

# BANDAI NAMCO Holdings Inc.

## Notice of the Twelfth Ordinary General Meeting of Shareholders to be held on June 19, 2017

An English translation of the original notice in Japanese

### DISCLAIMER

The following is an English translation of the Japanese original “Notice of the Twelfth Ordinary General Meeting of Shareholders of BANDAI NAMCO Holdings Inc.” which meeting is to be held on June 19, 2017. 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 29, 2017

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

Dear Shareholders,

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

You are cordially invited to attend the Twelfth 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 17, 2017.

**Meeting Details**

- 1. Date and Time:** June 19, 2017 (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 Twelfth Fiscal Year (from April 1, 2016 to March 31, 2017)
2. Report on the Contents of the Non-Consolidated Financial Statements for the Twelfth Fiscal Year (from April 1, 2016 to March 31, 2017)

**Matters to be Resolved:**

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

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

**Proposal No. 3:** Change in Content of Performance-based Remuneration for Directors  
(Transition to a Performance-based Stock Compensation Plan)

**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 21.

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 TWELFTH 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 17, 2017.**

**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 17, 2017.**

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.

<p>If revisions to the contents of the "Reference Documents for the General Meeting of Shareholders," the "Business Reports," the "Consolidated Financial Statements" and the "Non-Consolidated Financial Statements" are required, the Company shall publish a notification on the Company website at the following URL: (<a href="http://www.bandainamco.co.jp/ir/stock/meeting.html">http://www.bandainamco.co.jp/ir/stock/meeting.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 (TLS 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 (internet access fees, etc.) are to be borne by the shareholder. Also, when voting via smartphone or mobile phone, etc., 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 Electronic Voting Platform operated by ICJ, Inc.

## 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 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, the Company will pay a year-end dividend of ¥70 per share, which consists of a stable dividend of ¥12 per share, a performance-based dividend of ¥38 per share, and an additional special dividend of ¥20 per share due to achieving record-high net sales and profit and surpassing, one year ahead of schedule, ¥600.0 billion in net sales and ¥60.0 billion in operating profit, the final numerical targets of its three-year Mid-term Plan started in April 2015.

Since the Company paid an interim dividend of ¥12 per share on December 6, 2016, the total annual dividend for the fiscal year will be ¥82 per share.

(i) Type of dividend assets: Cash
(ii) Allocation of dividend assets to be paid to shareholders and total amount of dividend: Dividend per share of common stock of the Company .....¥70 Total amount of dividends..... ¥15,385,568,940
(iii) Effective date of distribution of surplus (dividend): June 20, 2017

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

Since the terms of office of the ten 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 are 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, are considered and a decision is made accordingly.

When selecting candidates for Director of the Company, a Personnel Committee of which a majority of the members are independent Outside Directors is established on a discretionary basis to act as a forum for debate and receive recommendations, and the independent Outside Directors 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 (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
1	Shukuo Ishikawa (April 15, 1955)  Number of the Company's Shares Owned 53,300 Shares	Chairman and Representative Director	<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>Jun. 2015: Chairman and Representative Director of the Company (current position)</p>
<p>Reasons for proposing Mr. Shukuo Ishikawa as a candidate for Director: 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 (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
2	<p>Mitsuaki Taguchi (June 16, 1958)</p> <p>Number of the Company's Shares Owned 62,600 Shares</p>	<p>President and Representative Director</p>	<p>Apr. 1982: Joined BANDAI CO., LTD. Apr. 1999: General Manager, Vending Machine Business Department of BANDAI CO., LTD. Jun. 2003: Director, Leader of Lifestyle Group and Lifestyle Company President of BANDAI CO., LTD. Apr. 2006: Managing Director in charge of new business policy of BANDAI CO., LTD. Apr. 2009: Senior Managing Director in charge of media policy and new business policy of BANDAI CO., LTD. Apr. 2010: Executive Vice President and Director in charge of media policy and new business policy of BANDAI CO., LTD. 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. Apr. 2015: Adviser of the Company Jun. 2015: President and Representative Director of the Company (current position)</p>
<p>Reasons for proposing Mr. Mitsuaki Taguchi as a candidate for Director: 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. Furthermore, he also supervised the business appropriately after his appointment as President and Representative Director of the Company in 2015. 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 (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
3	<p>Shuji Ohtsu (August 6, 1959)</p> <p>Number of the Company's Shares Owned 27,200 Shares</p>	<p>Director and Division General Manager of the Group Administrative Headquarters</p>	<p>Mar. 1986: Licensed as a CPA  Dec. 1996: Partner in Century Audit Corporation  Jan. 2000: Partner in Century Ota Showa &amp; Co. (currently Ernst &amp; Young ShinNihon LLC)  Sep. 2003: Partner in KPMG AZSA &amp; Co. (currently KPMG AZSA LLC)  May 2004: Board Member of KPMG AZSA &amp; Co.  Oct. 2007: Joined the Company as Adviser  Jun. 2008: Director in charge of Overseas Operations, Group Administrative Headquarters, Corporate Legal Affairs Office and Internal Auditing Division of the Company  Jun. 2011: Director in charge of Overseas Regional Headquarters Companies and Division General Manager of the Group Administrative Headquarters of the Company  Apr. 2013: Director and Division General Manager of the Group Administrative Headquarters of the Company (current position)  President and Representative Director of NAMCO BANDAI Holdings (USA) Inc. (currently BANDAI NAMCO Holdings USA Inc.) (current position)  Apr. 2015: President and Representative Director of BANDAI NAMCO Business Arc Inc. (current position)</p> <p>(Major concurrent positions)  President and Representative Director of BANDAI NAMCO Holdings USA Inc.  President and Representative Director of BANDAI NAMCO Business Arc Inc.</p>
<p>Reasons for proposing Mr. Shuji Ohtsu as a candidate for Director:  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 (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
4	Yuji Asako (January 18, 1966)  Number of the Company's Shares Owned 28,100 Shares	Director and Division General Manager of the Corporate Planning Division	<p>Apr. 1986: Joined BANDAI CO., LTD.</p> <p>Aug. 2005: General Manager, Accounting Division of BANDAI CO., LTD.</p> <p>Sep. 2005: Joined the Company, as General Manager of the Corporate Administration Department</p> <p>Apr. 2006: Director of NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.)</p> <p>Apr. 2008: Executive Officer, Division General Manager of Corporate Planning Division of the Company</p> <p>Jun. 2010: Director in charge of Corporate Planning and Division General Manager of the Corporate Planning Division of the Company</p> <p>Jun. 2011: Director and Division General Manager of the Corporate Planning Division of the Company (current position)</p> <p>Apr. 2014: Director of NAMCO LIMITED (*) * Newly established company through the incorporation-type company split of NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.)</p> <p>Apr. 2017: Director of BANDAI NAMCO Holdings ASIA CO., LTD. (current position)</p>
<p>Reasons for proposing Mr. Yuji Asako as a candidate for Director: 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 (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
5	<p>Masaru Kawaguchi (November 2, 1960)</p> <p>Number of the Company's Shares Owned 33,500 Shares</p>	<p>Director in charge of Toys and Hobby SBU</p>	<p>Apr. 1983: Joined BANDAI CO., LTD.</p> <p>Apr. 2002: Executive Officer and General Manager, Vending Machine Business Department of BANDAI CO., LTD.</p> <p>Apr. 2006: Director in charge of distribution policy of BANDAI CO., LTD.</p> <p>Apr. 2010: Managing Director in charge of hobby business policy and quality assurance policy of BANDAI CO., LTD.</p> <p>Apr. 2015: Senior Managing Director in charge of toy business policy of BANDAI CO., LTD.</p> <p>Aug. 2015: President and Representative Director of BANDAI CO., LTD. (current position) Executive Officer of the Company</p> <p>Jun. 2016: Director in charge of Toys and Hobby SBU of the Company (current position)</p> <p>(Major concurrent position) President and Representative Director of BANDAI CO., LTD.</p>
<p>Reasons for proposing Mr. Masaru Kawaguchi as a candidate for Director: 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.</p>			

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
6	<p>Satoshi Oshita (July 3, 1953)</p> <p>Number of the Company's Shares Owned 47,500 Shares</p>	<p>Director in charge of Network Entertainment SBU</p>	<p>Mar. 1976: Joined BANDAI CO., LTD.  Apr. 1992: General Manager, Toy Marketing Department of BANDAI CO., LTD.  Jun. 1999: Executive Officer and Deputy Division Head, Consumer Business Division, and General Manager, SWAN Business Department of BANDAI CO., LTD.  Mar. 2002: Joined Bandai Networks Co., Ltd., as Executive Manager  Jun. 2002: President and Representative Director of Bandai Networks Co., Ltd.  Jun. 2007: Director in charge of Network SBU of the Company  Apr. 2009: Managing Director in charge of CS business and NE business of NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.)  Apr. 2010: President and Representative Director of BANDAI VISUAL CO., LTD.  Apr. 2012: Executive Officer in charge of Content SBU of the Company  President and Representative Director of NAMCO BANDAI Games Inc. (current position)  Jun. 2012: Director in charge of Content SBU of the Company  Jan. 2015: President of BANDAI NAMCO (SHANGHAI) CO., LTD.  Apr. 2015: Director in charge of Network Entertainment SBU of the Company (current position)  Oct. 2016: Chairman and Representative Director of BANDAI NAMCO Studios Inc.</p> <p>(Major concurrent position)  President and Representative Director of BANDAI NAMCO Entertainment Inc.</p>
<p>Reasons for proposing Mr. Satoshi Oshita as a candidate for Director:  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 (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
7	<p>Kazumi Kawashiro (November 4, 1959)</p> <p>Number of the Company's Shares Owned 16,600 Shares</p>	<p>Director in charge of Visual and Music Production SBU</p>	<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) President and Representative Director of BANDAI VISUAL CO., LTD.</p> <p>Reasons for proposing Mr. Kazumi Kawashiro as a candidate for Director: 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 (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
8	<u>Outside Director</u> Yuzuru Matsuda (June 25, 1948)  Number of the Company's Shares Owned --- Shares	Director	Apr. 1977: Joined Kyowa Hakko Kogyo Co., Ltd. (currently Kyowa Hakko Kirin Co., Ltd.) Jun. 2000: Executive Officer and Head of Pharmaceutical Research Institute of Kyowa Hakko Kogyo Co., Ltd. Jun. 2002: Managing Director and General Manager of Comprehensive Planning Office of Kyowa Hakko Kogyo Co., Ltd. Jun. 2003: President and Representative Director of Kyowa Hakko Kogyo Co., Ltd. Oct. 2008: Executive Director of the Board, President and Chief Executive Officer of Kyowa Hakko Kirin Co., Ltd. Mar. 2012: Advisor of Kyowa Hakko Kirin Co., Ltd. Jun. 2012: Head of Kato Memorial Bioscience Foundation (current position) Jun. 2014: Outside Director of KUBOTA Corporation (current position) Outside Director of the Company (current position) Jun. 2015: Outside Director of JSR Corporation (current position)
(Major concurrent positions) Head of Kato Memorial Bioscience Foundation Outside Director of KUBOTA Corporation Outside Director of JSR Corporation			
Reasons for proposing Mr. Yuzuru Matsuda as a candidate for Outside Director and his suitability as Outside Director: 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.			
9	<u>Outside Director</u> Satoko Kuwabara (November 1, 1964)  Number of the Company's Shares Owned --- Shares	Director	Apr. 1990: Admitted to the bar in Japan Joined Mori Sogo Law Offices (currently Mori Hamada & Matsumoto) Jan. 1998 Partner of Mori Hamada & Matsumoto (current position) Jun. 2016 Outside Director of the Company (current position)
(Major concurrent position) Attorney-at-Law Partner of Mori Hamada & Matsumoto			
Reasons for proposing Ms. Satoko Kuwabara as a candidate for Outside Director and her suitability as Outside Director: Although she has not been involved in corporate management other than through serving as an Outside Director, 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.			

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
10	<u>Outside Director</u> Mikiharu Noma (November 6, 1974)  Number of the Company's Shares Owned --- Shares	Director	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 Oct. 2004: Assistant Professor of Graduate School of International Corporate Strategy (ICS) of Hitotsubashi University Apr. 2007: Associate Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University (current position) Jun. 2016: Outside Director of the Company (current position)  (Major concurrent position) Associate Professor at Graduate School of International Corporate Strategy (ICS), Hitotsubashi University
Reasons for proposing Mr. Mikiharu Noma as a candidate for Outside Director and his suitability as Outside Director: Although he has not been involved in corporate management other than through serving as an Outside Director, 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. Each of the candidates is currently Outside Director of the Company. As of the close of this General Meeting of Shareholders, Mr. Yuzuru Matsuda will have served as Outside Director for approximately three years, and Ms. Satoko Kuwabara and Mr. Mikiharu Noma will have served for approximately one year.
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 16) 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/Audit & Supervisory Board Members as defined in the rules of the Tokyo Stock Exchange and would be the Independent Directors/Audit & Supervisory Board Members 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 Outside 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.”

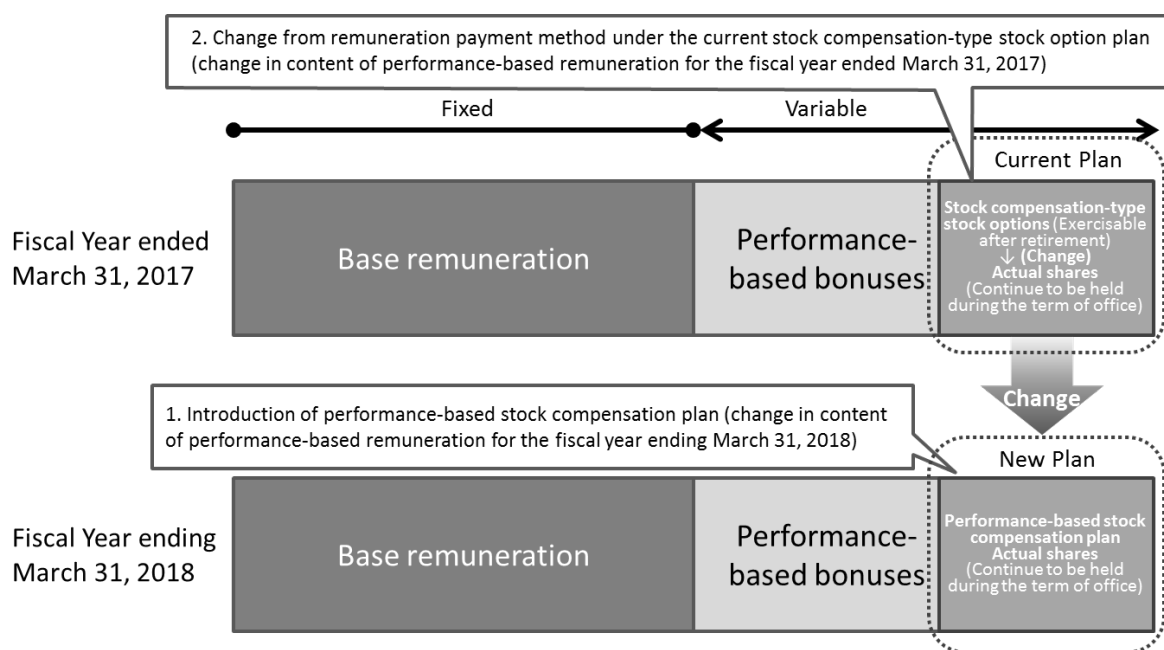


**Proposal No. 3: Change in Content of Performance-based Remuneration for Directors  
(Transition to a Performance-based Stock Compensation Plan)**

The Company seeks approval for a transition of its performance-based remuneration for Directors excluding Outside Directors of the Company (hereinafter “Eligible Directors”) from the current stock compensation-type stock option plan with an upper limit of 160 million yen per year, for which shareholders’ approval was received, to a plan that provides monetary compensation claims for granting common stock of the Company and cash (hereinafter “performance-based stock compensation plan”) with the same upper limit of 160 million yen per year.

Provided this proposal is approved and adopted, the Company will no longer grant stock compensation-type stock options under the current stock compensation-type stock option plan.

(Reference) For a visual overview of the Company’s Directors remuneration (excluding Outside Directors) and points of change under this proposal, please see the figure below.



(Note) In addition to the above, we also request approval for a partial change to the exercise period and conditions on exercising rights with regard to stock compensation-type stock options granted under the former Plan due to achieving the business performance targets for the fiscal years ended March 31, 2013 and March 31, 2015.

3. Change in content of stock compensation-type stock options (stock subscription rights) granted under the former Plan (change in content of performance-based remuneration already granted)

**1. Introduction of performance-based stock compensation plan (change in content of performance-based remuneration for the fiscal year ending March 31, 2018)**

Remuneration for Eligible Directors of the Company comprises base remuneration as fixed remuneration, performance-based bonuses as variable remuneration, and stock compensation-type stock options.

At the Company’s Tenth Ordinary General Meeting of Shareholders held on June 22, 2015, shareholders’ approval was received for granting stock compensation-type stock options with an upper limit of 160 million yen per year to Eligible Directors (hereinafter referred to as “the Current Plan”) by way of responding to the Mid-term Plan of the BANDAI NAMCO Group (from April

2015 to March 2018) (hereinafter referred to as “the Mid-term Plan”) (hereinafter, this resolution for approval is referred to as “the Current Plan approval resolution”).

The Current Plan is designed to have Directors aspire toward achieving performance targets listed in the Mid-term Plan. Under the Current Plan, the performance requirement (50,000 million yen or greater of consolidated operating profit for the Company) has been imposed as a condition for the options being allotted, and the stock compensation-type stock options will not be granted to Directors in the first place if the requirement is not fulfilled. Whether stock options are granted, and what baseline is set, are determined for each fiscal year while the Mid-term Plan is in effect.

Recently, with regard to the stock compensation system for directors in Japan, various improvements have been made to the system to enable shares to be directly delivered to directors by providing monetary compensation claims to directors and, in turn, the monetary compensation claims being paid in by the directors as property contributed in kind. Based on the system improvements, the Company seeks to revise the remuneration system for Directors from a viewpoint of further deepening shared value with shareholders through Directors’ direct holding of shares. Consequently, the Company would like to partially change the Current Plan approval resolution as performance-based remuneration plan, and introduce a performance-based stock compensation plan (hereinafter referred to as “the Plan”) in the fiscal year ending March 31, 2018, which is the final fiscal year of the Mid-term Plan, in place of the Current Plan while adhering to the approach of the Current Plan.

Specifically, the Company, in accordance with this proposal, requests shareholders’ approval for the provision of monetary compensation claims (to be used as property contributed in kind in payment for common stock of the Company) and cash as performance-based remuneration for the fiscal year ending March 31, 2018 to Eligible Directors with an upper limit of 160 million yen per year, which is equal to the upper limit for remuneration in the Current Plan approval resolution, in place of the stock compensation-type stock options for the fiscal year ending March 31, 2018 based on the Current Plan approval resolution.

Since the transition to the Plan enables Directors, etc. to directly hold shares during their terms of office, the Company believes that the Plan will deepen shared value with shareholders beyond that in the Current Plan. Furthermore, in regard to the common stock of the Company to be delivered under the Plan, as with the Current Plan, sale of the shares shall be restricted during the terms of office of Directors, etc., and Directors, etc. shall continue to hold the shares until their retirement in order to continue to ensure shared value with shareholders during the terms of office of Directors, etc. The number of shares of common stock of the Company to be delivered shall be no more than 40,000 in each fiscal year. Furthermore, part of the remuneration shall be paid in cash rather than as monetary compensation claims, so that it may be allocated to pay taxes arising at the time when shares of common stock of the Company are delivered to the Directors.

Providing Proposal No. 2 is approved and adopted as proposed, the number of Eligible Directors will be seven.

The content of the Plan is as follows:

(1) Overview of the Plan

As with the Current Plan, under the Plan, common stock of the Company(\*) and cash (hereinafter referred to as “the Company’s Shares, Etc.”) shall be delivered or provided to Eligible Directors according to the amount of consolidated operating profit only if consolidated operating profit of the Company in the fiscal year ending March 31, 2018, which is the final fiscal year of the Mid-term Plan, (hereinafter referred to as “the Evaluation Period”) is 50,000 million yen or greater.

(\*) Method of delivering the Company’s common stock under the Plan

The Company shall provide monetary compensation claims as remuneration to Eligible Directors, who shall pay in the monetary compensation claims as property contributed in kind to receive delivery of the Company’s common stock.

(2) Upper limit on remuneration amount under the Plan

The amount of monetary compensation claims (provided so that Eligible Directors can receive delivery of the Company's common stock as described in (1) above) and cash shall be determined according to the amount of consolidated operating profit in the Evaluation Period (\*) and with an upper limit of 160 million yen per year.

(\*) Monetary compensation claims and cash shall not be provided if consolidated operating profit does not reach 50,000 million yen. If consolidated operating profit is 50,000 million yen or greater, the amount to be provided shall vary in a range of up to a maximum of 160 million yen, according to the increase in consolidated operating profit.

(3) Upper limit on the total number of shares to be delivered to Eligible Directors

The total number of shares to be delivered shall be no greater than 40,000 (0.02% of the total number of shares issued) during each fiscal year.

The amount to be paid in per share shall be determined by the Board of Directors within a range that would not be considered specially advantageous to Eligible Directors, for example, based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution at the Board of Directors meeting prescribed in (4) below.

(4) Requirements for delivering the Company's Shares, Etc. to Eligible Directors

Under the Plan, the Company's Shares, Etc. shall be delivered or provided when the Evaluation Period ends and Eligible Directors fulfill the following requirements. The amount of the Company's Shares, Etc. to be delivered or provided to each Eligible Director shall be determined at the Board of Directors meeting held after the expiration of the Evaluation Period.

- (i) The Eligible Director was in office as a Director, etc. during the Evaluation Period.
- (ii) The Eligible Director did not engage in any specified misconduct.
- (iii) Other requirements deemed necessary that have been set by the Board of Directors

**2. Change from remuneration payment method under the current stock compensation-type stock option plan (change in content of performance-based remuneration for the fiscal year ended March 31, 2017)**

Now, as described in 1. above, the Company seeks to introduce a performance-based stock compensation plan as performance-based remuneration for the fiscal year ending March 31, 2018. As this will enable the Company's common stock to be directly delivered to Directors, in order to further promote shared value with shareholders, we request a partial change in the Current Plan approval resolution, so that, with regard to stock compensation-type stock options as performance-based remuneration for the fiscal year ended March 31, 2017, for which the amount of consolidated operating profit that is the indicator for the performance requirements has already been finalized, shares can also be directly delivered with content similar to the Plan, instead of adopting a stock compensation-type stock option plan.

Specifically, in accordance with this proposal, instead of the stock compensation-type stock options for the fiscal year ended March 31, 2017 based on the Current Plan approval resolution, we request shareholders' approval for providing monetary compensation claims (to be used as property contributed in kind in payment for common stock of the Company) and cash to Eligible Directors as performance-based remuneration for the fiscal year ended March 31, 2017, with the same upper limit of 160 million yen per year as that under the Current Plan approval resolution.

The intention to deepen shared value with shareholders by having Directors, etc. directly hold shares during their terms of office, the restriction on selling shares during their terms of office in order to continue to ensure shared value, the limit of 40,000 shares as the number of shares of common stock of the Company that may be delivered per fiscal year, and the reason for payment of part of the remuneration in cash are the same as for 1. above. Moreover, other than taking the fiscal

year ended March 31, 2017 as the Evaluation Period for 1. (1) above, the content is the same as the performance-based stock compensation plan described in 1. above.

If Proposal No. 2 is approved and adopted as proposed, then the number of Eligible Directors to receive the monetary compensation claims (to be used as property contributed in kind in payment for common stock of the Company) and cash as performance-based remuneration for the fiscal year ended March 31, 2017 will be seven.

### **3. Change in content of stock compensation-type stock options (stock subscription rights) granted under the former Plan (change in content of performance-based remuneration already granted)**

At the Seventh Ordinary General Meeting of Shareholders held on June 18, 2012, the Company introduced the remuneration system for Directors of the Company in which stock compensation-type stock options are granted as performance-based remuneration for each fiscal year during the period of the Mid-term Plan of the BANDAI NAMCO Group (from April 2012 to March 2015) (hereinafter referred to as “the previous Mid-term Plan”), on the condition that business performance targets in the previous Mid-term Plan are achieved (This remuneration plan shall be hereinafter referred to as “the former Plan”). Because the targets have in fact been achieved for the fiscal years ended March 31, 2013 and March 31, 2015 within the previous Mid-term Plan period, at Board of Directors meetings held on May 21, 2013 and May 21, 2015 it was resolved to issue stock subscription rights, and the Company has granted stock compensation-type stock options.

Now, as described in 1. above, the Company seeks to introduce a performance-based stock compensation plan as a performance-based remuneration plan for the fiscal year ending March 31, 2018. As this will enable the Company’s common stock to be directly delivered to Directors, we request a partial change to the exercise period and conditions on exercising rights with regard to stock compensation-type stock options granted under the former Plan and that have not been exercised, so as to ensure early exercise of the stock options and acquisition of shares and to further promote shared value with shareholders. Moreover, even after the change, the Company’s common stock acquired through exercise of the stock compensation-type stock options shall be restricted from being sold during the terms of office of Directors, etc., and shall be held continuously until their retirement (however, excluding the case where such sale is necessary to secure funding for payment of taxes arising in relation to the exercise of the stock compensation-type stock options), so that after the change, just as with the former Plan prior to the change, shared value with shareholders between Directors, etc. and shareholders during their terms of office shall be ensured.

- (i) Stock subscription rights as per resolution made at the Board of Directors meeting held on May 21, 2013

#### Before the change

- Period during which stock subscription rights can be exercised  
From June 5, 2013 to June 4, 2033
- Conditions for exercising stock subscription rights  
Those receiving an allotment of stock subscription rights may exercise stock subscription rights during the above period, limited to 10 days after the day following that on which the holder ceases to have any status as Director, Audit & Supervisory Board Member or employee at the Company or its subsidiaries.

#### After the change

- Period during which stock subscription rights can be exercised  
From June 5, 2013 to June 19, 2018
- Conditions for exercising stock subscription rights  
(Deleted)

- (ii) Stock subscription rights as per resolution made at the Board of Directors meeting held on May 21, 2015

Before the change

- Period during which stock subscription rights can be exercised  
From June 5, 2015 to June 4, 2035
- Conditions for exercising stock subscription rights  
Those receiving an allotment of stock subscription rights may exercise stock subscription rights during the above period, limited to 10 days after the day following that on which the holder ceases to have any status as Director, Audit & Supervisory Board Member or employee at the Company or its subsidiaries.

After the change

- Period during which stock subscription rights can be exercised  
From June 5, 2015 to June 19, 2018
- Conditions for exercising stock subscription rights  
(Deleted)

(Attached Document)

## **BUSINESS REPORTS**

*(From April 1, 2016 to March 31, 2017)*

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

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

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

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

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

## (ii) Outline of Business by Business Segment

(Millions of yen)

Business Segment	Net Sales			Operating Profit		
	Year Ended March 31, 2016	Year Ended March 31, 2017	Change	Year Ended March 31, 2016	Year Ended March 31, 2017	Change
Toys and Hobby	206,424	193,229	Decrease of 13,195	16,639	10,991	Decrease of 5,647
Network Entertainment	320,941	380,273	Increase of 59,331	23,930	44,298	Increase of 20,367
Visual and Music Production	51,967	56,290	Increase of 4,322	11,665	13,436	Increase of 1,771
Other	27,456	26,797	Decrease of 658	1,123	702	Decrease of 421
Eliminations and Corporate	(31,285)	(36,529)	Decrease of 5,244	(3,717)	(6,190)	Decrease of 2,473
Consolidated	575,504	620,061	Increase of 44,556	49,641	63,238	Increase of 13,597

### Toys and Hobby Business

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

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

Description of Business
Manufacturing and marketing toys, confectionery and foods, vending machine capsule toys, cards, plastic models, apparel, sundries, stationery, and other products

### Network Entertainment Business

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

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

Description of Business
Developing, marketing, and distributing network content; developing and marketing home video games, arcade game machines, and prizes for amusement machines; planning and operating amusement and other facilities



### Visual and Music Production Business

In the Visual and Music Production Business, the *LoveLive!* series, which is IP for which visual content was developed in conjunction with music content and live events, retained popularity. In addition, the *GIRLS und PANZER* series gained popularity especially for products themed around a movie release, and sales of visual and music package software, as well as related products, were favorable. Moreover, in the *Mobile Suit Gundam* series, products such as visual package software of the *MOBILE SUIT GUNDAM THE ORIGIN* series sold favorably.

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

Description of Business
Planning, manufacturing and production of animations; planning, manufacturing and sales of visual and music software; distributing video on demand content; conducting live entertainment operations

### Other Businesses

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

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

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 19,576 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.

#### (iv) Financing

Not applicable.

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

Not applicable.

#### (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

- The Company acquired a total of 87.4% of the issued shares of WiZ Co., Ltd. by way of two tender offers, making WiZ Co., Ltd. a consolidated subsidiary on May 31, 2016. Through a subsequent consolidation of shares, WiZ Co., Ltd. became a wholly owned subsidiary on November 15, 2016.
- The Company acquired an additional 63.9% of the issued shares of Anime Consortium Japan Inc., which was an affiliated company to which the equity method was applied, making Anime Consortium Japan Inc. a wholly owned subsidiary on March 31, 2017.

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

Fiscal Year Classification	9th Fiscal Year (Year Ended March 31, 2014)	10th Fiscal Year (Year Ended March 31, 2015)	11th Fiscal Year (Year Ended March 31, 2016)	12th Fiscal Year (Year Ended March 31, 2017) (This Fiscal Year)
Net sales (Millions of yen)	507,679	565,486	575,504	620,061
Operating profit (Millions of yen)	44,672	56,320	49,641	63,238
Recurring profit (Millions of yen)	47,456	59,383	50,774	63,290
Profit attributable to owners of parent (Millions of yen)	25,054	37,588	34,583	44,159
Basic earnings per share	¥114.05	¥171.10	¥157.43	¥201.03
Total assets (Millions of yen)	405,092	441,763	448,336	488,032
Net assets (Millions of yen)	267,951	303,512	317,304	348,784
Net assets per share	¥1,217.74	¥1,378.77	¥1,441.49	¥1,584.71

### (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 marketing of toys and apparel, etc.
BANDAI NAMCO Entertainment Inc.	¥10,000 million	100.0%	Distribution of network content, and planning, development and sales of home video games 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 state and regional headquarters in the Americas
BANDAI S.A.S.	€ 21,690,000	100.0%	Regional holding company in Europe 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 S.A. changed its corporate form from a joint stock company (S.A.) to a simplified joint stock company (S.A.S.) on July 22, 2016.

Currently, BANDAI S.A.S., has two functions - a Toys and Hobby Business company and a holding company, and operates as a business holding company responsible for the Company's operations in Continental Europe. The Company plans to reorganize BANDAI S.A.S. in the fiscal year ending March 31, 2018, in order to promote greater cooperation within the Group and expand operations, by clearly separating its business company and holding company functions and strengthening its governance function in Continental Europe.

2. 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, etc. by Group employees. Furthermore, to create and develop the Group companies' IP and 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 key 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," "technological improvements of networks, etc." and "increasingly diverse customer needs." To address these issues, it will endeavor to create new entertainment correspond to technological improvements of networks, etc., 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 games, 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 new facilities that, among other things, provide 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 adult 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, 2017)

##### (i) The Company

Head Office	5-37-8 Shiba, Minato-ku, Tokyo
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##### (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.S.	Puteaux, France
BANDAI NAMCO Holdings UK LTD.	London, U.K.
BANDAI NAMCO Holdings ASIA CO., LTD.	Hong Kong, China

#### (6) Outline of Employees (As of March 31, 2017)

##### (i) Employees of the Group

Business Segment	Number of Employees		Change from the End of Previous Fiscal Year	
Toys and Hobby Business	2,409	(2,335)	Increase of 65	(Increase of 477)
Network Entertainment Business	3,948	(5,207)	Increase of 36	(Increase of 643)
Visual and Music Production Business	416	(13)	Increase of 25	(Increase of 1)
Other Businesses	751	(663)	Increase of 43	(Increase of 30)
Corporate (Common)	37	(-)	Increase of 1	(-)
Total	7,561	(8,218)	Increase of 170	(Increase of 1,151)

(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. 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., BANDAI NAMCO Holdings UK LTD., and BANDAI NAMCO Holdings ASIA CO., LTD.

(ii) Employees of the Company

Number of Employees	Change from the End of Previous Fiscal Year	Average Age	Average Years of Service
24 (-)	Decrease of 1 (-)	46.2	18.25

- (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.

(7) Principal Lenders (As of March 31, 2017)

Lenders	Amount
Mizuho Bank, Ltd.	¥405 million
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥188 million
Sumitomo Mitsui Banking Corporation	¥100 million

(8) Other Important Matters of the Group

Not applicable.

## 2. Current Status of the Company

### (1) Status of Shares (As of March 31, 2017)

- (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: 34,359 (decrease of 7,543 from the end of the previous fiscal year)

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

Name of Shareholders	Number of Shares Held	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	12,092,200	5.50
Japan Trustee Services Bank, Ltd. (Trust account)	10,467,000	4.76
Kyoko Nakamura	6,403,200	2.91
XIL, LTD.	6,000,000	2.73
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
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,052,300	1.84
Nintendo Co., Ltd.	3,845,700	1.75
Northern Trust Co. (AVFC) Re U.S. Tax Exempted Pension Funds	3,740,757	1.70
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,479,500	1.58

- (Notes) 1. The shareholding ratio is calculated after reduction of the number of treasury stocks (2,206,158 shares).
2. Out of the above number of shares held, the numbers of shares relating to the trust business are as follows:
- |  |                   |
|--|-------------------|
| The Master Trust Bank of Japan, Ltd. (Trust account)   | 9,993,900 shares  |
| Japan Trustee Services Bank, Ltd. (Trust account)  | 10,142,800 shares |
| The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account) | 4,586,100 shares  |
| Japan Trustee Services Bank, Ltd. (Trust account 5)  | 4,052,300 shares  |
| Japan Trustee Services Bank, Ltd. (Trust account 9)  | 3,479,500 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, Ltd. 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  
Common stock: 21,100 shares (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) Any assignment 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 (excluding Outside Directors)	182	18,200	4
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  
Common stock: 15,000 shares (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) Any assignment 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 (excluding Outside Directors)	129	12,900	4
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  
Not applicable.

(Reference)

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

	Seventh Issuance of Stock Subscription Rights	Eighth Issuance of Stock Subscription Rights
Date of resolution by the Board of Directors	May 21, 2013	May 21, 2015
Persons receiving rights; number of persons	6 Directors of subsidiaries of the Company	7 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)	Common stock; 12,100 shares (100 shares per stock subscription right)
Date of delivery of stock subscription rights	June 5, 2013	June 5, 2015
Amount paid	No requirement to make payment	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)	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	From June 5, 2015 to June 4, 2035

(\*) 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, 2017)

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 President and Representative Director of BANDAI NAMCO Holdings USA Inc. President and Representative Director of BANDAI NAMCO Business Arc Inc.
Director	Yuji Asako	Division General Manager of the Corporate Planning Division
Director	Masaru Kawaguchi	Responsible for the Toys and Hobby SBU President and Representative Director of BANDAI CO., LTD.
Director	Satoshi Oshita	Responsible for Network Entertainment SBU President and Representative Director of BANDAI NAMCO Entertainment Inc. Chairman and Representative Director of BANDAI NAMCO Studios Inc.
Director	Kazumi Kawashiro	Responsible for Visual and Music Production SBU President and Representative Director of BANDAI VISUAL CO., LTD.
Director	Yuzuru Matsuda	Head of Kato Memorial Bioscience Foundation Outside Director of KUBOTA Corporation Outside Director of JSR Corporation
Director	Satoko Kuwabara	Attorney-at-Law Partner of Mori Hamada & Matsumoto
Director	Mikiharu Noma	Associate Professor at Graduate School of International Corporate Strategy (ICS), Hitotsubashi University
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 Partner in Sudoh & Partners Outside Audit & Supervisory Board Member of MITSUI-SOKO HOLDINGS Co., Ltd. Outside Corporate Auditor of Pronexus Inc. Statutory Auditor of Keikyu Corporation
Audit & Supervisory Board Member	Katsuhiko Kamijo	Certified Tax Accountant Professor at Faculty of Law of Teikyo University Outside Audit & Supervisory Board Member of HASEKO Corporation

(Notes) 1. Directors Yuzuru Matsuda, Satoko Kuwabara and Mikiharu Noma 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 Yuzuru Matsuda, Satoko Kuwabara and Mikiharu Noma and Outside Audit & Supervisory Board Members Katsuhiko Kohtari, Osamu Sudoh, and Katsuhiko Kamijo as Independent Directors/Audit & Supervisory Board Members as defined in the rules of the Tokyo Stock Exchange and has filed therewith the notification regarding their appointments.

(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	11	¥779 million
Audit & Supervisory Board Members	4	¥67 million
Total	15	¥847 million
(Outside Directors and Outside Audit & Supervisory Board Members)	(7)	(¥80 million)

- (Notes)
1. There are no employees serving as Directors.
  2. 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.
  3. 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 profit 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 profit 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.

Moreover, if Proposal No. 3 “Change in Content of Performance-based Remuneration for Directors (Transition to a Performance-based Stock Compensation Plan)” is approved and adopted as proposed at this Ordinary General Meeting of Shareholders, the abovementioned “stock compensation-type stock options” are to be changed to a “performance-based stock compensation.”

(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 35.

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 (Held 18 times)		Statements Made at Board of Directors Meetings
	Number of Meetings Attended	Attendance Rate	
Yuzuru Matsuda	18	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.
Satoko Kuwabara	14	100.0%	Provided advice and proposals by giving opinions, etc. primarily from her position as an attorney-at-law to ensure the appropriateness and validity of decisions of the Board of Directors.
Mikiharu Noma	14	100.0%	Provided advice and proposals by giving opinions, etc. from his profound scholarly knowledge accumulated throughout his study and teaching activities in the field of corporate strategy to ensure the appropriateness and validity of decisions of the Board of Directors.

(Note) Ms. Satoko Kuwabara and Mr. Mikiharu Noma were elected at the Eleventh Ordinary General Meeting of Shareholders held on June 20, 2016, and thus, the number of Board of Directors Meetings on which their attendance rate is based differs from that of other Outside Directors. There have been 14 Board of Directors Meetings since they assumed the office of Directors.

(Audit & Supervisory Board Members)

	Board of Directors Meetings (Held 18 times)		Audit & Supervisory Board Meetings (Held 14 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	18	100.0%	14	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	17	94.4%	14	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	18	100.0%	14	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	¥82 million
Total in Money and Other Financial Benefits to Be Paid by the Company and Its Subsidiaries to Accounting Auditors	¥243 million

- (Notes) 1. BANDAI NAMCO Holdings USA Inc., BANDAI S.A.S., 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

The Company paid remuneration to the Accounting Auditor for providing "internal training," which is outside the scope of operations provided for in Article 2, Paragraph 1 of the Certified Public Accountants Act.

(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 Compliance Charter, 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 Compliance Charter 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 Charter 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 Compliance Charter to define behavioral guidelines for Directors, etc. and employees of the Company and its subsidiaries. The Company is working to ensure that Directors, etc. and employees are familiar with the Charter, 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 major 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 Compliance Charter, 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 independent 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 Directors and Audit & Supervisory Board Members Committee consisting of only independent Outside Directors and independent 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 18 times and the Independent Directors and Audit & Supervisory Board Members 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 14 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 previous 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 work to expand IP initiatives, business fields and areas in the Asian region and in Europe and North America. 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. In addition, the Company has organized an Independent Directors and Audit & Supervisory Board Members Committee with the aim of evaluating the appropriate functioning of the Board of Directors from an objective perspective. The Independent Directors and Audit & Supervisory Board Members Committee comprises three independent Outside Directors and three independent Outside Audit & Supervisory Board Members only, and its secretariat functions are entrusted to a third-party specialist organization. In this way, the Company retains a more highly effective supervisory function over the Board of 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 Groupwide “CSR Initiatives” that include three types of responsibilities; “Environmental and Social Contribution Responsibilities,” “Economic Responsibilities,” and “Legal and Ethical Responsibilities (compliance),” and is promoting a variety of CSR activities.
- **Proactive IR Activities**  
The Company 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, 2017)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	205,516
Trade receivables	75,519
Finished goods and merchandise	14,466
Work in process	28,823
Raw materials and supplies	3,398
Deferred tax assets	9,240
Other current assets	21,271
Allowance for doubtful receivables	(453)
<b>Total current assets</b>	<b>357,782</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings and structures	15,356
Amusement facilities and machines	12,098
Land	11,155
Other property, plant and equipment	13,575
<b>Total property, plant and equipment</b>	<b>52,184</b>
<b>Intangible assets:</b>	
<b>Investments and other assets</b>	
Investment securities	39,202
Net defined benefit asset	71
Deferred tax assets	12,444
Other investments and assets	18,321
Allowance for doubtful receivables	(1,662)
<b>Total investments and other assets</b>	<b>68,378</b>
<b>Total fixed assets</b>	<b>130,249</b>
<b>TOTAL ASSETS</b>	<b>488,032</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade payables	64,173
Accrued income taxes	8,657
Provision for directors' bonuses	1,822
Provision for sales returns	780
Other provision	860
Other current liabilities	49,815
<b>Total current liabilities</b>	<b>126,110</b>
<b>Long-term liabilities</b>	
Net defined benefit liability	5,766
Deferred tax liabilities for land revaluation	433
Other long-term liabilities	6,938
<b>Total long-term liabilities</b>	<b>13,138</b>
<b>TOTAL LIABILITIES</b>	<b>139,248</b>
<b>NET ASSETS</b>	
<b>Stockholders' equity</b>	
Common stock	10,000
Additional paid-in capital	52,064
Retained earnings	297,984
Treasury stock	(2,423)
<b>Total stockholders' equity</b>	<b>357,626</b>
<b>Accumulated other comprehensive income</b>	
Unrealized gains or losses on other securities, net of tax	7,884
Deferred gains or losses on hedges, net of tax	210
Revaluation reserve for land, net of tax	(5,693)
Foreign currency translation adjustments	(8,725)
Remeasurements of defined benefit plans, net of tax	(3,195)
<b>Total accumulated other comprehensive income</b>	<b>(9,519)</b>
<b>Subscription rights to shares</b>	<b>99</b>
<b>Non-controlling interests</b>	<b>577</b>
<b>TOTAL NET ASSETS</b>	<b>348,784</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>488,032</b>

## Consolidated Statements of Operations

(From April 1, 2016 to March 31, 2017)

	(Millions of yen)	
	Amount	
<b>Net sales</b>		<b>620,061</b>
<b>Cost of sales</b>		<b>396,302</b>
<b>Gross profit</b>		<b>223,759</b>
Selling, general and administrative expenses		160,520
<b>Operating profit</b>		<b>63,238</b>
<b>Non-operating income</b>		
Interest income	318	
Dividend income	275	
Equity in gain of affiliated companies	556	
Other non-operating income	1,029	2,179
<b>Non-operating expenses</b>		
Interest expense	36	
Foreign exchange losses	1,048	
Provision of allowance for doubtful accounts	667	
Other non-operating expenses	375	2,127
<b>Recurring profit</b>		<b>63,290</b>
<b>Extraordinary income</b>		
Gain on sales of fixed assets	316	
Gain on sales of investment securities	72	
Other extraordinary income	67	455
<b>Extraordinary loss</b>		
Loss on impairment of fixed assets	1,306	
Loss on disposal of fixed assets	545	
Other extraordinary loss	1,034	2,886
<b>Profit (loss) before income taxes</b>		<b>60,860</b>
Corporate income, inhabitant and enterprise taxes	17,343	
Adjustment for income taxes	(680)	16,662
<b>Profit</b>		<b>44,197</b>
Profit attributable to non-controlling interests		37
<b>Profit attributable to owners of parent</b>		<b>44,159</b>

## Consolidated Statement of Changes in Net Assets (From April 1, 2016 to March 31, 2017)

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

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

## 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:

70 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.S., BANDAI NAMCO Holdings UK LTD., BANDAI NAMCO Holdings ASIA CO., LTD.

BANDAI S.A. has changed its corporate form from a joint stock company (S.A.) to a simplified joint stock company (S.A.S.).

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

Since WiZ Co., Ltd. became a subsidiary through stock acquisition and BANDAI Toy S.A.S. was newly established in this fiscal year, these companies are now included in the scope of consolidation.

Since Anime Consortium Japan Inc., which was an affiliated company to which the equity method was applied in the fiscal year ended March 31, 2016, became a subsidiary through additional stock acquisition, this company is now included in the scope of consolidation.

Since I WILL Co., Ltd., which was a consolidated subsidiary in the fiscal year ended March 31, 2016, was merged into a consolidated subsidiary of the Company by an absorption-type merger, 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:

5 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 Anime Consortium Japan Inc. became a subsidiary through additional stock acquisition, this company is excluded from the scope of application of the equity method from this fiscal year.

### (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 closing date that differs from the consolidated closing date, 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.

WiZ Co., Ltd., which newly became a consolidated subsidiary in this fiscal year, has changed its closing date from May 31 to March 31. In connection with this change, the number of months included in this fiscal year for this company is 10 months.

#### 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 fiscal year.

(iii) Provision for Sales Returns:

To provide for losses on returned goods after the last day of this 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 and currency option 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 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 Method of Presentation

### (Consolidated Balance Sheet)

“Accrued income taxes,” which had been included in “Other current liabilities” under “Current liabilities” until the previous fiscal year, is stated separately since it is above 1 percent of the total liabilities and net assets for this fiscal year, while “Other provision” has been stated separately in this fiscal year as the displayed items were revised to enhance clarity. “Accrued income taxes” and “Other provision” for the previous fiscal year were 2,747 million yen and 644 million yen, respectively.

### (Consolidated Statements of Operations)

(1) “Gain on sales of investment securities,” which had been included in “Other extraordinary income” under “Extraordinary income” until the previous fiscal year, is stated separately since it is above 10 percent of the total extraordinary income for this fiscal year. The total of “Gain on sales of investment securities” for the previous fiscal year was 0 million yen.

(2) “Loss on disposal of fixed assets,” which had been included in “Other extraordinary loss” under “Extraordinary loss” until the previous fiscal year, is stated separately since it is above 10 percent of the total extraordinary loss for this fiscal year. The total of “Loss on disposal of fixed assets,” for the previous fiscal year was 93 million yen.

## III. Notes to Consolidated Balance Sheet

### 1. Assets pledged as collateral

Cash and time deposits ¥78 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” ¥738 million

2. Amount of Accumulated Depreciation of Property, Plant and Equipment: ¥165,844 million

### 3. Guarantee Obligation:

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

ISHIMORI PRODUCTION INC. ¥137 million

SUN-STAR STATIONERY KOREA CO., LTD. ¥100 million

Total ¥237 million

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

BANDAI NAMCO WILL INC.

¥42 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 903 million yen.

IV. 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 20, 2016, Ordinary General Meeting of Shareholders	Common stock	8,791	40	March 31, 2016	June 21, 2016
November 8, 2016, Board of Directors Meeting	Common stock	2,637	12	September 30, 2016	December 6, 2016

(2) Dividends with a Date of Record in This Fiscal Year but an Effective Date in the Following 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 19, 2017, Ordinary General Meeting of Shareholders	Common stock	15,385	Retained earnings	70	March 31, 2017	June 20, 2017

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, 2017

Common stock                      63,200 shares

V. 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, 2017, 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 stated in the consolidated balance sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Cash and time deposits	205,516	205,516	—
(2) Trade receivables	75,519	75,519	—
(3) Short-term investments and investment securities			
1. Other Securities	22,219	22,219	—
2. Stock of affiliated companies	12,650	18,928	6,278
Total assets	315,905	322,184	6,278
(1) Trade payables	64,173	64,173	—
(2) Accrued income taxes	8,657	8,657	—
Total liabilities	72,830	72,830	—
Derivative transactions (*)	446	446	—

(\*) 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

#### (1) Trade payables, (2) Accrued income taxes

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 2,736 million yen in the consolidated balance sheet), stocks of affiliated companies (unlisted stocks) (stated as 2,730 million yen in the consolidated balance sheet), convertible bond-type bonds with subscription rights to shares (stated as 50 million yen in the consolidated balance sheet), and contributions to investment partnerships (stated as 456 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.”

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

- |                             |           |
|-----------------------------|-----------|
| 1. Net assets per share     | ¥1,584.71 |
| 2. Basic earnings per share | ¥201.03   |

#### VII. Other Notes

(Additional Information)

(Application of ASBJ Implementation Guidance on Recoverability of Deferred Tax Assets)

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

(Organizational restructuring in Europe)

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

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

##### 1. Objective

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

##### 2. Transactions conducted by commonly controlled entities

###### (1) Overview of transaction

- (i) Name and content of business to be transferred  
Toys and Hobby Business in France of BNHFR
- (ii) Date of business combination  
September 2017 (scheduled)
- (iii) Legal form of business combination  
A method corresponding to a Japanese absorption-type company split (BNHFR will transfer the assets and liabilities related to the Toys and Hobby Business at the book value, and New BSAS will issue shares to BNHFR as consideration for the transaction)

(2) Overview of accounting process

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

**Non-Consolidated Balance Sheet**

(As of March 31, 2017)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	85,788
Trade receivables	431
Prepaid expenses	330
Deferred tax assets	86
Accounts receivable-other	9,052
Other current assets	502
<b>Total current assets</b>	<b>96,192</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings	1,435
Machinery and equipment	49
Tools, furniture and fixtures	626
Other property, plant and equipment	1
<b>Total property, plant and equipment</b>	<b>2,113</b>
<b>Intangible assets</b>	
Software	1,005
Other intangible assets	771
<b>Total intangible assets</b>	<b>1,776</b>
<b>Investments and other assets</b>	
Investment securities	22,373
Investments in affiliated companies	230,355
Other investments and assets	1,885
<b>Total investments and other assets</b>	<b>254,614</b>
<b>Total fixed assets</b>	<b>258,504</b>
<b>TOTAL ASSETS</b>	<b>354,697</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Short-term borrowings from affiliated companies	90,677
Accounts payable-other	1,734
Accrued income taxes	3,872
Provision for directors' bonuses	347
Provision for stock-based compensation	270
Other current liabilities	411
<b>Total current liabilities</b>	<b>97,314</b>
<b>Long-term liabilities</b>	
Deferred tax liabilities	2,551
Accrued retirement and severance benefits	30
Long-term accounts payable-other	1,582
Guarantee deposits of affiliated companies	1,472
Other long-term liabilities	487
<b>Total long-term liabilities</b>	<b>6,125</b>
<b>TOTAL LIABILITIES</b>	<b>103,439</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>61,371</b>
Legal reserve	1,645
Other retained earnings	59,726
General reserve	26,104
Retained earnings carried forward	33,621
<b>Treasury stock</b>	<b>(2,326)</b>
<b>Total stockholders' equity</b>	<b>243,328</b>
<b>Valuation difference and foreign currency translation adjustments</b>	
Unrealized gains or losses on other securities, net of tax	7,829
<b>Total valuation difference and foreign currency translation adjustments</b>	<b>7,829</b>
<b>Subscription rights to shares</b>	<b>99</b>
<b>TOTAL NET ASSETS</b>	<b>251,257</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>354,697</b>

**Non-Consolidated Statements of Operations**

(From April 1, 2016 to March 31, 2017)

	(Millions of yen)	
	Amount	
<b>Operating revenue</b>		
Dividend income from affiliated companies	21,151	
Business management income from affiliated companies	3,157	24,309
<b>Operating expenses</b>		
General and administrative expenses		5,205
<b>Operating profit</b>		<b>19,103</b>
<b>Non-operating income</b>		
Interest income	12	
Dividend income	183	
Rent income	1,760	
Other non-operating income	112	2,069
<b>Non-operating expenses</b>		
Interest expense	28	
Expenses related to rental assets	1,760	
Other non-operating expenses	151	1,939
<b>Recurring profit</b>		<b>19,233</b>
<b>Extraordinary income</b>		
Gain on sales of fixed assets	0	
Gain on sales of investment securities	0	0
<b>Extraordinary loss</b>		
Loss on valuation of stocks of affiliated companies	6,962	
Other extraordinary loss	89	7,051
<b>Profit before income taxes</b>		<b>12,182</b>
Corporate income, inhabitant and enterprise taxes	(146)	
Adjustment for income taxes	(71)	(217)
<b>Profit</b>		<b>12,399</b>

**Non-Consolidated Statement of Changes in Net Assets (From April 1, 2016 to March 31, 2017)**

(Millions of yen)

	Stockholders' equity									
	Common stock	Additional paid-in capital			Legal reserve	Retained earnings			Treasury stock	Total stockholders' equity
		Capital reserve	Other capital surplus	Total additional paid-in capital		Other retained earnings		Total retained earnings		
						General reserve	Retained earnings carried forward			
Balance at beginning of year	10,000	2,500	171,784	174,284	1,645	26,104	32,651	60,401	(2,322)	242,363
Changes during the period										
Cash dividends							(11,429)	(11,429)		(11,429)
Profit							12,399	12,399		12,399
Purchase of treasury stock									(4)	(4)
Disposal of treasury stock										
Net changes of items other than shareholders' equity										
Total changes during the period	-	-	-	-	-	-	969	969	(4)	965
Balance at end of year	10,000	2,500	171,784	174,284	1,645	26,104	33,621	61,371	(2,326)	243,328

	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	6,941	6,941	99	249,403
Changes during the period				
Cash dividends				(11,429)
Profit				12,399
Purchase of treasury stock				(4)
Disposal of treasury stock				
Net changes of items other than shareholders' equity	888	888	-	888
Total changes during the period	888	888	-	1,854
Balance at end of year	7,829	7,829	99	251,257

## 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
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
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#### (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) Provision for Stock-based Compensation:

The Company provides for expenses arising in stock remuneration to Directors of the Company and certain consolidated subsidiaries based on the amount estimated to arise in this fiscal year.

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

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

In calculating accrued retirement and severance benefits and periodic pension cost, the Company uses a simplified method under which retirement benefit obligations are principally based on accrued benefits at the end of the 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) “Structures” (the balance of which at the end of this fiscal year is 0 million yen) and “Construction in progress” (the balance of which at the end of this fiscal year is 0 million yen), which had been stated separately until the previous fiscal year, are included in “Other property, plant and equipment” under “Property, plant and equipment” from this fiscal year due to the immateriality of the amount.
- (2) “Accrued expenses” (the balance of which at the end of this fiscal year is 232 million yen) and “Unearned revenue” (the balance of which at the end of this fiscal year is 162 million yen), which had been stated separately until the previous fiscal year, are included in “Other current liabilities” under “Current liabilities” from this fiscal year due to the immateriality of the amount.
- (3) “Asset retirement obligations” (the balance of which at the end of this fiscal year is 487 million yen), which had been stated separately until the previous fiscal year, are included in “Other long-term liabilities” under “Long-term liabilities” from this fiscal year due to the immateriality of the amount.

### Non-Consolidated Statements of Operations

“Loss on disposal of fixed assets” (the balance of which at the end of this fiscal year is 84 million yen) and “Loss on impairment of fixed assets” (the balance of which at the end of this fiscal year is 4 million yen), which had been stated separately until the previous fiscal year, are included in “Other extraordinary loss” under “Extraordinary loss” from this fiscal year due to the immateriality of the amount.

## 3. Notes to Non-Consolidated Balance Sheet

- (1) Amount of accumulated depreciation of property, plant and equipment: ¥1,969 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.	¥42 million
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- (3) Monetary claims and obligations with respect to affiliated companies (excluding amounts given in specific categories)
 

Short-term monetary claims on affiliated companies:	¥9,484 million
Short-term monetary obligations to affiliated companies:	¥718 million
Long-term monetary obligations to affiliated companies:	¥1,582 million

## 4. Notes to Non-Consolidated Statements of Operations

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

Operating Transactions:

Service commission fees	¥519 million
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Non-operating Transactions:

Non-operating income	¥1,774 million
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Non-operating expenses	¥25 million
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## 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 2,206,158 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 losses carried forward, 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, 2017
Subsidiary	BANDAI CO., LTD.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest	28,459 8	Short-term borrowings from affiliated companies	30,607
Subsidiary	BANDAI NAMCO Entertainment Inc.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest	14,998 4	Short-term borrowings from affiliated companies -	19,992
				Loans (Note 2) Receipt of interest	5,000 11	- -	-
				Receipt of property dividends (Note 3)	10,442	-	-
Subsidiary	BANDAI VISUAL CO., LTD.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest	6,848 2	Short-term borrowings from affiliated companies -	6,850
Subsidiary	NAMCO LIMITED	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest	3,821 1	Short-term borrowings from affiliated companies -	4,344
Subsidiary	BANPRESTO CO., LTD.	Holding directly 100.0%	-	Borrowings (Note 1) Payment of interest	6,956 2	Short-term borrowings from affiliated companies -	7,260
Subsidiary	SUNRISE INC.	Holding directly 100.0%	-	Borrowings (Note 1) Payment of interest	12,293 3	Short-term borrowings from affiliated companies -	12,291
Subsidiary	BANDAI NAMCO Studios Inc.	Holding indirectly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest	7,465 2	Short-term borrowings from affiliated companies -	5,887

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 receipt of property dividends is the acquisition of shares of affiliated companies due to reorganization within the Group on March 31, 2017, and the acquisition price is decided based on the amount of net assets of the companies subject to reorganization.

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

- |                               |           |
|-------------------------------|-----------|
| (1) Net assets per share:     | ¥1,142.70 |
| (2) Basic earnings per share: | ¥56.41    |

#### 9. Other Notes

(Additional Information)

(Application of ASBJ Implementation Guidance on Recoverability of Deferred Tax Assets)

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

(Organizational restructuring in Europe)

This note is omitted because the information is provided in “VII. Other Notes” of the Notes to Consolidated Financial Statements.

## **Independent Auditor's Report**

May 18, 2017

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, 2017 and for the year from April 1, 2016 to March 31, 2017 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, 2017

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, 2017 and for the year from April 1, 2016 to March 31, 2017 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 12th fiscal year from April 1, 2016 to March 31, 2017, 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 12th 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 18, 2017

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

**END**