the U.S., respectively.
2. Please note that you may not be able to exercise your voting rights via PC or smartphone on the designated website for the exercise of voting rights, depending on the Internet settings configured on your PC or smartphone, such as firewalls, etc. that are in place to regulate your Internet connections, anti-virus software that has been installed on your PC or smartphone, or the use of a proxy server.
3. When exercising voting rights via mobile phone, you must use one of the following services: i-mode, EZweb or Yahoo! Mobile. For security reasons, you cannot vote using mobile handsets that cannot send encrypted information (TSL communications) or that cannot send information of the mobile phone used.
4. Please note that, in order to prevent unauthorized access to the designated website by individuals other than shareholders (persons impersonating shareholders) and to prevent the alteration of votes, we request that you change your "temporary password" to a permanent password on the designated website for the exercise of voting rights, when you want to exercise your voting rights via the Internet.
5. All costs associated with accessing the website for the exercise of voting rights (cost of dial-up connections, telephone tolls, etc.) are to be borne by the shareholder. Also, when voting via smartphone or mobile phone, all packet communication fees and other costs incurred in the use of a smartphone or a mobile phone are also to be borne by the shareholder.

**For further assistance, regarding the system, etc., please contact:**  
Transfer Agent Department (Help Desk)  
Mitsubishi UFJ Trust and Banking Corporation  
Phone: 0120-173-027 (9:00 to 21:00 (Japan Time)); toll free only within Japan)

**[For institutional investors]**

Institutional investors may make use of the Tokyo Stock Exchange's Electronic Voting Platform (the TSE Platform).

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1 Appropriation of Surplus

Appropriation of surplus is as follows:

##### Fiscal Year-end Dividends

The Company places the return of profits to shareholders as one of its highest management priorities. The Company assumes 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 at a payout ratio of 30% in accordance with consolidated operational results and based on stable annual dividend payments of ¥24 per share.

In view of the Company's performance in this fiscal year, it will add a performance-based dividend of ¥28 per share to the stable year-end dividend of ¥12 per share to pay a year-end dividend of ¥40 per share for this eleventh fiscal year.

Since the Company paid an interim dividend of ¥12 per share on December 7, 2015, the total annual dividend for the fiscal year will be ¥52 per share.

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| (i) Type of dividend assets:<br>Cash   |
| (ii) Allocation of dividend assets to be paid to shareholders and total amount of dividend:<br>Dividend per share of common stock of the Company .....¥40<br>Total amount of dividends..... ¥8,791,809,600 |
| (iii) Effective date of distribution of surplus (dividend):<br>June 21, 2016   |

## **Proposal No. 2: Election of Ten Directors**

Since the terms of office of the nine Directors of the Company will expire as of the close of this General Meeting of Shareholders, the Company requests the election of ten Directors.

### **Policy on and process for selecting candidates for Director of the Company**

To select candidates for Director of the Company, candidates will be nominated on the basis of sufficiently broad expertise and experience in decision-making for corporate management, background in a business supervisory capacity, or achievements and knowledge from their career to date. The basic policy is to ensure that at least two of the Directors are independent Outside Directors.

To select Candidates for Outside Director of the Company, nominations that provide an appropriate balance of, for example, individuals with extensive experience in corporate management, individuals with profound scholarly knowledge of corporate strategy, or lawyers who are experts in compliance and other internal controls, will be considered and a decision will be made accordingly.

When selecting Candidates for Director of the Company, a Personnel Committee of which a majority of the members are independent Outside Directors will be established on a discretionary basis to act as a forum for debate and receive recommendations, and the independent Outside Directors will conduct interviews, before a decision is made at a Board of Directors Meeting.

The candidates for Director of the Company are as follows:

| Candidate No.  | Name<br>(Date of Birth)   | Positions and Responsibilities in the Company | Career Summary   |
|--|---|---|--|
| 1  | <p>Shukuo Ishikawa<br/>(April 15, 1955)</p> <p>Number of the Company's Shares Owned<br/>49,300 Shares</p> | <p>Chairman and Representative Director</p>   | <p>Apr. 1978: Joined NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.)</p> <p>Aug. 1991: General Manager, EM Development Department of NAMCO LIMITED</p> <p>Jun. 1995: Director in charge of Development Division II, General Manager, EM Development Department and VS Development Department of NAMCO LIMITED</p> <p>Jun. 1999: Managing Director in charge of Research, Development and Production, and Development Division II of NAMCO LIMITED</p> <p>Apr. 2005: Executive Vice President and Representative Director in charge of contents business of NAMCO LIMITED</p> <p>Apr. 2006: President and Representative Director of NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.)</p> <p>Jun. 2006: Director of the Company</p> <p>Apr. 2009: President and Representative Director of the Company</p> <p>Apr. 2010: President and Representative Director of NAMCO BANDAI Games Inc.</p> <p>Apr. 2012: Chairman of the Board of NAMCO BANDAI Games Inc.</p> <p>Apr. 2015: Chairman of the Board of BANDAI NAMCO Business Arc Inc. (current position)</p> <p>Jun. 2015: Chairman and Representative Director of the Company (current position)</p> |
| <p>Reasons for proposing Mr. Shukuo Ishikawa as a candidate for Director:<br/>Mr. Shukuo Ishikawa has worked as a Representative Director of the Company since 2009 and possesses extensive experience, achievements, and knowledge as a business manager. He is proposed as a candidate for Director as the Company considers him capable of promoting Group management and strengthening corporate governance.</p> |   |   |  |

| Candidate No.  | Name<br>(Date of Birth)   | Positions and Responsibilities in the Company | Career Summary  |
|--|---|---|---|
| 2  | <p>Mitsuaki Taguchi<br/>(June 16, 1958)</p> <p>Number of the Company's Shares Owned<br/>58,500 Shares</p> | <p>President and Representative Director</p>  | <p>Apr. 1982: Joined BANDAI CO., LTD.<br/>Apr. 1999: General Manager, Vending Machine Business Department of BANDAI CO., LTD.<br/>Jun. 2003: Director, Leader of Lifestyle Group and Lifestyle Company President of BANDAI CO., LTD.<br/>Apr. 2006: Managing Director in charge of new business policy of BANDAI CO., LTD.<br/>Apr. 2009: Senior Managing Director in charge of media policy and new business policy of BANDAI CO., LTD.<br/>Apr. 2010: Executive Vice President and Director in charge of media policy and new business policy of BANDAI CO., LTD.<br/>Apr. 2012: Executive Vice President and COO in charge of global media policy and human resources policy and in charge of Real B Voice Business Group, Strategy Projects, Human Resources of BANDAI CO., LTD.<br/>Apr. 2015: Adviser of the Company<br/>Jun. 2015: President and Representative Director of the Company (current position)</p> |
| <p>Reasons for proposing Mr. Mitsuaki Taguchi as a candidate for Director:<br/>Mr. Mitsuaki Taguchi has exhibited leadership skills based on his extensive experience and broad knowledge gained through roles at BANDAI CO., LTD., which is the core company of the Toys and Hobby Business in the Group and where he was responsible for media policy and new business policy. He supervised the business appropriately after his appointment as President and Representative Director of the Company. He is proposed as a Candidate for Director as the Company considers him capable of achieving the Mid-term Plan and ensuring that the Group continues to grow.</p> |   |   |   |



| Candidate No.   | Name<br>(Date of Birth)  | Positions and Responsibilities in the Company                                  | Career Summary  |
|---|--|--|---|
| 3   | Shuji Ohtsu<br>(August 6, 1959)<br><br>Number of the Company's Shares Owned<br>25,100 Shares | Director and Division General Manager of the Group Administrative Headquarters | <p>Mar. 1986: Licensed as a CPA</p> <p>Dec. 1996: Partner in Century Audit Corporation</p> <p>Jan. 2000: Partner in Century Ota Showa &amp; Co. (currently Ernst &amp; Young ShinNihon LLC)</p> <p>Sep. 2003: Partner in KPMG AZSA &amp; Co. (currently KPMG AZSA LLC)</p> <p>May 2004: Board Member of KPMG AZSA &amp; Co.</p> <p>Oct. 2007: Joined the Company as Adviser</p> <p>Jun. 2008: Director in charge of Overseas Operations, Group Administrative Headquarters, Corporate Legal Affairs Office and Internal Auditing Division of the Company</p> <p>Jun. 2011: Director in charge of Overseas Regional Headquarters Companies and Division General Manager of the Group Administrative Headquarters of the Company</p> <p>Apr. 2013: Director and Division General Manager of the Group Administrative Headquarters of the Company (current position)</p> <p>President and Representative Director of NAMCO BANDAI Holdings (USA) Inc. (currently BANDAI NAMCO Holdings USA Inc.) (current position)</p> <p>Apr. 2015: President and Representative Director of BANDAI NAMCO Business Arc Inc. (current position)</p> <p>(Major concurrent positions)<br/>President and Representative Director of BANDAI NAMCO Holdings USA Inc.<br/>President and Representative Director of BANDAI NAMCO Business Arc Inc.</p> |
| <p>Reasons for proposing Mr. Shuji Ohtsu as a candidate for Director:<br/>Mr. Shuji Ohtsu possesses specialist expertise as a CPA, as well as extensive experience and achievements as Division General Manager of the Group Administrative Headquarters of the Company. He is proposed as a candidate for Director as the Company considers him capable of strengthening Group management structures and ensuring highly transparent management.</p> |  |  |   |

| Candidate No.  | Name<br>(Date of Birth)  | Positions and Responsibilities in the Company   | Career Summary  |
|--|--|---|---|
| 4  | <p data-bbox="363 591 520 685">Yuji Asako<br/>(January 18, 1966)</p> <p data-bbox="352 748 531 875">Number of the Company's Shares Owned<br/>25,000 Shares</p> | <p data-bbox="579 622 764 842">Director and Division General Manager of the Corporate Planning Division</p> | <p data-bbox="794 331 1474 1133"> Apr. 1986: Joined BANDAI CO., LTD.<br/> Aug. 2005: General Manager, Accounting Division of BANDAI CO., LTD.<br/> Sep. 2005: Joined the Company, as General Manager of the Corporate Administration Department<br/> Apr. 2006: Director of NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.)<br/> Apr. 2008: Executive Officer, Division General Manager of Corporate Planning Division of the Company<br/> Jun. 2010: Director in charge of Corporate Planning and Division General Manager of the Corporate Planning Division of the Company<br/> Jun. 2011: Director and Division General Manager of the Corporate Planning Division of the Company (current position)<br/> Apr. 2014: Director of NAMCO LIMITED (*) (current position)<br/> * Newly established company through the incorporation-type company split of NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.) </p> |
| <p data-bbox="331 1137 1474 1357"> Reasons for proposing Mr. Yuji Asako as a candidate for Director:<br/> Mr. Yuji Asako possesses extensive experience, achievements, and knowledge relating to management and administration, including business planning and accounting, and also has experience in roles where he was responsible for internal and external communications, such as IR, PR and SR. He is proposed as a candidate for Director as the Company considers him capable of implementing the Group's management strategies and seeking a sustained increase in corporate value. </p> |  |   |   |

| Candidate No.   | Name<br>(Date of Birth)   | Positions and Responsibilities in the Company | Career Summary   |   |
|---|---|---|--|---|
| 5   | New Candidate for Director<br><br>Masaru Kawaguchi<br>(November 2, 1960)<br><br>Number of the Company's Shares Owned<br>30,600 Shares | -   | Apr. 1983:   | Joined BANDAI CO., LTD.   |
|   |   |   | Apr. 2002:   | Executive Officer and General Manager, Vending Machine Business Department of BANDAI CO., LTD.                                      |
|   |   |   | Apr. 2006:   | Director in charge of distribution policy of BANDAI CO., LTD.   |
|   |   |   | Apr. 2010:   | Managing Director in charge of hobby business policy and quality assurance policy of BANDAI CO., LTD.                               |
|   |   |   | Apr. 2015:   | Senior Managing Director in charge of toy business policy of BANDAI CO., LTD.   |
|   |   |   | Aug. 2015:   | President and Representative Director of BANDAI CO., LTD. (current position)<br>Executive Officer of the Company (current position) |
|   |   |   | (Major concurrent position)<br>President and Representative Director of BANDAI CO., LTD. |   |
| Reasons for proposing Mr. Masaru Kawaguchi as a candidate for Director:<br>Mr. Masaru Kawaguchi possesses extensive experience, achievements, and knowledge in the Toys and Hobby Business and has driven the business forward as the President and Representative Director of BANDAI CO., LTD., which is the core company of Toys and Hobby Business in the Group, since 2015. He is proposed as a candidate for Director as the Company considers him capable of building closer ties between the Toys and Hobby Business and Group management. |   |   |  |   |

| Candidate No.  | Name<br>(Date of Birth)  | Positions and Responsibilities in the Company          | Career Summary  |
|--|--|--|---|
| 6  | <p>Satoshi Oshita<br/>(July 3, 1953)</p> <p>Number of the Company's Shares Owned<br/>43,400 Shares</p> | <p>Director in charge of Network Entertainment SBU</p> | <p>Mar. 1976: Joined BANDAI CO., LTD.<br/> Apr. 1992: General Manager, Toy Marketing Department of BANDAI CO., LTD.<br/> Jun. 1999: Executive Officer and Deputy Division Head, Consumer Business Division, and General Manager, SWAN Business Department of BANDAI CO., LTD.<br/> Mar. 2002: Joined Bandai Networks Co., Ltd., as Executive Manager<br/> Jun. 2002: President and Representative Director of Bandai Networks Co., Ltd.<br/> Jun. 2007: Director in charge of Network SBU of the Company<br/> Apr. 2009: Managing Director in charge of CS business and NE business of NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.)<br/> Apr. 2010: President and Representative Director of BANDAI VISUAL CO., LTD.<br/> Apr. 2012: Executive Officer in charge of Content SBU of the Company<br/> President and Representative Director of NAMCO BANDAI Games Inc. (current position)<br/> Jun. 2012: Director in charge of Content SBU of the Company<br/> Jan. 2015: President of BANDAI NAMCO (SHANGHAI) CO., LTD.<br/> Apr. 2015: Director in charge of Network Entertainment SBU of the Company (current position)</p> <p>(Major concurrent position)<br/> President and Representative Director of BANDAI NAMCO Entertainment Inc.</p> |
| <p>Reasons for proposing Mr. Satoshi Oshita as a candidate for Director:<br/> Mr. Satoshi Oshita possesses extensive experience, achievements, and knowledge from his wide-ranging involvement in the Toys and Hobby, Network Entertainment, and Visual and Music Production Businesses in the Group. He has driven the business forward as the President and Representative Director of BANDAI NAMCO Entertainment Inc., which is the core company of the Network Entertainment Business in the Group, since 2012. He is proposed as a candidate for Director as the Company considers him capable of building closer ties between the Network Entertainment Business and Group management.</p> |  |  |   |

| Candidate No.  | Name<br>(Date of Birth)   | Positions and Responsibilities in the Company         | Career Summary   |
|--|---|---|--|
| 7  | Kazumi Kawashiro<br>(November 4, 1959)<br><br>Number of the Company's Shares Owned<br>13,700 Shares | Director in charge of Visual and Music Production SBU | <p>Apr. 1982: Joined CANYON RECORDS INC. (currently PONY CANYON INC.)</p> <p>Jul. 1989: Joined BANDAI CO., LTD.</p> <p>Apr. 1994: Joined BANDAI VISUAL CO., LTD.</p> <p>Sep. 1997: General Manager of Production at Production Headquarters of BANDAI VISUAL CO., LTD.</p> <p>Mar. 1999: Deputy Division Head of Visual Business Division and General Manager of Visual Planning Department of BANDAI VISUAL CO., LTD.</p> <p>May 1999: Director, Deputy Division Head of Visual Business Division and General Manager of Visual Planning Department of BANDAI VISUAL CO., LTD.</p> <p>May 2003: President and Representative Director of BANDAI VISUAL CO., LTD.</p> <p>Jun. 2007: Director in charge of Visual and Music Content SBU of the Company</p> <p>Apr. 2010: Vice President and Director of BANDAI VISUAL CO., LTD.</p> <p>Apr. 2012: President and Representative Director of BANDAI VISUAL CO., LTD. (current position)</p> <p>Apr. 2015: Executive Officer in charge of Visual and Music Production SBU of the Company</p> <p>Jun. 2015: Director in charge of Visual and Music Production SBU of the Company (current position)</p> <p>(Major concurrent position)<br/>President and Representative Director of BANDAI VISUAL CO., LTD.</p> |
| <p>Reasons for proposing Mr. Kazumi Kawashiro as a candidate for Director:<br/>Mr. Kazumi Kawashiro possesses extensive experience, achievements, and knowledge in the Visual and Music Production Business. He has driven the business forward as the President and Representative Director of BANDAI VISUAL Co., Ltd, which is the core company of the Visual and Music Production Business in the Group, since 2012. He is proposed as a candidate for Director as the Company considers him capable of building closer ties between the Visual and Music Production Business and Group management.</p> |   |   |  |

| Candidate No.   | Name<br>(Date of Birth)  | Positions and Responsibilities in the Company | Career Summary   |
|---|--|---|--|
| 8   | <u>Outside Director</u><br>Yuzuru Matsuda<br>(June 25, 1948)<br><br>Number of the Company's Shares Owned<br>--- Shares | Director                                      | Apr. 1977: Joined Kyowa Hakko Kogyo Co., Ltd. (currently Kyowa Hakko Kirin Co., Ltd.)<br>Jun. 2000: Executive Officer and Head of Pharmaceutical Research Institute of Kyowa Hakko Kogyo Co., Ltd.<br>Jun. 2002: Managing Director and General Manager of Comprehensive Planning Office of Kyowa Hakko Kogyo Co., Ltd.<br>Jun. 2003: President and Representative Director of Kyowa Hakko Kogyo Co., Ltd.<br>Oct. 2008: Executive Director of the Board, President and Chief Executive Officer of Kyowa Hakko Kirin Co., Ltd.<br>Mar. 2012: Advisor of Kyowa Hakko Kirin Co., Ltd.<br>Jun. 2012: Head of Kato Memorial Bioscience Foundation (current position)<br>Jun. 2014: Outside Director of KUBOTA Corporation (current position)<br>Outside Director of the Company (current position)<br>Jun. 2015: Outside Director of JSR Corporation (current position) |
| Reasons for proposing Mr. Yuzuru Matsuda as a candidate for Outside Director and his suitability as Outside Director:<br>Given his extensive experience in corporate management and his excellent character and insight, the Company anticipates that he will be able to further strengthen management oversight and checking functions, and introduce a broader managerial perspective, and thus believes that he will be able to perform the duties of an Outside Director appropriately. |  |   | (Major concurrent positions)<br>Head of Kato Memorial Bioscience Foundation<br>Outside Director of KUBOTA Corporation<br>Outside Director of JSR Corporation   |

| Candidate No.   | Name (Date of Birth)   | Positions and Responsibilities in the Company | Career Summary  |   |
|---|--|---|---|---|
| 9   | New Candidate for Director<br><br><u>Outside Director</u><br><br>Satoko Kuwabara (November 1, 1964)<br><br>Number of the Company's Shares Owned --- Shares | -   | Apr. 1990:  | Admitted to the bar in Japan<br>Joined Mori Sogo Law Office (currently Mori Hamada & Matsumoto) |
|   | Jan. 1998:   |   | Partner of Mori Hamada & Matsumoto (current position)   |   |
| Reasons for proposing Ms. Satoko Kuwabara as a candidate for Outside Director and her suitability as Outside Director:<br>Although she has not been involved in corporate management, the Company anticipates, given her many years of experience as an attorney-at-law, that she will be able to further strengthen management oversight and checking functions, mainly from a legal risk perspective, and thus believes that she will be able to perform the duties of an Outside Director appropriately.                               |  |   |   |   |
| 10  | New Candidate for Director<br><br><u>Outside Director</u><br><br>Mikiharu Noma (November 6, 1974)<br><br>Number of the Company's Shares Owned --- Shares   | -   | Apr. 2002:  | Lecturer of Faculty of Economics and Business Administration of Yokohama City University        |
|   | Oct. 2003:   |   | Assistant Professor of Faculty of Economics and Business Administration of Yokohama City University |   |
| Reasons for proposing Mr. Mikiharu Noma as a candidate for Outside Director and his suitability as Outside Director:<br>Although he has not been involved in corporate management, given his profound scholarly knowledge accumulated throughout his study and teaching activities in the field of corporate strategy, the Company anticipates that he will be able to further strengthen management oversight and checking functions, and thus believes that he will be able to perform the duties of an Outside Director appropriately. |  |   |   |   |

- (Notes) 1. Each of Mr. Yuzuru Matsuda, Ms. Satoko Kuwabara and Mr. Mikiharu Noma is a candidate for Outside Director of the Company. Mr. Yuzuru Matsuda is currently Outside Director of the Company. As of the close of this General Meeting of Shareholders, he will have served as Outside Director for approximately two years.
2. Independence as Outside Director  
The Company believes that Mr. Yuzuru Matsuda, Ms. Satoko Kuwabara and Mr. Mikiharu Noma, who are candidates for Outside Director of the Company, all satisfy the Company's Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members (please refer to "Standards for the Independence of Outside Directors and Outside

Audit & Supervisory Board Members” on page 17) and thus have no risk of conflicts of interest with general shareholders and have a high degree of independence. The Company has filed a notification with the Tokyo Stock Exchange that each of the candidates would be Independent Directors/Auditors as defined in the rules of the Tokyo Stock Exchange and would be the Independent Directors/Auditors of the Company after the election at this Ordinary General Meeting of Shareholders.

3. The Company does not intend to conclude a Liability Limitation Agreement under Article 427, Paragraph 1, of the Companies Act with each of the candidates for Director.
4. There are no special interests between each of the candidates for Director and the Company.



## **Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members (Reference)**

The Company has prescribed the following “Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members” and has nominated Outside Directors and Outside Audit & Supervisory Board Members based on such standards.

### Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members

In order for the Outside Directors and Outside Audit & Supervisory Board Members of the Company to be judged as being independent, such Outside Directors and Outside Audit & Supervisory Board Members must not fall under any of the following items.

1. Any person who purports to be a major business partner of the Company (including group companies of the Company; the same applies hereinafter)
2. Any Executive Director, Executive Officer, Manager or other employee of a company that purports to be a major business partner of the Company
3. Any person who is a major business partner of the Company
4. Any Executive Director, Executive Officer, Manager or other employee of a company that is a major business partner of the Company
5. Any attorney-at-law, certified public accountant, certified public tax accountant, consultant or other expert who receives monies or other economic benefits above a certain amount from the Company, in addition to his or her remuneration as a Director or Audit & Supervisory Board Member
6. Any person belonging to a company, association or other organization such as a law firm, auditing firm, tax accountant corporation and consultancy which receives monies or other economic benefits above a certain amount from the Company
7. Any person receiving donations or subsidies from the Company above a certain amount
8. Any person who is a Board member or other Executive Officer in a company, association or other organization which receives donations or subsidies from the Company above a certain amount
9. If an Executive Director or full-time Audit & Supervisory Board Member for the Company concurrently holds a position as an Outside Director or Outside Audit & Supervisory Board Member at another company, any person who is an Executive Director, Executive Officer, Manager or other employee of that company
10. Any person who has come under one of the categories listed in items 1 through 9 above in the past 5 years
11. If a person coming under one of the categories listed in items 1 through 9 above is an important person, that person’s spouse or relative within the second degree of kinship
12. The spouse or relative within the second degree of kinship of any person who is a Director, Executive Officer, Manager or other important employee of the Company or its subsidiaries

- (Notes)
- 1 In items 1 and 2, where it reads “any person who purports to be a major business partner of the Company,” this means “any person (or company) who has received a payment from the Company 2% or more of its annual consolidated net sales for the most recent business year.”
  - 2 In items 3 and 4, where it reads “any person who is a major business partner of the Company,” this means “any person (or company) who has paid to the Company an amount 2% or more of the Company’s annual consolidated net sales for the most recent business year, or any person (or company) who has provided the Company with a loan of an amount 2% or greater of the value of the Company’s consolidated total assets as of the end of the most recent business year.”
  - 3 In items 5, 7 and 8, where it reads “a certain amount,” this means “¥10 million a year.”
  - 4 In item 6, where it reads “a certain amount,” this means “2% or more of the total net sales for that company, association or organization for the most recent business year, or ¥100 million; whichever is greater.”

(Attached Document)

## **BUSINESS REPORTS**

*(From April 1, 2015 to March 31, 2016)*

### **1. Current Status of the Group**

#### **(1) Business Status for This Fiscal Year**

##### **(i) Business Progress and Results**

During the fiscal year ended March 31, 2016, the Japanese economy continued to moderately recover, supported by a recovery in personal consumption, improved corporate profitability, and growth in purchasing demand from overseas visitors. However, the outlook for the overall economy remained uncertain. Overseas, the global economy recovered at a moderate pace overall, despite signs of more subdued growth in some regions.

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 developing new IP (Intellectual Property: intellectual property of characters), expanding targets, 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 has also initiated to make WiZ Co., Ltd. a wholly owned subsidiary through a tender offer as part of plans to strengthen planning and development capabilities for toys. The Group is also working to expand IP lineup, business fields, and areas in the Asian region with high growth potential.

On the business front, while there were favorable sales in the Toys and Hobby Business, network content and overseas home video game software in the Network Entertainment Business, and the Visual and Music Production Business, sales of arcade game machines in the Network Entertainment Business struggled.

Consequently, the Group’s consolidated results for the fiscal year ended March 31, 2016 were net sales of 575,504 million yen (year-on-year increase of 1.8%), operating income of 49,641 million yen (year-on-year decrease of 11.9%), recurring income of 50,774 million yen (year-on-year decrease of 14.5%), and profit attributable to owners of parent of 34,583 million yen (year-on-year decrease of 8.0%).

## (ii) Outline of Business by Business Segment

(Millions of yen)

| Business Segment            | Net Sales                 |                           |                    | Operating Income          |                           |                   |
|-----------------------------|---------------------------|---------------------------|--------------------|---------------------------|---------------------------|-------------------|
|                             | Year Ended March 31, 2015 | Year Ended March 31, 2016 | Change             | Year Ended March 31, 2015 | Year Ended March 31, 2016 | Change            |
| Toys and Hobby              | 230,918                   | 206,424                   | Decrease of 24,493 | 17,040                    | 16,639                    | Decrease of 401   |
| Network Entertainment       | 296,442                   | 320,941                   | Increase of 24,499 | 29,290                    | 23,930                    | Decrease of 5,359 |
| Visual and Music Production | 43,773                    | 51,967                    | Increase of 8,193  | 10,077                    | 11,665                    | Increase of 1,588 |
| Other                       | 27,006                    | 27,456                    | Increase of 449    | 1,462                     | 1,123                     | Decrease of 339   |
| Eliminations and Corporate  | (32,655)                  | (31,285)                  | Increase of 1,370  | (1,550)                   | (3,717)                   | Decrease of 2,167 |
| Consolidated                | 565,486                   | 575,504                   | Increase of 10,018 | 56,320                    | 49,641                    | Decrease of 6,679 |

(Notes) As the Group changed the classification of business segments on April 1, 2015, the classification of business segments for the previous fiscal year have been restated accordingly.

### Toys and Hobby Business

In the Toys and Hobby Business, in Japan, sales performed satisfactorily thanks to long-established IP products such as *Mobile Suit Gundam* and *Dragon Ball*, while products of *Yo-kai Watch* became popular. Moreover, although collectable toys for adults expected to contribute to broadening its base of target customers also became popular, there was a decline in sales domestically in comparison with the previous fiscal year. Overseas, in the Asian region, products of *Mobile Suit Gundam* and collectable toys for adults became popular. In North America and Europe, products of the *Power Rangers* series sold steadily. In addition, certain results were realized by changing to a system that controls functions such as planning and development in Japan, and creates dedicated sales and marketing in North America and Europe.

As a result, net sales in the Toys and Hobby Business were 206,424 million yen (year-on-year decrease of 10.6%), and operating income was 16,639 million yen (year-on-year decrease of 2.4%).

|  |
|--|
| Description of Business  |
| Manufacturing and sales of toys, sweets and food products, production for vending machines, cards, plastic models, apparel, sundries, stationery, etc. |

### Network Entertainment Business

In the Network Entertainment Business, in home video game software, repeat sales of products including *DRAGONBALL XENOVERSE*, which was launched in North America and Europe in the previous fiscal year, and sales of new titles of the BANDAI NAMCO Group, such as *NARUTO SHIPPUDEN: Ultimate Ninja Storm 4*, and titles of local third-party were strong. Moreover, in network content such as social games, game applications for smartphones and PC online games, key titles already existing in Japan retained stable popularity, and the new title *The iDOLM@STER Cinderella Girls: Starlight Stage* performed favorably and contributed to performance. The Group also started provision of services overseas, including the Asian region. In addition, in amusement facilities, the Group started implementing a range of measures, including targeting resources on key facilities and strengthening stores in new business formats, resulting in improved profitability. However, sales from arcade game machines struggled due to the effects of uncertainty in the market.

As a result, net sales in the Network Entertainment Business were 320,941 million yen (year-on-year increase of 8.3%), and operating income was 23,930 million yen (year-on-year decrease of 18.3%).

|  |
|--|
| Description of Business  |
| Planning, development and distribution services for network content, planning, development and sales of home video game software, arcade game machines, and prizes for amusement machines, planning, development and operation of amusement facilities, etc. |

### Visual and Music Production Business

In the Visual and Music Production Business, *LoveLive! School idol project*, which is IP for which visual content was developed in conjunction with music content and live events, became popular through the year due to synergies with a movie release, products and services and live events. Moreover, visual package software of *Mobile Suit Gundam* series sold favorably and contributed to performance.

As a result, net sales in the Visual and Music Production Business were 51,967 million yen (year-on-year increase of 18.7%), and operating income was 11,665 million yen (year-on-year increase of 15.8%).

|   |
|---|
| Description of Business   |
| Planning and production of animations, planning, production and sales of visual and music content software, distribution services for on-demand visual content, live entertainment operations, etc. |

### 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 27,456 million yen (year-on-year increase of 1.7%), and operating income was 1,123 million yen (year-on-year decrease of 23.2%).

|   |
|---|
| Description of Business   |
| Transportation and storage of products, management of real estate, printing, etc. |

#### (iii) Capital Expenditures

In this fiscal year, the Group carried out 21,321 million yen in capital expenditures; the funds were primarily used for investments in the manufacturing of molds associated with the development of new products and in amusement facilities and machines and for investments relating to the head office relocation of the Company and its subsidiaries.

#### (iv) Fundraising

Not applicable.

(v) Transfers of Business, Absorption-Type Company Splits, or Incorporation-Type Company Splits

On March 29, 2016, BANDAI NAMCO ASIA CO., LTD. (renamed BANDAI NAMCO Holdings ASIA CO., LTD. effective March 31, 2016), a subsidiary of the Company, transferred the Toy and Hobby Business to BANDAI NAMCO Holdings ASIA CO., LTD. (established February 4, 2016 and renamed BANDAI NAMCO ASIA CO., LTD. effective March 31, 2016).

(vi) Acquisitions of Other Companies' Businesses

Not applicable.

(vii) Successions of Rights or Duties Related to the Businesses of Other Legal Entities, etc. due to Absorption-Type Mergers or Absorption-Type Company Splits

Not applicable.

(viii) Acquisitions and Disposals of Shares, Other Equities, and Stock Subscription Rights in Other Companies

Not applicable.

(2) Status of Assets and Profits & Losses for the Previous Three Fiscal Years

| Fiscal Year<br>Classification                                   | 8th Fiscal Year<br>(Year Ended<br>March 31, 2013) | 9th Fiscal Year<br>(Year Ended<br>March 31, 2014) | 10th Fiscal Year<br>(Year Ended<br>March 31, 2015) | 11th Fiscal Year<br>(Year Ended<br>March 31, 2016)<br>(This Fiscal Year) |
|---|---|---|--|--|
| Net sales<br>(Millions of yen)                                  | 487,241   | 507,679   | 565,486  | 575,504  |
| Operating income<br>(Millions of yen)                           | 48,642  | 44,672  | 56,320   | 49,641   |
| Recurring income<br>(Millions of yen)                           | 49,972  | 47,456  | 59,383   | 50,774   |
| Profit attributable to<br>owners of parent<br>(Millions of yen) | 32,383  | 25,054  | 37,588   | 34,583   |
| Basic earnings per<br>share                                     | ¥147.40   | ¥114.05   | ¥171.10  | ¥157.43  |
| Total assets<br>(Millions of yen)                               | 374,203   | 405,092   | 441,763  | 448,336  |
| Net assets<br>(Millions of yen)                                 | 248,769   | 267,951   | 303,512  | 317,304  |
| Net assets per share  | ¥1,124.45   | ¥1,217.74   | ¥1,378.77  | ¥1,441.49  |

(3) Important Parent Company and Subsidiaries

(i) Status of the Parent Company

Not applicable.

(ii) Important Subsidiaries

| Name of Company                      | Capital          | Ownership Ratio | Description of Principal Business   |
|--------------------------------------|------------------|-----------------|---|
| BANDAI CO., LTD.                     | ¥10,000 million  | 100.0%          | Manufacturing and sales of toys and apparel, etc.   |
| BANDAI NAMCO Entertainment Inc.      | ¥10,000 million  | 100.0%          | Distribution services for network content, and planning, development and sales of home video game software and arcade game machines, etc. |
| BANDAI VISUAL CO., LTD.              | ¥2,182 million   | 100.0%          | Planning, production and sales of visual content and package software   |
| BANDAI NAMCO Holdings USA Inc.       | US\$ 10          | 100.0%          | Pure holding company as regional headquarters in the U.S.   |
| BANDAI S.A.                          | €21,690,000      | 100.0%          | Regional holding company in Europe<br>Import and sales of toys, etc.  |
| BANDAI NAMCO Holdings UK LTD.        | £ 50,500,000     | 100.0%          | Pure holding company as regional headquarters in Europe   |
| BANDAI NAMCO Holdings ASIA CO., LTD. | HK\$ 103,000,000 | 100.0%          | Pure holding company as regional headquarters in Asia   |

- (Notes) 1. BANDAI VISUAL CO., LTD. is included as a core company of the strategic business units (SBUs) instead of NAMCO LIMITED because the classification of business segments was changed on April 1, 2015.
2. On April 1, 2015, BANDAI NAMCO Games Inc. changed its trade name to BANDAI NAMCO Entertainment Inc, and on March 31, 2016, BANDAI NAMCO ASIA CO., LTD. changed its trade name to BANDAI NAMCO Holdings ASIA CO., LTD.
3. BANDAI NAMCO Holdings UK LTD. carried out a capital increase of £7,000,000 on April 17, 2015.
4. BANDAI NAMCO Holdings USA Inc. carried out a capital increase of US\$50,000,000 on March 1, 2016. The full amount of the capital increase has been incorporated into capital reserve.
5. There are no special wholly owned subsidiaries at the end of this fiscal year.

(4) Issues to be Addressed

The Group and this industry must address many important, long-term issues, including (i) the diversification of customer needs, (ii) reacting to changes in the market and the environment, and (iii) increasingly intense competition on a global scale. The Group is applying the focus strategies defined in its Mid-term Plan to address these issues swiftly.

(i) Common Issues Faced by All Strategic Business Units (“SBUs”)

Efforts Toward Maximizing the Value of IP

The Group is strengthening its IP creation and development, acquisition, and utilization functions in order to respond to changes in the environment such as development of oligopolies in the distribution and media fields, the widespread penetration of networks, and

technological improvements. Specifically, the Group will seek to maximize the value of its IP through promotion of collaboration among its businesses and cross-functional projects in the Group while creating IP by its products and services and operating the IP posting system by Group employees. Furthermore, to strengthen ties with IPs owned by other companies, we will undertake strategic investments related to IP. The “IP Strategy Division” established in the Company in April 2016 will be the main driver of efforts to strengthen the IP Axis Strategy over the medium and long term, with a focus on strategic efforts across the Group.

#### Efforts Toward CSR (Corporate Social Responsibility)

The Group’s corporate philosophy is to continue to provide “Dreams, Fun and Inspiration” to people around the world, through entertainment based on creativity and boundless enthusiasm. To ensure that we can continue to provide “Dreams, Fun and Inspiration,” we have formulated the CSR initiatives, which crosscut the entire Group and include three types of responsibilities: environmental and social contribution responsibilities, economic responsibilities, and legal and ethical responsibilities (compliance). In accordance with these fundamental principles, the “Group CSR Committee” and its sub-committee, the “Group CSR Subcommittee,” as well as the “Group Risk Compliance Committee,” the “Group Information Security Committee,” and the “Internal Control Committee” hold meetings and have been striving to implement a range of measures.

#### (ii) Issues Specific to Each SBU

##### Toys and Hobby SBU

This unit’s industry is facing issues, such as a “shrinking domestic market due to the falling birthrate” and “increasingly diverse customer needs.” This unit is addressing these issues by aiming for the position as the overwhelming No. 1 in Japan, working at expanding its target population segment and creating new businesses. In addition, it is expanding its IP lineup and regions in which it is operating, with the aim of expanding its operations across Asia, which is predicted to continue to grow. In the North American and European markets, it is aiming for medium-term growth through establishing foundations and strengthening major IP expansion for improving profitability. In addition, on the development and production side, improvements in the value chain will enable more speedy and price-competitive product development.

##### Network Entertainment SBU

This unit’s industry is facing issues that include “increasingly diverse platforms,” “evolution of networks” and “increasingly diverse customer needs.” To address these issues, it will endeavor to create new entertainment utilizing networks, over and above the boundaries of existing operations and products/services. For network content such as game applications for smartphones, it will respond to new platforms and expand overseas operations. For home video game software, the Group will develop titles that respond to technological improvements and satisfy customer needs in various regions. For its amusement facility operations, it will endeavor to improve its development of facilities to differentiate the Group and plan facilities that provide new forms of entertainment by integrating the real and digital worlds. On the development front, the unit will put in place and improve the development environment, such as by implementing measures to respond swiftly to technological progress and changes in the environment, in order to promote these measures in all business fields.



### Visual and Music Production SBU

This unit's industry is facing issues, such as "increasingly diverse customer needs" and "intensification of competition in IP creation." To address these issues, it will focus on production-related businesses such as live events and fan clubs, in addition to sales of visual and music packaged products. In addition, in the area of IP creation, it will continue to pursue improved quality in its creations and stronger collaboration with products/services within the Group, by dividing its organizations dealing with the planning/development and creation of animation products and so on into those aimed towards products for older customers and those aimed towards ones for children and families. The Group will also be proactive in forming tie-ups with partner companies and will strengthen the creation and development of IP.

We ask for our shareholders' further assistance and guidance.

(5) Principal Business Offices of the Group (As of March 31, 2016)

(i) The Company

|             |                                |
|-------------|--------------------------------|
| Head Office | 5-37-8 Shiba, Minato-ku, Tokyo |
|-------------|--------------------------------|

(Note) On January 21, 2016, the Company relocated its head office (location of head office) from Shinagawa-ku, Tokyo to Minato-ku, Tokyo.

(ii) Principal Subsidiaries

|                                      |                    |
|--------------------------------------|--------------------|
| BANDAI CO., LTD.                     | Taito-ku, Tokyo    |
| BANDAI NAMCO Entertainment Inc.      | Minato-ku, Tokyo   |
| BANDAI VISUAL CO., LTD.              | Shibuya-ku, Tokyo  |
| BANDAI NAMCO Holdings USA Inc.       | California, U.S.A. |
| BANDAI S.A.                          | Puteaux, France    |
| BANDAI NAMCO Holdings UK LTD.        | London, U.K.       |
| BANDAI NAMCO Holdings ASIA CO., LTD. | Hong Kong, China   |

(Notes) 1. On February 2, 2016, BANDAI NAMCO Entertainment Inc. changed the location of its head office from Shinagawa-ku, Tokyo, to Minato-ku, Tokyo.

2. On July 20, 2015, BANDAI S.A. changed the location of its head office from Cergy-Pontoise, France to Puteaux, France.

(6) Outline of Employees (As of March 31, 2016)

(i) Employees of the Group

| Business Segment                     | Number of Employees |         | Change from the End of Previous Fiscal Year |                   |
|--------------------------------------|---------------------|---------|---|-------------------|
| Toys and Hobby Business              | 2,344               | (1,858) | Decrease of 12                              | (Decrease of 486) |
| Network Entertainment Business       | 3,912               | (4,564) | Increase of 35                              | (Increase of 145) |
| Visual and Music Production Business | 391                 | (12)    | Increase of 109                             | (Increase of 3)   |
| Other Businesses                     | 708                 | (633)   | Increase of 127                             | (Increase of 92)  |
| Corporate (Common)                   | 36                  | (-)     | Decrease of 89                              | (Decrease of 15)  |
| Total                                | 7,391               | (7,067) | Increase of 170                             | (Decrease of 261) |

(Notes) 1. The number of employees refers to the employees actually at work.

2. The average numbers of temporary personnel employed for this fiscal year are presented separately in parentheses.

3. As the Group changed the classification of business segments for this fiscal year, the Change from the End of Previous Fiscal Year accordingly compares the number of employees in the previous fiscal year with the number of employees reassigned after the change in business segments.

4. The increase in the number of employees in the Visual and Music Production Business is mainly reflective of a strengthening of personnel accompanying reorganization of the business segment.

5. The increase in the number of employees in the Other Businesses is mainly reflective of personnel who were transferred from the Company.

6. The number of employees listed for "Corporate (Common)" is the number of employees in the administration sector, etc. of the Company, BANDAI NAMCO

Holdings USA Inc., and BANDAI NAMCO Holdings UK LTD.

(ii) Employees of the Company

| Number of Employees | Change from the End of Previous Fiscal Year | Average Age | Average Years of Service |
|---------------------|---|-------------|--------------------------|
| 25 (-)              | Decrease of 91<br>(Decrease of 15)          | 45.7        | 17.4                     |

- (Notes)
1. The number of employees refers to the employees actually at work.
  2. The average number of temporary personnel employed for this fiscal year is presented separately in parentheses.
  3. In calculating the average years of service, with respect to the employees who have transferred from other Group companies to the Company, the aggregate number of each employee's years of service at each company is used for calculation.
  4. The decrease in the number of employees is mainly due to transfers to other companies within the Group.

(7) Principal Lenders (As of March 31, 2016)

| Lenders                                      | Amount       |
|--|--------------|
| Mizuho Bank, Ltd.                            | ¥712 million |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd.       | ¥511 million |
| Sumitomo Mitsui Banking Corporation          | ¥470 million |
| Mitsubishi UFJ Trust and Banking Corporation | ¥80 million  |

(8) Other Important Matters of the Group

Not applicable.

## 2. Current Status of the Company

### (1) Status of Shares (As of March 31, 2016)

- (i) Total Number of Shares Issuable: 1,000,000,000 shares
- (ii) Total Number of Issued Shares: 222,000,000 shares
- (iii) Number of Shareholders: 41,902 (decrease of 19,040 from the end of the previous fiscal year)

### (iv) Major Shareholders (Top 10 Shareholders)

| Name of Shareholders   | Number of Shares Held | Shareholding Ratio (%) |
|--|-----------------------|------------------------|
| Japan Trustee Services Bank, Ltd. (Trust account)  | 11,352,500            | 5.17                   |
| The Master Trust Bank of Japan, Ltd. (Trust account)   | 10,947,200            | 4.98                   |
| XIL, LTD.  | 6,000,000             | 2.73                   |
| Masaya Nakamura  | 5,960,000             | 2.71                   |
| The Bank of New York, Non-treaty JASDEC Account  | 4,885,826             | 2.22                   |
| The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account) | 4,586,100             | 2.09                   |
| MAL Ltd.   | 4,400,100             | 2.00                   |
| State Street Bank and Trust Company 505225   | 4,280,975             | 1.95                   |
| Nintendo Co., Ltd.   | 3,845,700             | 1.75                   |
| Northern Trust Co. (AVFC) Re U.S. Tax Exempted Pension Funds   | 3,389,757             | 1.54                   |

(Notes) 1. The shareholding ratio is calculated after reduction of the number of treasury stocks (2,204,760 shares).

2. Out of the above number of shares held, the numbers of shares relating to the trust business are as follows:

|  |                   |
|--|-------------------|
| Japan Trustee Services Bank, Ltd. (Trust account)  | 11,040,100 shares |
| The Master Trust Bank of Japan, Ltd. (Trust account)   | 8,694,400 shares  |
| The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account) | 4,586,100 shares  |

3. The 4,586,100 shares owned by The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account) were the shares of BANDAI CO., LTD. that were owned by UFJ Bank (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.), entrusted for retirement and severance benefits. Those shares were exchanged with the Company's shares through the share transfer on September 29, 2005, and The Bank of Tokyo-Mitsubishi UFJ directs the exercise of the voting rights pertaining to those shares.

(2) Stock Subscription Rights, etc.

- (i) Stock Subscription Rights Held by Company Directors and Audit & Supervisory Board Members of the Company That Were Delivered as Consideration for the Execution of Their Duties at the End of This Fiscal Year

Stock Subscription Rights as per Resolution Made at the Board of Directors Meeting Held on May 21, 2013

- a. Number of Stock Subscription Rights  
211
- b. Type and Number of Shares Underlying Stock Subscription Rights  
21,100 shares of common stock (100 shares per stock subscription right)
- c. Amount Paid for the Issuance of Stock Subscription Rights  
No requirement to make payment
- d. Value of the Property to Be Contributed at the Time of Exercising Stock Subscription Rights  
100 yen per stock subscription right (1 yen per share)
- e. Period During Which Stock Subscription Rights Can Be Exercised  
From June 5, 2013 to June 4, 2033
- f. Conditions for Exercising Stock Subscription Rights
  - i) The stock subscription rights holders may exercise stock subscription rights during the “Period During Which Stock Subscription Rights Can Be Exercised,” limited to 10 days after the day following that on which the position of the holder as either Director, Audit & Supervisory Board Member or employee at the Company or a subsidiary of the Company was lost.
  - ii) If a stock subscription rights holder dies, his or her heir (limited to one individual) shall exercise those rights.
  - iii) The transfer of stock subscription rights requires the approval of the Board of Directors of the Company.
- g. Stock Subscription Rights Held by Company Directors and Audit & Supervisory Board Members of the Company

| Holder                                     | Number of Stock Subscription Rights | Number of Shares Underlying Stock Subscription Rights | Number of Holders |
|--|-------------------------------------|---|-------------------|
| Directors<br>(excluding Outside Directors) | 211                                 | 21,100  | 5                 |
| Outside Directors                          | –                                   | –   | –                 |
| Audit & Supervisory Board Members          | –                                   | –   | –                 |

Stock Subscription Rights as per Resolution Made at the Board of Directors Meeting Held on May 21, 2015

- a. Number of Stock Subscription Rights  
150
- b. Type and Number of Shares Underlying Stock Subscription Rights  
15,000 shares of common stock (100 shares per stock subscription right)
- c. Amount Paid for the Issuance of Stock Subscription Rights  
No requirement to make payment
- d. Value of the Property to Be Contributed at the Time of Exercising Stock Subscription Rights  
100 yen per stock subscription right (1 yen per share)

- e. Period During Which Stock Subscription Rights Can Be Exercised  
From June 5, 2015 to June 4, 2035
- f. Conditions for Exercising Stock Subscription Rights
  - i) The stock subscription rights holders may exercise stock subscription rights during the “Period During Which Stock Subscription Rights Can Be Exercised,” limited to 10 days after the day following that on which the position of the holder as either Director, Audit & Supervisory Board Member or employee at the Company or a subsidiary of the Company was lost.
  - ii) If a stock subscription rights holder dies, his or her heir (limited to one individual) shall exercise those rights.
  - iii) The transfer of stock subscription rights requires the approval of the Board of Directors of the Company.
- g. Stock Subscription Rights Held by Company Directors and Audit & Supervisory Board Members of the Company

| Holder   | Number of Stock Subscription Rights | Number of Shares Underlying Stock Subscription Rights | Number of Holders |
|--|-------------------------------------|---|-------------------|
| Directors<br>Directors (excluding Outside Directors) | 150                                 | 15,000  | 5                 |
| Outside Directors                                    | –                                   | –   | –                 |
| Audit & Supervisory Board Members                    | –                                   | –   | –                 |

- (ii) Stock Subscription Rights Delivered to Directors of the Subsidiaries of the Company, as Considerations for the Execution of Their Duties in This Fiscal Year

Stock Subscription Rights as per Resolution Made at the Board of Directors Meeting Held on May 21, 2015

- a. Number of Stock Subscription Rights  
121
- b. Type and Number of Shares Underlying Stock Subscription Rights  
12,100 shares of common stock (100 shares per stock subscription right)
- c. Amount Paid for the Issuance of Stock Subscription Rights  
No requirement to make payment
- d. Value of the Property to Be Contributed at the Time of Exercising Stock Subscription Rights  
100 yen per stock subscription right (1 yen per share)
- e. Period During Which Stock Subscription Rights Can Be Exercised  
From June 5, 2015 to June 4, 2035
- f. Conditions for Exercising Stock Subscription Rights
  - i) The stock subscription rights holders may exercise stock subscription rights during the “Period During Which Stock Subscription Rights Can Be Exercised,” limited to 10 days after the day following that on which the position of the holder as either Director, Audit & Supervisory Board Member or employee at the Company or a subsidiary of the Company was lost.
  - ii) If a stock subscription rights holder dies, his or her heir (limited to one individual) shall exercise those rights.
  - iii) The transfer of stock subscription rights requires the approval of the Board of Directors of the Company.

g. Stock Subscription Rights Delivered to Directors of the Subsidiaries of the Company

| Holder                                   | Number of Stock Subscription Rights | Number of Shares Underlying Stock Subscription Rights | Number of Holders |
|--|-------------------------------------|---|-------------------|
| Directors of subsidiaries of the Company | 121                                 | 12,100  | 7                 |

(Reference)

Stock Subscription Rights Delivered to Directors of the Subsidiaries of the Company Prior to This Fiscal Year

|   | Seventh Issuance of Stock Subscription Rights                         |
|---|---|
| Date of resolution by the Board of Directors                                      | May 21, 2013  |
| Persons receiving rights; number of persons                                       | 6 Directors of subsidiaries of the Company                            |
| Type of stock; number of stock subscription rights (*)                            | Common stock; 15,000 shares (100 shares per stock subscription right) |
| Date of delivery of stock subscription rights                                     | June 5, 2013  |
| Amount paid   | No requirement to make payment  |
| Value of the property to be contributed upon exercising stock subscription rights | 100 yen per stock subscription right (1 yen per share)                |
| Period during which stock subscription rights can be exercised                    | From June 5, 2013 to June 4, 2033                                     |

(\*) In the above, the number of stock subscription rights is stated by converting the number into the number of shares underlying the stock subscription rights.

(3) Directors and Audit & Supervisory Board Members of the Company

(i) Directors and Audit & Supervisory Board Members (As of March 31, 2016)

| Title                                      | Name              | Responsibilities in the Company and Major Concurrent Positions   |
|--|-------------------|--|
| Chairman and, Representative Director      | Shukuo Ishikawa   |  |
| President and Representative Director      | Mitsuaki Taguchi  |  |
| Director                                   | Shuji Ohtsu       | Division General Manager of the Group Administrative Headquarters<br>President and Representative Director of BANDAI NAMCO Holdings USA Inc.<br>President and Representative Director of BANDAI NAMCO Business Arc Inc.        |
| Director                                   | Yuji Asako        | Division General Manager of the Corporate Planning Division  |
| Director                                   | Kazunori Ueno     | Responsible for the Toys and Hobby SBU<br>Chairman & Director of BANDAI CO., LTD.  |
| Director                                   | Satoshi Oshita    | Responsible for Network Entertainment SBU<br>President and Representative Director of BANDAI NAMCO Entertainment Inc.  |
| Director                                   | Kazumi Kawashiro  | Responsible for Visual and Music Production SBU<br>President and Representative Director of BANDAI VISUAL CO., LTD.  |
| Director                                   | Nobuo Sayama      | Professor at Graduate School of International Corporate Strategy (ICS), Hitotsubashi University<br>Representative Director of Integral Corporation<br>Chairman & Representative Director of Skymark Airlines Inc.              |
| Director                                   | Yuzuru Matsuda    | Head of Kato Memorial Bioscience Foundation<br>Outside Director of KUBOTA Corporation<br>Outside Director of JSR Corporation   |
| Full Time Audit & Supervisory Board Member | Kazuo Asami       |  |
| Full Time Audit & Supervisory Board Member | Katsuhiko Kohtari | Certified Public Accountant  |
| Audit & Supervisory Board Member           | Osamu Sudoh       | Attorney-at-Law<br>Partner in Sudoh & Takai Law Offices<br>Outside Director of Rakuten Bank, Ltd.<br>Outside Director of Accordia Golf Co., Ltd.<br>Outside Audit & Supervisory Board Member of MITSUI-SOKO HOLDINGS Co., Ltd. |
| Audit & Supervisory Board Member           | Katsuhiko Kamijo  | Certified Tax Accountant<br>Professor at Faculty of Law of Teikyo University<br>Outside Audit & Supervisory Board Member of HASEKO Corporation   |

(Notes) 1. Directors Nobuo Sayama and Yuzuru Matsuda are Outside Directors.

2. Full Time Audit & Supervisory Board Member Katsuhiko Kohtari and Audit & Supervisory Board Members Osamu Sudoh and Katsuhiko Kamijo are Outside Audit & Supervisory Board Members.



3. Full Time Audit & Supervisory Board Member Katsuhiko Kohtari is a certified public accountant and has considerable knowledge of finance and accounting.
4. Audit & Supervisory Board Member Osamu Sudoh has considerable experience with bankruptcy issues as an attorney-at-law and has the deep knowledge of finance and accounting necessary to engage in such bankruptcy issues.
5. Audit & Supervisory Board Member Katsuhiko Kamijo is a certified tax accountant and has considerable knowledge of finance and accounting.
6. The Company has appointed Outside Directors Nobuo Sayama and Yuzuru Matsuda and Outside Audit & Supervisory Board Members Katsuhiko Kohtari, Osamu Sudoh, and Katsuhiko Kamijo as Independent Directors/Auditors as defined in the rules of the Tokyo Stock Exchange and has filed therewith the notification regarding their appointments.
7. Director Kazunori Ueno retired as President and Representative Director of BANDAI CO., LTD. on August 5, 2015 and took office as Chairman & Director of the aforementioned company.
8. The Director set out below, who was in office from the day immediately following the day of the Ordinary General Meeting of Shareholders held on June 22, 2015, retired from office during this fiscal year:

| Name             | Date of retirement | Reason for retirement | Positions and responsibilities in the Company and major concurrent positions at the time of retirement  |
|------------------|--------------------|-----------------------|---|
| Tomohisa Tabuchi | March 1, 2016      | Deceased              | Outside Director<br>Attorney-at-Law, Partner of STW & Partners<br>Outside Audit & Supervisory Board Member of Rakuten Bank, Ltd.<br>Outside Director of Accordia Golf Co., Ltd. |

(ii) Summary of Contracts Concerning Limited Liability

Not applicable.

(iii) Directors and Audit & Supervisory Board Members Who Retired or Were Dismissed during This Fiscal Year

Not applicable.

(iv) Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members

a. Total Amount of Remuneration, etc., Paid During This Fiscal Year

|   | Number of People | Amount of Remuneration, etc. |
|---|------------------|------------------------------|
| Directors   | 8                | ¥468 million                 |
| Audit & Supervisory Board Members                                 | 4                | ¥67 million                  |
| Total   | 12               | ¥535 million                 |
| (Outside Directors and Outside Audit & Supervisory Board Members) | (6)              | (¥88 million)                |

(Notes) 1. There are no employees serving as Directors.

2. The number of people above includes the director who retired (deceased) as of March 1, 2016.

3. At the Tenth Ordinary General Meeting of Shareholders held on June 22, 2015, it was resolved that the remuneration limit for Directors is 850 million yen per fiscal year (of which 60 million yen is the limit for Outside Directors), and that of the 850-million-yen remuneration limit, 400 million yen is for the limit for base remuneration and the remaining 450 million yen is the limit for cash bonus. It was also resolved that, in addition to that remuneration limit, there is a separate upper limit on their stock option remuneration, which is 160 million yen per year.
4. At the Ordinary General Meetings of Shareholders for BANDAI CO., LTD. and NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.) held on June 23, 2005 and on June 25, 2005 respectively, it was resolved that the remuneration limit for Audit & Supervisory Board Members must be 8 million yen per month.

b. Policy and Procedures for Decisions on Remuneration

- Remuneration policy

The remuneration system for Directors, excluding Outside Directors, has as its basic policy the creation of a remuneration framework which provides sustainable growth for the Company and improves the Company's corporate value in the medium and long term, by bringing out a healthy sense of entrepreneurship in its Directors while taking into account what level of remuneration will enable the Company to secure and retain top grade personnel, through promoting sharing of value with the shareholders and ensuring an adequate level of objectivity and transparency to fulfil its accountability obligations.

- Remuneration framework

The remuneration framework for Directors, excluding Outside Directors, comprises the base remuneration as fixed remuneration, performance-based bonuses as variable remuneration, and stock compensation-type stock options that are provided to promote sharing of common value with all shareholders, to steadily improve actual business performance for each fiscal year, and to support an appropriate level of risk-taking so as to improve the Company's corporate value in the medium and long term.

Each Director contributes a fixed proportion of the base remuneration to the shareholding association for directors and officers to purchase the Company's shares and continues to hold such shares during his or her term of office.

Remuneration standards are determined by utilizing a management remuneration database with which data on remunerations are aggregated and analyzed by an external specialist organization, setting objective benchmarks in light of the scales of the Company's business operations and other factors, and comprehensively taking into consideration the proportion of medium- and long- term performance-based remuneration within annual total remuneration and the level of difficulty of achieving business performance targets.

Where the standard performance for the period of the Mid-term Plan has been achieved, the ratio of fixed remuneration to variable remuneration within annual total remuneration shall be about 50:50, and the ratio of share-type remuneration shall be a little over 20%.

- Structure for performance-based remuneration

Performance-based bonuses shall be paid in principle according to the consolidated operating income of the Group for each fiscal year, in an amount determined within a limit of 1.5% of the profit attributable to owners of parent for the period, within a range

of 0% to 200% of the predetermined standard amount.

The stock compensation-type stock options shall only be granted when the consolidated operating income of the Group rises above a prescribed level, and whether the options are granted and what baseline is set shall be determined for each fiscal year during the period of the Mid-term Plan.

- Procedures for decisions on remuneration

The policy for remuneration, the remuneration framework, and the structure for performance-based remuneration for Directors, excluding Outside Directors, shall be decided at Board of Directors Meetings after receiving opinions from the Personnel Committee of which a majority of the members are Outside Directors (independent Outside Directors), in order to elicit Outside Directors' adequate participation and appropriate advice.

In the course of deliberations by the Committee, sufficient information is provided to the Outside Directors so that they are able to perform their analysis, including for instance by asking for advice from external specialist organizations where necessary.

- Policy and procedures for remuneration of Outside Directors and Audit & Supervisory Board Members

Remuneration for Outside Directors comprises base remuneration only, to ensure their independence from the Company, and the amount of remuneration for each Outside Director is determined by the Board of Directors Meetings.

Remuneration for Audit & Supervisory Board Members comprises base remuneration only, with the amount set in accordance with their job positions, considering that they bear the duty to audit the execution of all businesses across the Group. The amount of remuneration for each Audit & Supervisory Board Member is determined by the Audit & Supervisory Board Meetings.

(v) Matters Concerning Outside Directors and Outside Audit & Supervisory Board Members

a. Status of Major Concurrent Positions of Other Companies, etc. and Relationships Between Those Companies, etc. and the Company

Major concurrent positions of Outside Directors and Outside Audit & Supervisory Board Members are as stated in “(i) Directors and Audit & Supervisory Board Members” on page 32.

Moreover, there are no special relationships between the Company and the entities with which Outside Directors and Outside Audit & Supervisory Board Members have concurrent positions.

b. Main Activities in This Fiscal Year

(Directors)

|                  | Board of Directors Meetings<br>(Held 19 times) |                 | Statements Made at Board of Directors Meetings   |
|------------------|--|-----------------|--|
|                  | Number of Meetings Attended                    | Attendance Rate |  |
| Nobuo Sayama     | 19   | 100.0%          | Provided advice and proposals by giving opinions, etc. based on his wealth of experience and position as a corporate officer and from his profound scholarly knowledge via his teaching activities in the field of corporate strategy to ensure the appropriateness and validity of decisions of the Board of Directors. |
| Tomohisa Tabuchi | 17   | 100.0%          | Provided advice and proposals by giving opinions, etc. primarily from his position as an attorney-at-law to ensure the appropriateness and validity of decisions of the Board of Directors.  |
| Yuzuru Matsuda   | 19   | 100.0%          | Provided advice and proposals by giving opinions, etc. reflecting his broad view on overall management based on his wealth of experience and position as a corporate officer to ensure the appropriateness and validity of decisions of the Board of Directors.  |

(Note) For Mr. Tomohisa Tabuchi, the Table shows the number of meetings he attended and his attendance rate at the Board of Directors Meetings (17 meetings) held during his time in this role.

(Audit & Supervisory Board Members)

|                   | Board of Directors Meetings<br>(Held 19 times) |                 | Audit & Supervisory Board Meetings<br>(Held 15 times) |                 | Statements Made at Board of Directors Meetings and Audit & Supervisory Board Meetings   |
|-------------------|--|-----------------|---|-----------------|---|
|                   | Number of Meetings Attended                    | Attendance Rate | Number of Meetings Attended                           | Attendance Rate |   |
| Katsuhiko Kohtari | 19   | 100.0%          | 15  | 100.0%          | Provided advice and proposals by giving opinions, etc. primarily from his position as a certified public accountant to ensure the appropriateness and validity of decisions of the Board of Directors and the Audit & Supervisory Board.  |
| Osamu Sudoh       | 19   | 100.0%          | 15  | 100.0%          | Provided advice and proposals by giving opinions, etc. primarily from his position as an attorney-at-law to ensure the appropriateness and validity of decisions of the Board of Directors and the Audit & Supervisory Board.   |
| Katsuhiko Kamijo  | 19   | 100.0%          | 15  | 100.0           | Provided advice and proposals by giving opinions, etc. based on his wealth of experience dealing with tax affairs and from his profound scholarly knowledge via his teaching activities in tax affairs to ensure the appropriateness and validity of decisions of the Board of Directors and the Audit & Supervisory Board. |

c. Total Amount of Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members by the Parent Company and Subsidiaries, etc.

Not applicable.

(4) Accounting Auditors

- (i) Name: KPMG AZSA LLC
- (ii) Amount of Remuneration, etc.

|   | Amount of Remuneration, etc. |
|---|------------------------------|
| Amount of Remuneration, etc. for Accounting Auditors for This Fiscal Year   | ¥79 million                  |
| Total in Money and Other Financial Benefits to Be Paid by the Company and Its Subsidiaries to Accounting Auditors | ¥252 million                 |

- (Notes) 1. BANDAI NAMCO Holdings USA Inc., BANDAI S.A., BANDAI NAMCO Holdings UK LTD., and BANDAI NAMCO Holdings ASIA CO., LTD., among major subsidiaries of the Company, are audited (within the meaning of being audited as required by the Companies Act and Financial Instruments and Exchange Act or the equivalent laws and regulations in other countries) by audit firms (including entities overseas with qualifications equivalent to those of a Japanese audit firm) other than the Company's Accounting Auditor.
- 2. Under the audit agreement between the Company and its Accounting Auditor, there is no clear distinction between the amount of remuneration, etc., for audits under the Companies Act and that under the Financial Instruments and Exchange Act; furthermore, it is practically impossible to make such distinction. Therefore, the amount of remuneration, etc., for Accounting Auditors for this fiscal year described above is the total amount of remuneration, etc., for these audits.
  - 3. The Audit & Supervisory Board of the Company has analyzed and evaluated the audit report for the previous fiscal year, and reviewed the sufficiency of the audit plan for this fiscal year as well as the appropriateness of the time for audit planning, the staffing plan, and the hourly rate. As a result, the Audit & Supervisory Board concluded that the Accounting Auditor remuneration is appropriate and gave its consent to the remuneration in accordance with Article 399, Paragraph 1 of the Companies Act.

(iii) Non-Auditing Operations

Not applicable.

(iv) Policy on Removal or Non-Renewal of an Accounting Auditor

If the Audit & Supervisory Board judges that action is necessary, such as in cases where the Accounting Auditor's execution of its duties is impeded, the Audit & Supervisory Board will determine the contents of a proposal to be submitted to the General Meeting of Shareholders regarding the removal or non-renewal of the Accounting Auditor.

In addition, if the items stipulated in the matters set forth in Article 340, Paragraph 1 of the Companies Act are deemed applicable to the Accounting Auditor, the Accounting Auditor will be removed based on the agreement of all Audit & Supervisory Board members. If this occurs, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the fact of the Accounting Auditor's removal and the reason for the removal at the first General Meeting of Shareholders held after the removal.

(v) Summary of Contracts Concerning Limited Liability

Not applicable.

(5) Systems for Ensuring the Properness of Operations and Operating Status of the Systems

Systems for Ensuring the Properness of Operations

The following outlines decisions regarding the basic policy for the structure of internal control systems.

- (i) Systems to Ensure that the Execution of the Duties by Directors, etc. and Employees of the Company and Its Subsidiaries Is in Compliance with the Laws and Regulations and the Articles of Incorporation
  - a. The Company shall set in place the Group's Corporate Philosophy and Group Declaration of compliance, ensure that Directors and employees of the Company and its subsidiaries are familiar with them, and always pay due attention to ensure they carry out their duties lawfully and fairly.
  - b. Directors of the Company shall report periodically to the Board of Directors on the structure and operating status of internal control systems.
  - c. The Company shall install a Director in charge of compliance who is responsible for supervision of compliance overall based on its compliance regulations, and establish a structure ensuring that the Company and the entire Group abides by the law, behaves ethically, and complies with internal regulations.
  - d. Should violations of compliance or suspicions thereof occur within the Group, the Company shall immediately convene the Group Risk Compliance Committee with the Company's President and Representative Director as its chair to discuss and decide how the issue should be handled.
  - e. Overseas, an overseas regional headquarters shall be determined for each region to manage risk and support compliance.
  - f. Internal reporting systems including an internal consultation point, an external consultation point comprising external legal advisors, and the Audit & Supervisory Board Members hotline, which enables reporting directly delivered to the Audit & Supervisory Board Members, shall be put in place in the Company and its major subsidiaries.
  - g. The Internal Auditing Division shall be established independently of the executive sections in the Company and its major subsidiaries to work towards maintaining the properness of execution of operations through internal audits.
- (ii) Systems for Preserving and Managing Information Related to Directors' Execution of Their Duties
  - a. The Company shall establish regulations concerning document management and ensure (i) the centralized collection and management of minutes of several kinds of meetings, contracts and other documents, and (ii) appropriate safekeeping and management of important documents including documents circulated for approval in each department. The Company shall have a system to ensure that Directors and Audit & Supervisory Board Members may peruse those documents at any time.
  - b. The Company shall establish regulations concerning information security as a part of Group management. These regulations will provide for a system to ensure appropriate safekeeping and preservation of information.

- (iii) Regulations Concerning Management for Risk of Loss of the Company and Its Subsidiaries and Other Systems
  - a. The Company shall establish regulations concerning risk management and compliance as a part of Group management. Throughout the Group, we will work to prevent risk and to discover risk factors as rapidly as possible.
  - b. When risk arises, the Company shall convene the Group Risk Compliance Committee without delay to minimize the impact of risk on our business by responding to risk quickly and in an appropriate manner.
  - c. Anticipating the occurrence of situations that could cause drastic damage to the management of the Group through a major disaster or the like, the Group shall define the basic policy for a Business Continuity Plan (BCP) for the Group, and formulate a BCP for the Group and organize a Business Continuity Management (BCM) system to achieve rapid recovery and restart of operations. Directors and employees of the Company and its subsidiaries shall be made aware of this.
  
- (iv) Systems to Ensure that Directors, etc. of the Company and its Subsidiaries Execute their Duties Efficiently
  - a. The Company shall assign each subsidiary into strategic business units (SBUs) categorized by business segment, and appoint a Director and lead company in charge of each SBU in order to improve efficiency of business operations based on the division of duties, chain of command structure, authorities and competencies, decision making frameworks and other regulations regarding structure within the Group.
  - b. The Company shall formulate a Mid-term Plan with a period of three business years for the entire Group and each SBU, and determine the budget for each business year based on those Mid-term Plans.
  
- (v) Systems Concerning Reporting Matters Regarding Execution of Duties of Directors, etc. of Subsidiaries to the Company
  - a. The Company shall establish meetings such as SBU Quarterly Report Meetings and Group Management Meetings, and put in place a system for reporting inside the Group and decision making.
  
- (vi) Other Systems to Ensure Proper Business Behavior by the Company and its Subsidiaries
  - a. The Company shall revise the Group Declaration of compliance as appropriate in response to revisions to laws and regulations and changes in the social context surrounding the Group, and shall ensure that the contents of the Declaration are made thoroughly known to Directors, etc. and employees of the Company and its subsidiaries through distributing the Compliance Book and through training.
  - b. The Company and its subsidiaries shall endeavor to improve and standardize business processes considering the importance of effectiveness and efficiency in business operations, and shall evaluate and operate internal controls on financial reporting based on related laws and regulations, etc.



- (vii) Matters Regarding Employees Required by Audit & Supervisory Board Members to Assist Their Duties, and Matters Regarding the Independence of such Employees from the Board of Directors
  - a. The Company shall provide a speedy response when Audit & Supervisory Board Members ask the President and Representative Director to provide employees to assist their duties. Where that employee simultaneously works for any other section, his or her business duties pertaining to the Audit & Supervisory Board Members shall take priority.
  - b. The Company shall provide an opportunity for Directors and Audit & Supervisory Board Members to consult in advance regarding personnel matters relating to such employees, so as to ensure independence from the Board of Directors.
  
- (viii) Matters Concerning Ensuring the Effectiveness of Instructions to Employees who Assist the Audit & Supervisory Board Members
  - a. The Company shall keep Directors and employees thoroughly informed that employees who assist the Audit & Supervisory Board Members in their duties are under the command of the Audit & Supervisory Board Members.
  
- (ix) System for Directors, etc. and Employees of the Company and its Subsidiaries to Report to the Company's Audit & Supervisory Board Members
  - a. Directors, etc. and employees of the Company and its subsidiaries shall report to the Audit & Supervisory Board promptly with regard to matters prescribed by laws and regulations, other matters likely to have a major impact on the Company and the Group, and matters related to the current status of internal audits and compliance.
  - b. Directors, etc. and employees of the Company and its subsidiaries shall report promptly and appropriately when requested to do so by an Audit & Supervisory Board Member of the Company regarding the performance of their duties.
  - c. The Company shall put in place an Audit & Supervisory Board Members Hotline to allow reports to be made directly to the Company's Audit & Supervisory Board Members as an internal reporting system.
  
- (x) System for Ensuring that Persons Making Reports to Audit & Supervisory Board Members shall not be Treated Disadvantageously
  - a. The Company shall prohibit the disadvantageous treatment of persons who have reported or consulted with Audit & Supervisory Board Members, and shall state that clearly in the Group Risk Compliance Regulations and make it thoroughly known to Directors, etc. and employees of the Company and its subsidiaries.
  
- (xi) Matters Regarding Policies Pertaining to Procedures for Advance Payments or Reimbursement of Expenses Arising in the Performance of Duties by Audit & Supervisory Board Members and Other Payment of Expenses and Liabilities Arising in the Performance of Said Duties
  - a. The Company shall immediately pay expenses or liabilities where an Audit & Supervisory Board Member has requested advance payments or reimbursement of

expenses arising in the performance of his or her duties, excluding cases where they were not considered necessary for the performance of said duties.

- (xii) Other Systems to Ensure the Effectiveness of Audits Conducted by the Audit & Supervisory Board Members
- a. Directors of the Company shall formulate a system whereby Audit & Supervisory Board Members can attend important meetings, and ensure that a system exists whereby they can meet periodically or on an ad hoc basis with Directors and employees, and cooperate with Internal Audit Division and Accounting Auditors.
  - b. Subsidiaries of the Company shall install an appropriate number of Audit & Supervisory Board Members according to their scale, business category, etc., and ensure that there are systems in place wherein Audit & Supervisory Board Members of subsidiaries report periodically to the Audit & Supervisory Board Members of the Company.

#### Operating Status of Systems for Ensuring the Properness of Operations

The overview of the operating status of the above-mentioned systems for ensuring the properness of operations is as follows:

1. Overall Internal Control Systems

In order to establish and operate overall internal control systems at the Company and its subsidiaries, an Internal Control Committee established within the Company conducts regular monitoring and evaluation of internal controls and reports to the Board of Directors as internal control reports. Improvements are implemented based on these reports. The appropriateness and reliability of evaluations of internal controls are ensured by having Internal Audit Divisions established at the Company and its major subsidiaries conduct appropriate internal audits.

2. Compliance and Risk Management

The Company conducts regular training, using e-learning tools and other programs, to ensure the Company and the entire Group abide by laws, behave ethically, and comply with internal regulations, with a central role played by the Director in charge of compliance who is responsible for supervision of compliance overall. The Company has set in place the Group Declaration of compliance to define behavioral guidelines for Directors and employees of the Company and its subsidiaries. The Company is working to ensure that Directors and employees are familiar with the Declaration, through a poster campaign and the distribution of a Compliance Book. The Company has established and been operating at the Company and its major subsidiaries a whistle-blowing system to provide a point of contact for internal and external consultations and an Audit & Supervisory Board Members Hotline to allow direct reporting to Audit & Supervisory Board Members. The Company and its subsidiaries have also included provisions in their internal regulations to ensure the protection of whistleblowers.

For risk management, the Company and its subsidiaries have established guidelines on risk management and have formulated and been operating a Business Continuity Plan (BCP) and a Business Continuity Management (BCM) system for the Group. The

Company is working to ensure that Directors and employees of the Company and its subsidiaries are well aware of these guidelines and systems.

Should violations of compliance occur or risk arise, a meeting of the Group Risk Compliance Committee, chaired by the President and Representative Director, is convened immediately to ensure a quick and appropriate response. Every month, the Group Compliance Committee Secretariat reports to the Board of Directors any information on compliance and risk and how they have been managed in the Company and its subsidiaries.

3. **Subsidiary Business Management**

The Company assigns each subsidiary into strategic business units (SBUs) categorized by business segment, and appoints a Director and lead company in charge of each SBU in order to improve efficiency of business operations based on the division of duties, chain of command structure, authorities and competencies, decision making frameworks and other regulations regarding structure within the Group. The SBU Quarterly Report Meeting (held four times this fiscal year) and the Group Management Meeting (held 11 times this fiscal year) are convened regularly to allow information sharing across the Group and facilitate decision-making. The Company has also established and controls a business management system at subsidiaries, with a central role played by the Company's Business Planning Division, and monitors progress every month through a review of the Mid-term Plans and business performance across the Group and at each SBU. In addition, the Company's Internal Auditing Division efficiently monitors the Group's internal controls through regular internal audits of the subsidiaries.

4. **Execution of Duties by Directors**

The Company has established the Group's Corporate Philosophy, the Group Declaration of compliance, and the Group Rules for Executives and has disseminated these regulations to ensure that Directors carry out their duties in a fair and legal manner. The Company has appointed a number of Outside Directors and actively exchanged ideas with them at the Board of Directors Meetings and executive training sessions in order to strengthen the supervisory function of the Company. The Independent Committee consisting of only Outside Directors and Outside Audit & Supervisory Board Members evaluates the effectiveness of the Board of Directors and works on corporate governance and corporate value improvement.

In this fiscal year, the Board of Directors Meetings were held 19 times and the Independent Committee meeting was held once.

5. **Audits by the Audit & Supervisory Board Members**

The Audit & Supervisory Board Members of the Company attend key meetings at the Company and the major subsidiaries, including the Board of Directors Meeting and the SBU Quarterly Report Meeting, and audit the execution of duties by Directors and compliance with laws and regulations and the Articles of Incorporation. The Audit & Supervisory Board Meetings convened 15 times this fiscal year, allowing the Audit & Supervisory Board Members to exchange opinions and share information on important matters. The Audit & Supervisory Board Members also meet regularly or as needed with the Directors of the Company, Internal Auditing Divisions, the Audit & Supervisory Board Members of subsidiaries and the Accounting Auditors to ensure the audits conducted by the Audit & Supervisory Board Members are effective and efficient.

## (6) Basic Policy Concerning Control of the Company

### (i) Content of Basic Policy

#### The Corporate Value of the Group

Guided by our vision of becoming “The Leading Innovator in Global Entertainment,” the Group mission is to continue to offer “Dreams, Fun and Inspiration,” through entertainment, to people throughout the world.

Emerging victoriously in the global competition of the fast-changing world of entertainment requires not only construction of a solid management foundation but also the creation of entertainment constantly predicting the changes of times and environments. Such creation is closely linked to raising the corporate value of the Company.

Therefore, in determining what and how a person or entity controlling decisions on the financial and business policies should be, the Company should take the enhancement of the corporate value into account.

#### What and How a Person or Entity Controlling Decisions on the Financial and Business Policies Should Be

We believe that a person or entity controlling decisions on financial and business policies should be the one who sufficiently understands the importance of the above kind of managerial vision and mission of the Group, the managing resources, such as content, that support the accomplishment of that vision and mission, and the importance of various stakeholders related to the Company, and who maximizes the corporate value of the Company and its shareholders’ common interests over the medium to long term.

Therefore, we believe that, in the event that any person or entity that attempts to acquire large quantities of the Company’s shares falls under any of the following and would harm the Company’s corporate value for such reason, such person or entity is inappropriate to control the decisions of the Company’s financial and business policies:

- Any person or entity who could clearly harm the Company’s corporate value,
- Any person or entity who forces shareholders to sell their shares in a hurry by creating a disadvantageous situation if they do not accept a takeover proposal, or
- Any person or entity that does not provide the Company with the information or the time required for making decisions.

### (ii) Details of Engagement

The Board of Directors of the Company, to whom the shareholders have entrusted the management of the Company, is engaged in the following efforts to implement the Group’s basic policy.

#### Steps to Increase the Corporate Value of the Group

##### · Promoting the Mid-term Plan

Under the Mid-term Plan implemented from April 2012 to March 2015, the Group pursued various strategies around the “IP Axis Strategy.” On the business front, specific measures aimed at the regional characteristics of each market were pursued. Japan, where the Group has secured a certain level of market share, was set as the “Basic Business Area,” and we aimed to further expand our existing share and revenue utilizing the strengths of each business operation. North America and Europe, set as the “Profit Recovering Area,”

had revenue recovery as its first priority, and also aimed towards stabilizing revenue. In Asia, set as the “New Growth Area,” we focused on strengthening expansion of each business operation, and aimed to grow around the pillars of new business operations and regions. Under the three-year Mid-term Plan that started in April 2015 we will further strengthen the “IP Axis Strategy” to expand the value of our IPs based on the Mid-term Vision of “NEXT STAGE: Empower, Gain Momentum and Accelerate Evolution” taking light of the effects and issues arising in the previous Mid-term Plan, through taking advantage of the worldview and unique characteristics of IPs and providing the best products and services at the best possible times. In addition, aiming towards growing in the global market, we will further strengthen business development in the area of high growth potential, which is Asia. Through implementing these measures based on the Mid-term Plan, the Company is developing solid business foundations in order to generate stable earnings in this industry that is characterized by rapid changes in operating climate and user preferences. The objective is to move to the next stage as an entertainment corporate group.

- **Strengthening Corporate Governance**

The president and representative director of each core company responsible for each SBU also serves on the Company’s Board of Directors. This mainly contributes to strengthening the collaborative efforts between the holding company and the operating companies and between the operating companies and to facilitating speedier decision-making as a group. In addition, the Company is working to strengthen management oversight functions by having two or more independent Outside Directors.

- **Promoting Efficient Management**

The Group has put in place standards for business reconstruction; it has reinforced systems for continuous monitoring in order to discern business trends more swiftly, and is making swift decisions on restructuring businesses or withdrawing from them, based on in-house indicators. In addition, the Group is working towards cost reductions by standardizing processes across the Group as a whole and is promoting managerial efficiency.

- **Reinforcing Personnel Strategies**

Aiming for business growth in overseas markets, the Group is strengthening its global systems for acquiring and training personnel. In addition, the Group is driving forward a proactive system for personnel exchanges within the Group to invigorate its human resources.

- **Reinforcing CSR (Corporate Social Responsibilities) Activities**

The Group, as an enterprise delivering “Dreams, Fun, and Inspiration,” has defined “The Group’s CSR Initiatives” that include three types of responsibilities; “Environmental and Social Responsibilities,” “Economic Responsibilities,” and “Legal and Ethical Responsibilities (compliance),” and is promoting a variety of CSR activities.

- **Proactive IR Activities**

The Group discloses information in a timely and appropriate manner in accordance with the Financial Instruments and Exchange Act and rules prescribed by the Tokyo Stock

Exchange. We aim to be a highly transparent corporation that clearly provides shareholders with information concerning management strategies and business directions. The Group thus works to provide ample opportunities, for instance, company information meetings and financial information meetings for the president and representative director and other executives of the Company to explain directly to both foreign and Japanese individual investors, institutional investors, stock analysts, etc.

- Proactive Policy for the Return of Profits to Shareholders

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 will provide a return to shareholders that targets a consolidated payout ratio of 30%, based on stable annual dividend payments of 24 yen per share.

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.

#### Takeover Defenses

At present, the Company has taken no specific measures as takeover defenses. The Group regards implementing our management and business strategies in accordance with the measures to increase the corporate value of the Group and aiming to increase the corporate value of the Group as a whole as a substantial defense against inappropriate takeovers.

That said, since the Group is entrusted by shareholders as the management of the Group, we will study and develop a system of takeover defenses in anticipation of situations in which an inappropriate entity or person might emerge to have decision-making power over the Company's financial and business policies.

In concrete terms, in the event an inappropriate bidder emerges, the management team will not take steps to guard its own interests against the takeover offer by the bidder, but will construct a system that enables the Company to judge from the perspective of improving corporate value first. The Company will continue to study takeover defenses by utilizing stock subscription rights, etc. with a close eye on legal and social trends.

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(Note) In this Business Report, fractional amounts less than the indicated unit amount are rounded down for sums of money and numbers of shares, while percentages and other values are rounded off to the nearest figure.

**Consolidated Balance Sheet**

(As of March 31, 2016)

|  | (Millions of yen) |
|--|-------------------|
|  | Amount            |
| <b>ASSETS</b>                              |                   |
| <b>Current assets</b>                      |                   |
| Cash and time deposits                     | 174,757           |
| Trade receivables                          | 72,530            |
| Finished goods and merchandise             | 16,743            |
| Work in process                            | 25,605            |
| Raw materials and supplies                 | 3,893             |
| Deferred tax assets                        | 8,522             |
| Other current assets                       | 20,730            |
| Allowance for doubtful receivables         | (606)             |
| <b>Total current assets</b>                | <b>322,176</b>    |
| <b>Fixed assets</b>                        |                   |
| <b>Property, plant and equipment</b>       |                   |
| Buildings and structures                   | 16,863            |
| Amusement facilities and machines          | 12,685            |
| Land                                       | 11,025            |
| Other property, plant and equipment        | 13,127            |
| <b>Total property, plant and equipment</b> | <b>53,702</b>     |
| <b>Intangible assets:</b>                  |                   |
| <b>Investments and other assets</b>        |                   |
| Investment securities                      | 34,519            |
| Net defined benefit asset                  | 71                |
| Deferred tax assets                        | 12,544            |
| Other investments and assets               | 16,887            |
| Allowance for doubtful receivables         | (1,015)           |
| <b>Total investments and other assets</b>  | <b>63,007</b>     |
| <b>Total fixed assets</b>                  | <b>126,159</b>    |
| <b>TOTAL ASSETS</b>                        | <b>448,336</b>    |

|  | (Millions of yen) |
|--|-------------------|
|  | Amount            |
| <b>LIABILITIES</b>   |                   |
| <b>Current liabilities</b>                                 |                   |
| Trade payables   | 62,645            |
| Provision for directors' bonuses                           | 1,401             |
| Provision for sales returns                                | 970               |
| Other current liabilities                                  | 49,315            |
| <b>Total current liabilities</b>                           | <b>114,333</b>    |
| <b>Long-term liabilities</b>                               |                   |
| Net defined benefit liability                              | 9,920             |
| Deferred tax liabilities for land revaluation              | 443               |
| Other long-term liabilities                                | 6,333             |
| <b>Total long-term liabilities</b>                         | <b>16,697</b>     |
| <b>TOTAL LIABILITIES</b>                                   | <b>131,031</b>    |
| <b>NET ASSETS</b>  |                   |
| <b>Stockholders' equity</b>                                |                   |
| Common stock   | 10,000            |
| Additional paid-in capital                                 | 52,246            |
| Retained earnings  | 265,231           |
| Treasury stock   | (2,410)           |
| <b>Total stockholders' equity</b>                          | <b>325,067</b>    |
| <b>Accumulated other comprehensive income</b>              |                   |
| Unrealized gains or losses on other securities, net of tax | 6,907             |
| Deferred gains or losses on hedges, net of tax             | (706)             |
| Revaluation reserve for land, net of tax                   | (5,670)           |
| Foreign currency translation adjustments                   | (5,788)           |
| Remeasurements of defined benefit plans, net of tax        | (3,145)           |
| <b>Total accumulated other comprehensive income</b>        | <b>(8,403)</b>    |
| <b>Subscription rights to shares</b>                       | <b>99</b>         |
| <b>Non-controlling interests</b>                           | <b>541</b>        |
| <b>TOTAL NET ASSETS</b>                                    | <b>317,304</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                    | <b>448,336</b>    |



## Consolidated Statements of Operations

(From April 1, 2015 to March 31, 2016)

|   | (Millions of yen) |                |
|---|-------------------|----------------|
|   | Amount            |                |
| <b>Net sales</b>                                  |                   | <b>575,504</b> |
| <b>Cost of sales</b>                              |                   | <b>372,904</b> |
| <b>Gross profit</b>                               |                   | <b>202,600</b> |
| Selling, general and administrative expenses      |                   | 152,959        |
| <b>Operating income</b>                           |                   | <b>49,641</b>  |
| <b>Non-operating income</b>                       |                   |                |
| Interest income                                   | 216               |                |
| Dividend income                                   | 352               |                |
| Equity in gain of affiliated companies            | 1,508             |                |
| Other non-operating income                        | 1,018             | 3,094          |
| <b>Non-operating expenses</b>                     |                   |                |
| Interest expense                                  | 49                |                |
| Foreign exchange losses                           | 629               |                |
| Loss on valuation of derivatives                  | 750               |                |
| Provision of allowance for doubtful accounts      | 299               |                |
| Other non-operating expenses                      | 232               | 1,961          |
| <b>Recurring income</b>                           |                   | <b>50,774</b>  |
| <b>Extraordinary income</b>                       |                   |                |
| Gain on sales of fixed assets                     | 900               |                |
| Other extraordinary income                        | 124               | 1,025          |
| <b>Extraordinary loss</b>                         |                   |                |
| Loss on impairment of fixed assets                | 2,552             |                |
| Other extraordinary loss                          | 758               | 3,311          |
| <b>Profit (loss) before income taxes</b>          |                   | <b>48,489</b>  |
| Corporate income, inhabitant and enterprise taxes | 13,746            |                |
| Adjustment for income taxes                       | 186               | 13,932         |
| <b>Profit</b>                                     |                   | <b>34,556</b>  |
| Loss attributable to non-controlling interests    |                   | 27             |
| <b>Profit attributable to owners of parent</b>    |                   | <b>34,583</b>  |

## Consolidated Statement of Changes in Net Assets (From April 1, 2015 to March 31, 2016)

(Millions of yen)

|   | 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)                        |
| 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)              |
| 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          |

## Notes to Consolidated Financial Statements

All sums are shown in millions of yen and have been rounded down.

### I. Notes to Important Information Constituting the Basis for Preparation of Consolidated Financial Statements

#### 1. Information Concerning the Scope of Consolidation

##### (1) Status of Consolidated Subsidiaries:

###### (i) Total Number of Consolidated Subsidiaries:

68 companies

###### (ii) Names of Principal Consolidated Subsidiaries:

BANDAI CO., LTD., BANDAI NAMCO Entertainment Inc., BANDAI VISUAL CO., LTD., BANDAI NAMCO Holdings USA Inc., BANDAI S.A. BANDAI NAMCO Holdings UK LTD., BANDAI NAMCO Holdings ASIA CO., LTD.

BANDAI NAMCO Games Inc. changed its trade name to BANDAI NAMCO Entertainment Inc., and BANDAI NAMCO ASIA CO., LTD. changed its trade name to BANDAI NAMCO Holdings ASIA CO., LTD.

###### (iii) Changes in the Scope of Consolidation

Since BANDAI NAMCO Pictures Co., Ltd. and BANDAI NAMCO ASIA CO., LTD. were newly established in this consolidated fiscal year and Grand-Slam Ltd. and Highway Star Inc. became subsidiaries through stock acquisition, these companies are now included in the scope of consolidation.

Since BANDAI Polska sp.zo.o, which was a consolidated subsidiary in the fiscal year ended March 31, 2015, was liquidated, it has been excluded from the scope of consolidation.

##### (2) Status of Non-Consolidated Subsidiaries:

###### (i) Names of the Principal Non-Consolidated Subsidiaries:

BANDAI LOGIPAL (H.K.) LTD.

###### (ii) Reason for Exclusion from the Scope of Consolidation:

Non-consolidated subsidiaries have been excluded from the scope of consolidation. As the scale of the business conducted by each of those companies is small and the total assets, net sales, profit or loss and retained earnings, etc. corresponding to the ownership held by the Company of each non-consolidated subsidiary have no material impact on the consolidated financial statements.

#### 2. Information Concerning Application of the Equity Method

##### (1) Status of Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Applied:

###### (i) Number of Affiliated Companies to Which the Equity Method Was Applied:

6 companies

- (ii) Names of the Principal Affiliated Companies to Which the Equity Method Was Applied:  
Happinet Corporation, Sotsu Co., Ltd. and People Co., Ltd.
  - (iii) Changes in Affiliated Companies to Which the Equity Method Was Applied  
Since SHANGHAI NAMCO LTD., which was a non-consolidated subsidiary to which the equity method was applied in the fiscal year ended March 31, 2015, was liquidated, it has been excluded from the scope of application of the equity method.
- (2) Status of Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Not Applied:
- (i) Name of the Principal Companies, etc.:  
BANDAI LOGIPAL (H.K.) LTD.
  - (ii) Reason the Equity Method Was Not Applied to the Company:  
The equity method was not applied to this company, because it was deemed that the exclusion of the company from the application of the equity method would have little, and no material impact on the consolidated financial statements of the Company and it seemed unimportant as a whole in consideration of the company's profit or loss and retained earnings, etc. corresponding to the Company's equity share in it.
  - (iii) Special Notes Regarding Procedures for Applying the Equity Method  
If any of the companies to which the equity method is applied has a fiscal year that differs from the consolidated fiscal year, then the financial statements for the fiscal year of that company are used.
3. Information Concerning the Fiscal Year, etc. for Consolidated Subsidiaries
- The fiscal year closing dates for BANDAI (SHENZHEN) CO., LTD. and BANDAI NAMCO (SHANGHAI) CO., LTD. are December 31, and their financial data as of their respective closing dates are used. The fiscal year closing date for Sun-Star Stationery Co., Ltd is June 30 and its financial data is based on a provisional closing as of December 31 pursuant to procedures for the fiscal year-end closing.
- Necessary adjustments on a consolidated basis are made when transactions of material importance occur between the reported closing date and the consolidated closing date.
4. Accounting Policies
- (1) Valuation Basis and Methods for Significant Assets:
- (i) Valuation Basis and Methods for Securities:  
Other securities:  
Securities with market values:  
Stated using the market price method based on amounts using market prices, etc. on the closing date. (Valuation differences are reflected directly in net assets and cost of sales is calculated using the moving average method.)

Securities without market values:

Stated using the cost method based on the moving average method. With respect, however, to contributions to limited partnerships for investment and similar partnerships (deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), these are stated by the net amount corresponding to the Company's equity share, based on the most recent available financial reports according to the date for settlement of accounts provided for in the partnership agreement.

(ii) Derivative Transactions: Stated using the market price method.

(iii) Valuation Basis and Methods for Inventories:

Work in process, such as game software, etc.:

Stated using the cost method based on the specific-cost method. (The value stated on the balance sheet was calculated by writing down the book value based on declining profitability.)

Others:

Domestic consolidated subsidiaries:

Generally, stated using the cost method based on the average method. (The value stated on the balance sheet was calculated by writing down the book value based on declining profitability.)

Overseas consolidated subsidiaries:

Generally, stated using the lower of cost or market method based on the average method.

(2) Depreciation Methods for Significant Depreciable Assets:

(i) Property, Plant and Equipment (Exclusive of leased assets):

The Company and domestic consolidated subsidiaries:

Generally stated using the declining-balance method.

However, for buildings (excluding equipment attached thereto) acquired on or after April 1, 1998 and for part of the amusement facilities and machines, etc., the straight-line method was used. The general useful life of property, plant and equipment is as follows:

|                                    |               |
|------------------------------------|---------------|
| Buildings and structures:          | 3 to 50 years |
| Amusement facilities and machines: | 3 to 15 years |

Overseas consolidated subsidiaries:

Stated using the straight-line method.

The general useful life of property, plant and equipment is as follows:

|                                    |               |
|------------------------------------|---------------|
| Buildings and structures:          | 5 to 50 years |
| Amusement facilities and machines: | 3 to 7 years  |

(ii) Intangible Assets (Exclusive of leased assets):

Stated using the straight-line method.

The general useful life of software is as follows:

|                             |              |
|-----------------------------|--------------|
| Software (used internally): | 1 to 5 years |
|-----------------------------|--------------|

(iii) Leased Assets:

Stated using the straight-line method, with the useful life set to the lease period, for a residual value of zero.

(3) Basis of Recognition for Significant Provision:

(i) Allowance for Doubtful Receivables:

The allowance for doubtful receivables is provided for possible losses on unrecoverable receivables. For ordinary receivables, the amount of the allowance is based on the historical rate of loss. For receivables from debtors at risk of bankruptcy and receivables from debtors in bankruptcy or under reorganization, etc., the amount of the allowance is based on individually estimated unrecoverable amounts.

(ii) Provision for Directors' Bonuses:

Accrued bonuses for directors are provided based on the estimated amounts to be paid in respect of this consolidated fiscal year.

(iii) Provision for Sales Returns:

To provide for losses on returned goods after the last day of this consolidated fiscal year, the estimated amount of losses on returned goods is provided based on the historical rate of returned goods.

(4) Accounting Standards for Significant Income and Expense:

(i) Video Game Software Revenue Recognition:

Consolidated subsidiaries operating in the United States recognized revenue in accordance with "Software Revenue Recognition" of FASB Accounting Standards Codification No. 985-605, treating video game software with online functions as software products with multiple-element arrangements. Unless the vendor can objectively and reasonably prove the fair value of undelivered elements specified by the vendor, recording of any revenue attributable to video game software is deferred until all the elements are delivered.

(ii) Video Game Software Production Costs:

A distinctive characteristic of video game software is the process through which the software is highly combined with the content that cannot be separated into identifiable components.

The content is considered to be an important component of each video game title, which includes the game content and visual / music data.

Once management makes a decision to go forward in distributing a title, the Company records the software and content development costs as work in process.

The capitalized production costs are amortized to cost of sales based on projected sales volumes.

(5) Significant Accounting Policies for Hedging:

(i) Accounting for Hedging:

The Company used deferred hedge accounting.

In cases where forward foreign exchange contracts meet certain hedging criteria, they are accounted for under the allocation method.

(ii) Hedging Instruments and Hedged Items:

Hedging instruments: Forward exchange contracts and currency option contracts

Hedged items: Foreign-currency-denominated assets and liabilities and scheduled transactions

(iii) Hedging Policies:

Hedging is implemented for the purpose of reducing risks arising from fluctuations in exchange rates involved in operational and financing activities.

(iv) Method of Assessing the Effectiveness of Hedging:

The Company assesses the effectiveness of hedging transactions, in principle, from the start of the transaction to the point at which effectiveness is assessed by comparing the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedged item with the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedging instrument.

In the event that critical terms are the same for the hedging instrument and the hedged assets, liabilities, or scheduled transaction, it is assumed that the hedge is 100% effective, so the assessment of effectiveness is not performed.

(6) Amortization of Goodwill

Goodwill is amortized over a five-year period using the straight-line method.

(7) Other Important Information Constituting the Basis of Preparation of Consolidated Financial Statements

(i) Method of accounting for retirement benefits

a. Method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligations, the benefit formula basis is mainly used in determining the amount of the expected retirement benefit obligations attributed to the period up to the end of this consolidated fiscal year.

b. Method of recognizing actuarial gains and losses and past service costs

Actuarial gains and losses are recognized in gain or loss in the year following the year in which a respective gain or loss arises, and are amortized proportionally on a straight-line basis over a certain period (9 to 19 years) that is within the average remaining period of service of the eligible employees.

The entire amount of past service costs is recognized in gain or loss in the fiscal year during which it arises, and is amortized on a straight-line basis over a period (10 years), which is within the average remaining years of service of the eligible employees.

c. The Company and certain consolidated subsidiaries use a simplified method in calculating net defined benefit asset, net defined benefit liability, and periodic pension cost under which retirement benefit obligations are principally based on accrued benefits at the end of the year.

(ii) Accounting treatment of consumption tax:

Consumption tax is accounted for separately and is not figured into each listed item.

(iii) Application of consolidated taxation system:

The Company has applied the consolidated taxation system.

II. Notes to Changes in Accounting Policy

(Application of Accounting Standard for Business Combinations, etc.)

Effective from this consolidated fiscal year, the Company has applied the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013), etc. Accordingly, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as additional paid-in capital, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of this consolidated fiscal year, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the consolidated financial statements for the consolidated fiscal year to which the date of business combination belongs. In addition, the presentation method for "net income" and other related items was changed, and the presentation of "minority interests" was changed to "non-controlling interests."

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of this consolidated fiscal year.

The effect of this change on the consolidated financial statements and the per-share data for this consolidated fiscal year is immaterial.

III. Notes to Changes in Method of Presentation

(Consolidated Balance Sheet)

"Accounts payable-other" (the balance of which at the end of this consolidated fiscal year is 19,923 million yen) is at or below 5 percent of the total liabilities and net assets. "Accrued income taxes" (the balance of which at the end of this consolidated fiscal year is 2,747 million yen) is at or below 1 percent of the total liabilities and net assets. "Provision for losses from business restructuring" (the balance of which at the end of this consolidated fiscal year is 35 million yen) became immaterial. Due to the above reasons, these are included in "Other current liabilities" under "Current liabilities," although they had been stated separately until the previous consolidated fiscal year.

(Consolidated Statements of Operations)

- (1) "Interest on refund" (the balance of which at the end of this consolidated fiscal year is 0 million yen), which had been stated separately until the previous consolidated fiscal year, is included in "Other non-operating income" under "Non-operating income" since it is at or below 10 percent of the total non-operating income.
- (2) "Sales discounts," (the balance of which at the end of this consolidated fiscal year is 39 million yen) and "Loss on investments in partnerships," (the balance of which at the end of this consolidated fiscal year is 109 million yen) which had been stated separately until the previous consolidated fiscal year, are included in "Other non-operating expenses" under



“Non-operating expenses” since each of them is at or below 10 percent of the total non-operating expenses.

- (3) “Gain on sales of investment securities” (the balance of which at the end of this consolidated fiscal year is 0 million yen) and “State subsidy” (the balance of which at the end of this consolidated fiscal year is 12 million yen), which had been stated separately until the previous consolidated fiscal year, are included in “Other extraordinary income” under “Extraordinary income” since each of them is at or below 10 percent of the total extraordinary income.
- (4) “Gain on sales of fixed assets,” which had been included in “Other extraordinary income” under “Extraordinary income” until the previous consolidated fiscal year, is stated separately since it is above 10 percent of the total extraordinary income for this consolidated fiscal year. The total of “Gain on sales of fixed assets,” for the previous consolidated fiscal year was 36 million yen.

#### IV. Notes to Consolidated Balance Sheet

##### 1. Assets pledged as collateral

Cash and time deposits ¥95 million

There are no liabilities associated with this collateral.

In addition to the above, the assets deposited as a security deposit for issuance under the Payment Services Act, are as follows:

“Other investments assets” under “Investments and other assets” ¥433 million

2. Amount of Accumulated Depreciation of Property, Plant and Equipment: ¥158,768 million

##### 3. Guarantee Obligation:

- (1) The Company has guarantee obligations concerning borrowings from financial institutions by companies other than consolidated companies.

ISHIMORI PRODUCTION INC. ¥144 million

Theater Company HIKOSEN ¥64 million

Total ¥209 million

- (2) The Company has guarantee obligations concerning obligations in leasing contracts of companies other than consolidated companies.

BANDAI NAMCO WILL INC. ¥60 million

##### 4. Land revaluation

A revaluation of land for business-use was implemented pursuant to the “Law Concerning Land revaluation” (Law No. 34, March 31, 1998) and the revalued difference was recorded under net assets.

##### Revaluation Method:

The fair value of land is determined based on official notice prices that are calculated by the method assessed and published by the Commissioner of the National Tax Agency. The Commissioner assesses and publishes the method to calculate land value that forms the foundation for calculating taxable value for land value tax prescribed in “Article 16 of Land Value Tax Law (Law No. 69, May 2, 1991),” as stipulated in “Article 2-4 of the Ordinance Implementing the Law Concerning Land revaluation (Cabinet Order No. 119, March 31, 1998).”

Reasonable adjustments are made to the official notice prices.

Revaluation Date: March 31, 2002

Difference between the market value of the revalued land at the end of this consolidated fiscal year and the revaluated book value after the revaluation: negative 1,018 million yen.

V. Notes to Consolidated Statement of Changes in Net Assets

1. Type and Total Number of Shares Issued

Common stock          222,000,000 shares

2. Matters Concerning Distribution of Surplus

(1) Paid Dividend Amounts, etc.

| Date of Resolution                                      | Type of shares | Total amount of dividends (millions of yen) | Dividend per share (yen) | Date of record     | Effective date   |
|---|----------------|---|--------------------------|--------------------|------------------|
| June 22, 2015, Ordinary General Meeting of Shareholders | Common stock   | 10,989                                      | 50                       | March 31, 2015     | June 23, 2015    |
| November 5, 2015, Board of Directors Meeting            | Common stock   | 2,637                                       | 12                       | September 30, 2015 | December 7, 2015 |

(2) Dividends with a Date of Record in This Consolidated Fiscal Year but an Effective Date in the Following Consolidated Fiscal Year

| Date of Scheduled Resolution                            | Type of shares | Total amount of dividends (millions of yen) | Source of dividends | Dividend per share (yen) | Date of record | Effective date |
|---|----------------|---|---------------------|--------------------------|----------------|----------------|
| June 20, 2016, Ordinary General Meeting of Shareholders | Common stock   | 8,791                                       | Retained earnings   | 40                       | March 31, 2016 | June 21, 2016  |

3. Type and Number of Shares to be Issued upon the Exercise of Subscription Rights to Shares (excluding those whose exercise period has not yet commenced) as of March 31, 2016

Common stock          63,200 shares

## VI. Notes Concerning Financial Instruments

### 1. Financial Instruments

The Group manages funds by means of highly secure financial instruments only and procures funds through borrowing from banks and other financial institutions.

With regard to credit risk posed by customers with respect to trade receivables, which are operating receivables, credit information on major customers is updated at least once a year, to minimize such credit risk. Hedging is implemented as necessary through the use of forward exchange contracts for the purpose of reducing risks arising from fluctuations in exchange rates for foreign-currency-denominated operating receivables.

Shares, which are investment securities, are exposed to the risk of market price fluctuations; their market values are checked once a quarter.

Part of trade payables, which are operating liabilities, is denominated in foreign currencies. Hedging is implemented as necessary through the use of forward exchange contracts and currency option contracts for the purpose of reducing risks arising from fluctuations in exchange rates for foreign-currency-denominated operating liabilities.

Derivative transactions are executed and managed according to internal rules that determine trading authority and limits on amounts traded; derivatives are used in ways that minimize credit risk, and thus transactions are carried out only with highly creditworthy financial institutions.

### 2. Market Values of Financial Instruments

The book values of financial instruments as stated in the consolidated balance sheet, their market value as of March 31, 2016, and the difference between book value and market value are as stated below. This table does not include assets for which it was judged extremely difficult to assess the market value.

|   | Book value<br>stated in the<br>consolidated<br>balance sheet<br>(Millions of yen) | Market value<br>(Millions of yen) | Difference<br>(Millions of yen) |
|---|---|-----------------------------------|---------------------------------|
| (1) Cash and time deposits                              | 174,757   | 174,757                           | —                               |
| (2) Trade receivables                                   | 72,530  | 72,530                            | —                               |
| (3) Short-term investments and<br>investment securities |   |                                   |                                 |
| 1. Other Securities                                     | 17,423  | 17,423                            | —                               |
| 2. Stock of affiliated companies                        | 10,738  | 15,057                            | 4,319                           |
| Total assets  | 275,449   | 279,769                           | 4,319                           |
| Trade payables  | 62,645  | 62,645                            | —                               |
| Total liabilities                                       | 62,645  | 62,645                            | —                               |
| Derivative transactions (*)                             | (1,588)   | (1,588)                           | —                               |

(\*) Debts and credits derived from derivative transactions are stated on a net basis. Items to be recorded as net debts in the total are enclosed in brackets.

(Notes) 1. Relevant matters of method of calculating the market value of financial instruments and securities and derivative transactions

#### Assets

##### (1) Cash and time deposits

Since these are readily convertible into cash, their market value is almost identical with the book value, and thus these are stated at the book value.

##### (2) Trade receivables

Since trade receivables that are settled in a short period of time are readily convertible into cash, their market value is almost identical with the book value, and thus these are stated at the book value. For trade receivables that are settled after a long period of time, the fair

values are measured based on the present values calculated by discounting receivable amounts classified by certain periods of time at a rate for which time to maturity and credit risk has been taken into account.

(3) Short-term investments and investment securities

Since MMF is readily convertible into cash, their market value is almost identical with the book value; and these are stated at the book value. Stocks and others are stated at the price on the stock exchange or the price as presented by counterparty financial institutions and others.

Liabilities

Trade payables

Since these are readily convertible into cash, their market value is almost identical with the book value; and thus these are stated at the book value.

Derivative transactions

The market value of derivative transactions is stated at the price as presented by counterparty financial institutions and others.

2. Unlisted stocks (stated as 2,510 million yen in the consolidated balance sheet), stocks of affiliated companies (unlisted stocks) (stated as 3,949 million yen in the consolidated balance sheet), and contributions to investment partnerships (stated as 602 million yen in the consolidated balance sheet) have no market price and it is extremely difficult to assess their market value, so they are not included in “(3) Short-term investments and investment securities.”

VII. Notes Concerning Per-Share Data

|                             |           |
|-----------------------------|-----------|
| 1. Net assets per share     | ¥1,441.49 |
| 2. Basic earnings per share | ¥157.43   |

VIII. Significant Subsequent Events

(Acquisition of Shares Through Tender Offers)

The Company adopted a resolution at a Board of Directors meeting on March 9, 2016 to acquire common shares in WiZ Co., Ltd. (“Target Company” and “Target Company’s Shares”) through a tender offer under the Financial Instruments and Exchange Act (Act No. 25 of 1948, including subsequent amendments).

The First Tender Offer, which commenced on March 10, 2016, was completed on April 7, 2016 and the Second Tender Offer was commenced on April 15, 2016.

1. Outline of the Business Combination

(1) Name and Business of the Target Company

|          |   |
|----------|---|
| Name     | WiZ Co., Ltd.   |
| Business | Planning, developing, producing, and selling of toys, sundries, and animation films |

(2) Main Reasons for the Business Combination

The Target Company is listed on the Tokyo Stock Exchange JASDAQ Standard section. The Company decided to make Target Company a wholly owned subsidiary through a tender offer to strengthen planning and development capabilities for toys.

While the Company has grown through business operations centered on key IPs, which is a

core strength of the Group, it believes having the Target Company in the Group should enable the strengthening of its source of growth, the planning and development function for IPs and products, with the Target Company's strengths and knowhow in digital toys planning and development integrated into the Group. More specifically, the Company believes that deepening the collaboration between BANDAI CO., LTD., which has capabilities in boys' and girls' basic (classic) toys planning and design, and the Target Company, which has capabilities in digital toys planning and development, should improve the planning capability of the overall Group including the Target Company and enable the planning, development, and operations of new products leveraging the strengths of both companies with their planning capabilities as a pillar.

In addition, the Company recognizes the Target Company as an important business partner of the Group in jointly holding and operating the rights of original IPs such as *Tamagotchi*, *Primopuel*, and *Digital Monsters*. The Target Company believes that the alliance with the Group will allow it to establish a stable revenue base by strengthening the licensing-out function for these original IPs.

To realize the synergies described above, the Company has decided it is imperative to establish management structures to allow decisions to be made promptly and flexibly based on medium- and long-term strategic judgments, including the restructuring of the Target Company's business management, through the acquisition of all of the Target Company's Shares. It has also been determined that the Target Company should become a wholly-owned subsidiary of the Company and both companies should be integrated as a group to conduct business operations, which will eventually serve to enhance the corporate value of the Target Company.

(3) Date of Business Combination

|                         |   |                          |
|-------------------------|---|--------------------------|
| Share acquisition date  | Commencement date of settlement for First Tender Offer            | April 14, 2016           |
|                         | Scheduled commencement date of settlement for Second Tender Offer | May 31, 2016 (scheduled) |
| Deemed acquisition date |   | May 31, 2016 (scheduled) |

(4) Legal Format for the Business Combination

Acquisition of shares in consideration for cash

(5) Company Name after Combination

No change

(6) Percentages of Voting Rights Acquired

|   |        |
|---|--------|
| 1) Percentage of voting rights owned immediately before combination               | 0.00%  |
| 2) Percentage of voting rights acquired through First Tender Offer                | 55.02% |
| 3) Percentage of voting rights planned to be acquired through Second Tender Offer | TBD    |
| 4) Percentage of voting rights after the Tender Offer                             | TBD    |

(7) Main Basis on Which Acquiring Company was Chosen

In order for the Company to acquire the shares in consideration for cash

2. Matters Relating to Calculation of Acquisition Price, etc.

(1) Purchase Price of Acquired Company and Breakdown by Type of Consideration

Not confirmed at this stage

(2) Details and Amount of Main Acquisition-Related Costs

Not confirmed at this stage

3. Matters Relating to Acquisition Cost Allocation

(1) Amounts and breakdowns for assets received, and debts assumed, on date of business combination

Not confirmed at this stage

(2) Goodwill amounts incurred, reason for being incurred, amortization method and period; for negative goodwill, amounts incurred and reason for being incurred

Not confirmed at this stage

**Non-Consolidated Balance Sheet**  
(As of March 31, 2016)

|  | (Millions of yen) |
|--|-------------------|
|  | Amount            |
| <b>ASSETS</b>                              |                   |
| <b>Current assets</b>                      |                   |
| Cash and time deposits                     | 78,909            |
| Trade receivables                          | 274               |
| Prepaid expenses                           | 303               |
| Deferred tax assets                        | 32                |
| Accounts receivable-other                  | 8,501             |
| Taxes receivable                           | 1,655             |
| Other current assets                       | 276               |
| <b>Total current assets</b>                | <b>89,954</b>     |
| <b>Fixed assets</b>                        |                   |
| <b>Property, plant and equipment</b>       |                   |
| Buildings                                  | 1,693             |
| Structures                                 | 69                |
| Machinery and equipment                    | 66                |
| Tools, furniture and fixtures              | 845               |
| Construction in progress                   | 46                |
| <b>Total property, plant and equipment</b> | <b>2,722</b>      |
| <b>Intangible assets</b>                   |                   |
| Software                                   | 1,505             |
| Other intangible assets                    | 151               |
| <b>Total intangible assets</b>             | <b>1,656</b>      |
| <b>Investments and other assets</b>        |                   |
| Investment securities                      | 18,628            |
| Investments in affiliated companies        | 233,565           |
| Other investments and assets               | 1,823             |
| <b>Total investments and other assets</b>  | <b>254,017</b>    |
| <b>Total fixed assets</b>                  | <b>258,396</b>    |
| <b>TOTAL ASSETS</b>                        | <b>348,350</b>    |

|  | (Millions of yen) |
|--|-------------------|
|  | Amount            |
| <b>LIABILITIES</b>   |                   |
| <b>Current liabilities</b>   |                   |
| Short-term borrowings from affiliated companies                                | 89,742            |
| Short-term borrowings  | 1,000             |
| Accounts payable-other   | 1,558             |
| Accrued expenses   | 201               |
| Accrued income taxes   | 29                |
| Provision for directors' bonuses   | 179               |
| Unearned revenue   | 153               |
| Other current liabilities  | 14                |
| <b>Total current liabilities</b>   | <b>92,878</b>     |
| <b>Long-term liabilities</b>   |                   |
| Deferred tax liabilities   | 2,248             |
| Accrued retirement and severance benefits                                      | 27                |
| Long-term accounts payable - other   | 1,859             |
| Guarantee deposits received  | 1,445             |
| Asset retirement obligations   | 486               |
| <b>Total long-term liabilities</b>   | <b>6,067</b>      |
| <b>TOTAL LIABILITIES</b>   | <b>98,946</b>     |
| <b>NET ASSETS</b>  |                   |
| <b>Stockholders' equity</b>  |                   |
| <b>Common stock</b>  | <b>10,000</b>     |
| <b>Additional paid-in capital</b>  | <b>174,284</b>    |
| Capital reserve  | 2,500             |
| Other capital surplus  | 171,784           |
| <b>Retained earnings</b>   | <b>60,401</b>     |
| Legal reserve  | 1,645             |
| Other retained earnings  | 58,756            |
| General reserve  | 26,104            |
| Retained earnings carried forward  | 32,651            |
| <b>Treasury stock</b>  | <b>(2,322)</b>    |
| <b>Total stockholders' equity</b>  | <b>242,363</b>    |
| <b>Valuation difference and foreign currency translation adjustments</b>       |                   |
| Unrealized gains or losses on other securities, net of tax                     | 6,941             |
| <b>Total valuation difference and foreign currency translation adjustments</b> | <b>6,941</b>      |
| <b>Subscription rights to shares</b>   | <b>99</b>         |
| <b>TOTAL NET ASSETS</b>  | <b>249,403</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>348,350</b>    |



**Non-Consolidated Statements of Operations**  
(From April 1, 2015 to March 31, 2016)

|  | (Millions of yen) |               |
|--|-------------------|---------------|
|  | Amount            |               |
| <b>Operating revenue</b>                             |                   |               |
| Dividend income from affiliated companies            | 26,592            |               |
| Business management income from affiliated companies | 2,648             | 29,241        |
| <b>Operating expenses</b>                            |                   |               |
| General and administrative expenses                  |                   | 3,544         |
| <b>Operating income</b>                              |                   | <b>25,696</b> |
| <b>Non-operating income</b>                          |                   |               |
| Interest income                                      | 99                |               |
| Dividend income                                      | 166               |               |
| Rent income  | 1,784             |               |
| Other non-operating income                           | 203               | 2,254         |
| <b>Non-operating expenses</b>                        |                   |               |
| Interest expense                                     | 60                |               |
| Expenses related to rental assets                    | 1,773             |               |
| Other non-operating expenses                         | 94                | 1,927         |
| <b>Recurring income</b>                              |                   | <b>26,023</b> |
| <b>Extraordinary income</b>                          |                   |               |
| Gain on sales of fixed assets                        | 1                 |               |
| Gain on sales of investment securities               | 0                 |               |
| Compensation income at affiliated companies          | 6                 | 8             |
| <b>Extraordinary loss</b>                            |                   |               |
| Loss on disposal of fixed assets                     | 13                |               |
| Loss on impairment of fixed assets                   | 12                |               |
| Loss on valuation of golf club membership            | 7                 |               |
| Other extraordinary loss                             | 3                 | 37            |
| <b>Profit before income taxes</b>                    |                   | <b>25,994</b> |
| Corporate income, inhabitant and enterprise taxes    | (36)              |               |
| Adjustment for income taxes                          | 83                | 47            |
| <b>Profit</b>  |                   | <b>25,946</b> |

## Non-Consolidated Statement of Changes in Net Assets (From April 1, 2015 to March 31, 2016)

(Millions of yen)

|  | Retained earnings |                            |                       |                                  |                   |                         |                                   |                         |                |                            |
|--|-------------------|----------------------------|-----------------------|----------------------------------|-------------------|-------------------------|-----------------------------------|-------------------------|----------------|----------------------------|
|  | Common stock      | Additional paid-in capital |                       |                                  | Retained earnings |                         |                                   |                         | Treasury stock | Total stockholders' equity |
|  |                   | Capital reserve            | Other capital surplus | Total additional paid-in capital | Legal reserve     | Other retained earnings |                                   | Total retained earnings |                |                            |
|  |                   |                            |                       |                                  |                   | General reserve         | Retained earnings carried forward |                         |                |                            |
| Balance at beginning of year                         | 10,000            | 2,500                      | 171,783               | 174,283                          | 1,645             | 26,104                  | 20,331                            | 48,082                  | (2,318)        | 230,047                    |
| Changes during the period                            |                   |                            |                       |                                  |                   |                         |                                   |                         |                |                            |
| Cash dividends                                       |                   |                            |                       |                                  |                   |                         | (13,627)                          | (13,627)                |                | (13,627)                   |
| Profit   |                   |                            |                       |                                  |                   |                         | 25,946                            | 25,946                  |                | 25,946                     |
| Purchase of treasury stock                           |                   |                            | 0                     | 0                                |                   |                         |                                   |                         | (4)            | (4)                        |
| Disposal of treasury stock                           |                   |                            |                       |                                  |                   |                         |                                   |                         | 0              | 0                          |
| Net changes of items other than shareholders' equity |                   |                            |                       |                                  |                   |                         |                                   |                         |                |                            |
| Total changes during the period                      | -                 | -                          | 0                     | 0                                | -                 | -                       | 12,319                            | 12,319                  | (4)            | 12,315                     |
| Balance at end of year                               | 10,000            | 2,500                      | 171,784               | 174,284                          | 1,645             | 26,104                  | 32,651                            | 60,401                  | (2,322)        | 242,363                    |

|  | Valuation difference and foreign currency translation adjustments |   | Subscription rights to shares | Total net assets |
|--|---|---|-------------------------------|------------------|
|  | Unrealized gains or losses on other securities, net of tax        | Total valuation difference and foreign currency translation adjustments |                               |                  |
| Balance at beginning of year                         | 6,765   | 6,765   | 44                            | 236,857          |
| Changes during the period                            |   |   |                               |                  |
| Cash dividends                                       |   |   |                               | (13,627)         |
| Profit   |   |   |                               | 25,946           |
| Purchase of treasury stock                           |   |   |                               | (4)              |
| Disposal of treasury stock                           |   |   |                               | 0                |
| Net changes of items other than shareholders' equity | 175   | 175   | 55                            | 231              |
| Total changes during the period                      | 175   | 175   | 55                            | 12,546           |
| Balance at end of year                               | 6,941   | 6,941   | 99                            | 249,403          |

## Notes to Non-Consolidated Financial Statements

All sums are shown in millions of yen and have been rounded down.

### 1. Notes Concerning Significant Accounting Policies

#### (1) Valuation Basis and Methods for Assets:

Valuation basis and methods for securities:

##### (i) Shares of Subsidiaries and Affiliated Companies:

Stated using cost method based on the moving average method.

##### (ii) Other Securities:

Securities with market values:

Stated using the market price method based on amounts using market prices, etc. on the closing date. (Valuation differences are reflected directly in net assets and cost of sales is calculated using the moving average method.)

Securities without market values:

Stated using the cost method based on the moving average method.

With respect, however, to contributions to limited partnerships for investment and similar partnerships (deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), these are stated by the net amount corresponding to the Company's equity share, based on the most recent available financial reports according to the date for settlement of accounts provided for in the partnership agreement.

#### (2) Depreciation Methods for Fixed Assets:

##### (i) Property, Plant and Equipment:

Stated using the declining-balance method.

The general useful life of property, plant and equipment is as follows:

|                               |               |
|-------------------------------|---------------|
| Buildings                     | 3 to 18 years |
| Structures                    | 10 years      |
| Machinery and equipment       | 8 years       |
| Tools, furniture and fixtures | 2 to 15 years |

##### (ii) Intangible Assets:

Stated using the straight-line method.

The general useful life of software is as follows:

|                            |         |
|----------------------------|---------|
| Software (used internally) | 5 years |
|----------------------------|---------|

#### (3) Basis of Recognition for Provision:

##### (i) Provision for Directors' Bonuses:

The Company provides for directors' bonuses based on estimated bonus payments in this fiscal year.

##### (ii) Accrued Retirement and Severance Benefits:

The Company provides for retirement and severance benefits for employees based on estimated retirement benefit obligations as of the end of this fiscal year.

(4) Other Important Information Constituting the Basis of Preparation of Non-Consolidated Financial Statements:

- (i) Accounting Treatment of Consumption Tax:  
Consumption tax is accounted for separately and is not figured into each listed item.
- (ii) Application of consolidated taxation system  
The Company has applied the consolidated taxation system.

2. Notes to Changes in Method of Presentation

Non-Consolidated Balance Sheet

- (1) "Taxes receivable," which had been included in "Other current assets" under "Current assets" until the previous fiscal year, is stated separately from this fiscal year due to the increased materiality of the amount. The total of "Taxes receivable," for the previous consolidated fiscal year was 1 million yen.
- (2) "Guarantee deposits received," which had been included in "Other current liabilities" under "Non-current liabilities" until the previous fiscal year, is stated separately from this fiscal year due to the increased materiality of the amount. The total of "guarantee deposits received," for the previous consolidated fiscal year was 153 million yen.

3. Notes to Non-Consolidated Balance Sheet

- (1) Amount of accumulated depreciation of property, plant and equipment: ¥1,691 million

(2) Guarantee Obligations

The Company has made guarantees in respect of obligations in connection with leasing contracts of an affiliated company.

BANDAI NAMCO WILL INC. ¥60 million

- (3) Monetary claims and obligations with respect to affiliated companies (excluding amounts given in specific categories)

|  |                |
|--|----------------|
| Short-term monetary claims on affiliated companies:      | ¥7,734 million |
| Short-term monetary obligations to affiliated companies: | ¥560 million   |
| Long-term monetary obligations to affiliated companies:  | ¥1,859 million |

4. Notes to Non-Consolidated Statements of Operations

Transactions with affiliated companies (excluding amounts given in specific categories)

Operating Transactions:

Service commission fees ¥474 million

Non-operating Transactions:

Non-operating income ¥1,838 million

Non-operating expenses ¥53 million

5. Notes to Non-Consolidated Statement of Changes in Net Assets

The total number and type of treasury stock as of the end of this fiscal year

Common stock 2,204,760 shares

6. Notes Concerning Tax Effect Accounting

The main factors in the occurrence of deferred tax assets are denial of loss on valuation of stocks of affiliated companies and loss on valuation of investment securities, and they

were recorded net of valuation allowance. The main factor in the occurrence of deferred tax liabilities is unrealized gains or losses on other securities, net of tax.

## 7. Notes Concerning Transactions with Related Parties

### Subsidiaries and Affiliated Companies, etc.

(Millions of yen)

| Type       | Company                         | Ratio of voting rights ownership | Relationship with related parties | Content   | Amount | Account items                                   | Balance as of March 31, 2016 |
|------------|---------------------------------|----------------------------------|-----------------------------------|---|--------|---|------------------------------|
| Subsidiary | BANDAI CO., LTD.                | Holding directly 100.0%          | Interlocking directorate          | Borrowings (Note 1)   | 30,463 | Short-term borrowings from affiliated companies | 37,615                       |
|            |                                 |                                  |                                   | Payment of interest   | 17     | -   | -                            |
| Subsidiary | BANDAI NAMCO Entertainment Inc. | Holding directly 100.0%          | Interlocking directorate          | Amount collected due to application of consolidated taxation system | 5,137  | Accounts receivable-other                       | 2,411                        |
|            |                                 |                                  |                                   | Borrowings (Note 1)   | 8,576  | Short-term borrowings from affiliated companies | 10,708                       |
| Subsidiary | BANDAI VISUAL CO., LTD.         | Holding directly 100.0%          | Interlocking directorate          | Payment of interest   | 4      | -   | -                            |
|            |                                 |                                  |                                   | Loans (Note 2)  | 17,350 | -   | -                            |
| Subsidiary | NAMCO LIMITED                   | Holding directly 100.0%          | Interlocking directorate          | Receipt of interest   | 61     | -   | -                            |
|            |                                 |                                  |                                   | Receipt of claims (Note 3)  | 5,681  | -   | -                            |
| Subsidiary | BANPREST O CO., LTD.            | Holding indirectly 100.0%        | -                                 | Borrowings (Note 1)   | 6,779  | Short-term borrowings from affiliated companies | 7,179                        |
|            |                                 |                                  |                                   | Payment of interest   | 4      | -   | -                            |
| Subsidiary | SUNRISE INC.                    | Holding directly 100.0%          | -                                 | Borrowings (Note 1)   | 12,294 | Short-term borrowings from affiliated companies | 12,294                       |
|            |                                 |                                  |                                   | Payment of interest   | 7      | -   | -                            |
| Subsidiary | BANDAI NAMCO Studios Inc.       | Holding indirectly 100.0%        | -                                 | Borrowings (Note 1)   | 7,846  | Short-term borrowings from affiliated companies | 7,982                        |
|            |                                 |                                  |                                   | Payment of interest   | 4      | -   | -                            |
| Subsidiary | BANDAI NAMCO Holdings USA Inc.  | Holding directly 100.0%          | Interlocking directorate          | Underwriting of capital increase (Note 3)                           | 5,681  | -   | -                            |
| Subsidiary | BANDAI NAMCO Business Arc Inc.  | Holding directly 100.0%          | Interlocking directorate          | Payment of operation consignment (Note 4)                           | 474    | Accounts payable-other                          | 39                           |

Conditions of transactions and policies for determining the conditions of transactions

(Notes) 1. The borrowings are transactions made by the cash management system (CMS); the amount stated is the average balance during this fiscal year. To clearly disclose the

actual conditions of CMS transactions, the transaction net amount is shown. The interest rate on these borrowings is, based on intra-Group regulations, determined reasonably, taking into account market interest rates.

2. The interest rate on these loans is, based on intra-Group regulations, determined reasonably, taking into account market interest rates.
3. The Company received accounts receivable held by BANDAI NAMCO Entertainment Inc. against BANDAI NAMCO Entertainment America Inc. at the book value, and made a contribution in kind for the aforementioned claims to BANDAI NAMCO Holdings USA Inc.
4. The amounts of the operation consignment paid to BANDAI NAMCO Business Arc Inc. are decided through cooperative discussion with that company, giving consideration to the total cost, etc.

#### 8. Notes Concerning Per-Share Data

|                           |           |
|---------------------------|-----------|
| (1) Net assets per share: | ¥1,134.26 |
| (2) Net profit per share: | ¥118.05   |

#### 9. Notes Concerning Significant Subsequent Events

(Acquisition of Shares Through Tender Offers)

This note is omitted because the information is provided in “VIII. Significant Subsequent Events,” of the Notes to Consolidated Financial Statements.

## **Independent Auditor's Report**

May 18, 2016

The Board of Directors  
BANDAI NAMCO Holdings Inc.

KPMG AZSA LLC

Toshihiro Otsuka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hiroo Iwaide (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Terukazu Nagamine (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statements of operations, the consolidated statement of changes in net assets and the related notes of BANDAI NAMCO Holdings Inc. as at March 31, 2016 and for the year from April 1, 2015 to March 31, 2016 in accordance with Article 444-4 of the Companies Act.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those



risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of BANDAI NAMCO Holdings Inc. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## **Independent Auditor's Report**

May 18, 2016

The Board of Directors  
BANDAI NAMCO Holdings Inc.

KPMG AZSA LLC

Toshihiro Otsuka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hiroo Iwaide (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Terukazu Nagamine (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statements of operations, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of BANDAI NAMCO Holdings Inc. as at March 31, 2016 and for the year from April 1, 2015 to March 31, 2016 in accordance with Article 436-2-1 of the Companies Act.

### **Management's Responsibility for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of BANDAI NAMCO Holdings Inc. for the period, for which the non-consolidated financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## **Audit & Supervisory Board's Report**

### **Audit Report**

We, the Audit & Supervisory Board, prepared this audit report on the execution of duties by Directors during the 11th fiscal year from April 1, 2015 to March 31, 2016, following deliberations based on audit reports prepared by each Audit & Supervisory Board Member.

#### **1. Method and Content of Audits by Audit & Supervisory Board Members and the Audit & Supervisory Board**

- (1) We devised the 11th auditing plan (auditing policies, duties assigned to each Audit & Supervisory Board Member and auditing methods), received reports on the progress on, and results of, audits from each Audit & Supervisory Board Member, as well as reports on the execution of their duties from Directors, etc. and the Accounting Auditor, and requested explanations as necessary.
- (2) Each Audit & Supervisory Board Member communicated with the Directors, the internal auditing division, and other employees, etc., in accordance with the internal regulations established by the Audit & Supervisory Board, and the above-mentioned auditing plan, to collect information and improve the auditing environment and conducted the audits in the following methods.
  - (i) We attended the meetings of the Board of Directors and other significant meetings, received reports on the execution of duties from Directors and employees, etc., obtained explanations thereof as necessary, viewed documents concerning important decisions, and investigated the conditions of operations and assets of the Company. Regarding the Company's subsidiaries, we communicated and shared information with the Directors and the Audit & Supervisory Board Members, etc. of the subsidiaries, and received reports on their business as necessary from them.
  - (ii) We also periodically received reports from Directors and employees, etc., requested explanations as necessary, and expressed opinion, regarding the development and operation of internal control systems that were organized based on decisions by the Board of Directors in relation to the development of a system to ensure that the execution of duties by Directors and other operations of the corporate group consisting of the Company and its subsidiaries as described in the business reports were in conformity with applicable laws and regulations and the Company's Articles of Incorporation, and a system stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Ordinance of the Companies Act.
  - (iii) We further examined the content of basic policies (Article 118, Item 3-(a) of the Enforcement Ordinance of the Companies Act) and actions (Article 118, Item 3-(b) of the Enforcement Ordinance of the Companies Act) described in business reports based on the meetings of the Board of Directors and other discussions.
  - (iv) We monitored and verified that the Accounting Auditor remained independent and performed audits appropriately, received reports on the execution of its duties from the Accounting Auditor and requested explanations as necessary. We were also notified that a "system for ensuring the proper execution of duties" (as per Article 131 of the Corporate Accounting Rules) was organized in accordance with "Quality Control Standards for Auditing" (October 28, 2005, Business Accounting Council), and requested explanations as necessary.

Using the aforementioned method, we examined the Business Report and the supplementary schedules, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statements of operations, non-consolidated statement of changes in net assets, and notes thereto), their supplementary statements and consolidated financial statements (consolidated balance sheet, consolidated statements of operations, consolidated statement of changes in net assets, and notes thereto) for this fiscal year under review.

## 2. Results of the Audit

### (1) Audit Results of business reports, etc.

- (i) We confirm that the business reports and its supplementary statements fairly represent the condition of the Company and are in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We confirm that, with respect to the execution of duties by Directors, there are no fraudulent acts, or material facts that violate applicable laws and regulations or the Articles of Incorporation.
- (iii) We confirm that the decisions made by the Board of Directors with regard to internal control systems are proper. We recognize that there is nothing to be cited with respect to the description of those internal control systems in the business reports and the execution of duties by Directors.
- (iv) We confirm that there is nothing to be cited in respect of the basic policy described in the business reports concerning what and how a person or entity controlling decisions on the financial and business policies of the Company should be. We confirm that actions (Article 118, Item 3-(b) of the Enforcement Ordinance of the Companies Act) described in the business reports are in accordance with this basic policy and that these actions do not damage our Group's value and shareholders' common interest, nor serve to maintain the position of the directors of the Company.

### (2) Audit Result of non-consolidated financial statements and their supplementary statements.

We confirm that the methods and the results of the audit by KPMG AZSA LLC, the Accounting Auditor of the Company, are appropriate.

### (3) Audit Result of consolidated financial statements

We confirm that the methods and the results of the audit by KPMG AZSA LLC, the Accounting Auditor of the Company, are appropriate.

May 19, 2016

|  |                   |  |        |
|--|-------------------|--|--------|
| Audit & Supervisory Board                  |                   |  |        |
| BANDAI NAMCO Holdings Inc.                 |                   |  |        |
| Full Time Audit & Supervisory Board Member | Kazuo Asami       |  | (Seal) |
| Full Time Audit & Supervisory Board Member | Katsuhiko Kohtari |  | (Seal) |
| (Outside Audit & Supervisory Board Member) |                   |  |        |
| Audit & Supervisory Board Member           | Osamu Sudoh       |  | (Seal) |
| (Outside Audit & Supervisory Board Member) |                   |  |        |
| Audit & Supervisory Board Member           | Katsuhiko Kamijo  |  | (Seal) |
| (Outside Audit & Supervisory Board Member) |                   |  |        |

**END**