BANDAI NAMCO Group
Mid-term Plan
April 2018 to March 2021

February 9, 2018

Results in the First Nine Months of the Fiscal Year

<table>
<thead>
<tr>
<th></th>
<th>FY 2017.3</th>
<th>FY 2018.3</th>
<th>Vs. previous year’s results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First nine months</td>
<td>Full-year</td>
<td>First nine months</td>
</tr>
<tr>
<td>Net Sales</td>
<td>459.1</td>
<td>620.0</td>
<td>483.1</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>60.1</td>
<td>63.2</td>
<td>53.4</td>
</tr>
<tr>
<td>Recurring Profit</td>
<td>60.5</td>
<td>63.2</td>
<td>54.7</td>
</tr>
<tr>
<td>Profit Attributable to Owners of Parent</td>
<td>46.5</td>
<td>44.1</td>
<td>40.8</td>
</tr>
<tr>
<td>Capital Investments</td>
<td>16.1</td>
<td>19.5</td>
<td>48.8</td>
</tr>
<tr>
<td>Depreciation</td>
<td>15.2</td>
<td>21.8</td>
<td>16.7</td>
</tr>
<tr>
<td>Game content R&amp;D investments</td>
<td>41.9</td>
<td>59.0</td>
<td>50.3</td>
</tr>
<tr>
<td>Advertising Expenses</td>
<td>27.4</td>
<td>39.3</td>
<td>26.5</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>38.5</td>
<td>53.6</td>
<td>41.3</td>
</tr>
</tbody>
</table>
Trends by Business (compared with the same period of the previous fiscal year)

Toys and Hobby (billion yen)
- Segment sales: -1.3
- Segment profit: -2.1
  - Steady performance of mainstay IPs in all regions
    - Japan: KAMEN RIDER, DRAGON BALL
    - Japan and greater Asia: Gundam, etc.

Network Entertainment
- Segment sales: +24.4
- Segment profit: -2.0
  - Network content: Mainstay titles continued to perform well
  - Home video games: Favorable sales of newly released TEKKEN 7, repeat sales in Europe and the Americas
  - Amusement: Prior costs due to active rollout of new facilities

Visual and Music Production
- Segment sales: -3.1
- Segment profit: -2.9
  - Rollout of new visuals and products for mainstay IPs starting from 3Q
  - License revenue from the Love Live! series, etc.

Results by Segment (Vs. previous year’s results) (billion yen)

<table>
<thead>
<tr>
<th></th>
<th>FY 2017.3</th>
<th>FY 2018.3</th>
<th>Vs. previous year’s results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First nine months</td>
<td>Full-year</td>
<td>First nine months</td>
</tr>
<tr>
<td><strong>Toys and Hobby</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>165.6</td>
<td>218.0</td>
<td>164.3</td>
</tr>
<tr>
<td>Segment profit</td>
<td>15.3</td>
<td>13.3</td>
<td>13.2</td>
</tr>
<tr>
<td><strong>Network Entertainment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>260.9</td>
<td>355.5</td>
<td>285.3</td>
</tr>
<tr>
<td>Segment profit</td>
<td>35.8</td>
<td>42.0</td>
<td>33.8</td>
</tr>
<tr>
<td><strong>Visual and Music Production</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>40.9</td>
<td>56.2</td>
<td>37.8</td>
</tr>
<tr>
<td>Segment profit</td>
<td>11.9</td>
<td>13.4</td>
<td>9.0</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>20.2</td>
<td>26.7</td>
<td>20.2</td>
</tr>
<tr>
<td>Segment profit</td>
<td>1.2</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Corporate and Elimination</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>-28.6</td>
<td>-36.7</td>
<td>-24.6</td>
</tr>
<tr>
<td>Segment profit</td>
<td>-4.2</td>
<td>-6.2</td>
<td>-3.5</td>
</tr>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>459.1</td>
<td>620.0</td>
<td>483.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>60.1</td>
<td>63.2</td>
<td>53.4</td>
</tr>
</tbody>
</table>
### Full-year Results (Dividend)

<table>
<thead>
<tr>
<th></th>
<th>FY 2017.3</th>
<th>FY 2018.3 Forecast</th>
<th>YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>620.0</td>
<td>630.0</td>
<td>+10.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>63.2</td>
<td>57.0</td>
<td>-6.2</td>
</tr>
<tr>
<td>Recurring Profit</td>
<td>63.2</td>
<td>58.0</td>
<td>-5.2</td>
</tr>
<tr>
<td>Profit Attributable to Owners of Parent</td>
<td>44.1</td>
<td>41.5</td>
<td>-2.6</td>
</tr>
</tbody>
</table>

#### Dividend (Forecast)

- **Interim dividend**: ¥12
- **Year-end dividend**: ¥83 (base dividend: ¥20; performance-based dividend: ¥63)
  
  → **Annually ¥95 per share** (base dividend: ¥32; performance-based dividend: ¥63)

---

### The BANDAI NAMCO Group Thus Far

![Chart showing Net Sales and Operating Profit over the years](chart)

- **Net Sales**
  - 2005: ¥300 billion
  - 2006: ¥350 billion
  - 2007: ¥400 billion
  - 2008: ¥450 billion
  - 2009: ¥500 billion
  - 2010: ¥550 billion
  - 2011: ¥600 billion
  - 2012: ¥650 billion
  - 2013: ¥700 billion
  - 2014: ¥750 billion
  - **2015-2017 Forecast**

- **Operating Profit**
  - 2005: ¥10 billion
  - 2006: ¥15 billion
  - 2007: ¥20 billion
  - 2008: ¥25 billion
  - 2009: ¥30 billion
  - 2010: ¥35 billion
  - 2011: ¥40 billion
  - 2012: ¥45 billion
  - 2013: ¥50 billion
  - **2015-2017 Forecast**

- **Restart Plan**
- **Current Mid-term Plan**
Review of Current Mid-term Plan

Corporate Philosophy

Dreams, Fun and Inspiration
To become the Leading Innovator in Global Entertainment

Mid-term Vision

Business Strategies

Accelerate evolution in the IP axis strategy
- Cultivate Original Group IPs
- Expand Target Market
- Enlarge New IP Businesses
- Collaborate across SBUs

Region Strategies

Through the IP axis strategy, gain momentum in global markets
- Expand in Asia and Japan
- Renew in Americas and Europe

Function Strategies

Empower and innovate business model through BANDAI NAMCO market advantages
- Deepen the current business model
- Create and foster the new IP business
- Implement IP axis strategy in global market

Strategies Focusing

Results under Current Mid-term Plan

Product and service innovation for established IPs

IP creation and cultivation

Expansion of target customer base

Successful overseas events

Growth of IP outlets

Overseas video games

Live events

Japan and overseas network contents
Challenges under Current Mid-term Plan

New IP creation

More IP could have been created.

Drive new IP creation
- Establish structure for IP creation
- Invest aggressively in IP creation
- Expand collaborations with external partners

Overseas expansion

Performance in Europe and the Americas

Strong performance of CS and NE businesses in Europe and the Americas

More expansion could have been realized.

Change methods for adopting an aggressive stance
- Avoid an over reliance on specific IPs
- Establish an abundant IP portfolio
- Expand business through the enhancement of products for mature fan base
- Take on the challenge of creating IP in each region

Opportunities under the New Mid-term Plan

New technologies + IP axis strategy

Expansion of Japanese IP in worldwide markets

Overseas network contents
- Overseas live events

Overseas market
- Products for mature fan base
- Chinese market
What We Aim to Be in 10 Years

Leading entertainment company

- A company that earns the trust of children and fans around the world
- A group of highly individual companies and employees that create products and services respected by fans for their quality and excitement

Direction of the New Mid-term Plan

Initiatives for becoming what we aim to be in 10 years

- CHANGE to an IP creation company
- CHANGE to new business models
- CHANGE to an ALL BANDAI NAMCO system
- CHANGE to a corporate group that centers on people

FY2019.3 to FY2021.3

A three-year period in which we will make changes that allow us to demonstrate our existence well into the future
MISSION STATEMENT

Dreams, Fun and Inspiration

VISION

The Leading Innovator in Global Entertainment

New Mid-term Vision

CHANGE for the NEXT
### Numerical Targets

<table>
<thead>
<tr>
<th></th>
<th>FY2018.3 forecasts</th>
<th>FY2021.3 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥630.0 billion</td>
<td>¥750.0 billion</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>¥57.0 billion</td>
<td>¥75.0 billion</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>9.0%</td>
<td>10.0% or more</td>
</tr>
<tr>
<td>ROE</td>
<td>11.4%</td>
<td>10.0% or more</td>
</tr>
</tbody>
</table>

### New Organizational Framework

**Starting from April 2018**

**Five-unit structure**

- **Toys and Hobby Unit**
  - Core company: BANDAI CO., LTD.

- **Network Entertainment Unit**
  - Core company: BANDAI NAMCO Entertainment Inc.

- **Real Entertainment Unit**
  - Core company: BANDAI NAMCO Amusement Inc.
    - (Name changed from NAMCO LIMITED)

- **Visual and Music Production Unit**
  - Core company: BANDAI NAMCO Arts Inc.
    - (Integration of BANDAI VISUAL CO., LTD. and Lantis Co., Ltd.)

- **IP Creation Unit**
  - Core company: Sunrise Inc.

**Affiliated Business Companies**
Outline of the New Mid-term Plan

Corporate Philosophy
Dreams, Fun and Inspiration
The Leading Innovator in Global Entertainment

Mid-term Vision

<table>
<thead>
<tr>
<th>Strategies Focusing</th>
<th>IP axis strategy</th>
<th>Business strategy</th>
<th>Region strategy</th>
<th>Personnel strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Accelerate evolution in IP axis strategy</td>
<td>Empower push into new entertainment</td>
<td>Gain momentum with ALL BANDAI NAMCO</td>
<td>Make personnel the core of the Group</td>
</tr>
<tr>
<td></td>
<td>Boost capability to create IP (structural changes)</td>
<td>Establish and enhance business infrastructure</td>
<td>Establish and enhance business infrastructure</td>
<td>Establish environment to optimize employees' performance by tapping their individual strengths, and to empower new ventures</td>
</tr>
<tr>
<td></td>
<td>Invest aggressively in IP creation</td>
<td>Expand and strengthen business fields</td>
<td>Expand and strengthen business fields</td>
<td>Make full-blown entry into Chinese market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promote incubation</td>
<td></td>
<td>Establish system for ALL BANDAI NAMCO</td>
</tr>
</tbody>
</table>

Correlation Diagram for Key Strategies and Units

<table>
<thead>
<tr>
<th>IP axis strategy</th>
<th>Business strategy</th>
<th>Region strategy</th>
<th>Personnel strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boost capability to create IP (structural changes)</td>
<td>Establish and enhance business infrastructure</td>
<td>Make full-blown entry into Chinese market</td>
<td>Establish environment to optimize employees’ performance by tapping their individual strengths, and to empower new ventures</td>
</tr>
<tr>
<td>Invest aggressively in IP creation</td>
<td>Expand and strengthen business fields</td>
<td>Establish system for ALL BANDAI NAMCO</td>
<td></td>
</tr>
</tbody>
</table>

Network Entertainment Unit | Real Entertainment Unit | Visual and Music Production Unit | IP Creation Unit |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>◎</td>
<td>◎</td>
<td>◎</td>
<td>◎</td>
</tr>
<tr>
<td>◎</td>
<td>◎</td>
<td>◎</td>
<td>◎</td>
</tr>
<tr>
<td>◎</td>
<td>◎</td>
<td>◎</td>
<td>◎</td>
</tr>
<tr>
<td>◎</td>
<td>◎</td>
<td>◎</td>
<td>◎</td>
</tr>
</tbody>
</table>
Accelerate evolution in IP axis strategy

Invest aggressively in IP creation

Boost capability to create IP (structural changes)

Promote incubation

Empower push into new entertainment

Establish and enhance business infrastructure

Expand and strengthen business fields

Business and regional coordination

Region strategy

Gain momentum with ALL BANDAI NAMCO

Make full-blown entry into Chinese market

Establish system for ALL BANDAI NAMCO

Business coordination

Create and secure IP

Create and expand optimal IP combinations that connect with each business and service

New establishment

Drive IP creation

External partners

Music, visual products and live events

Amusement

Games

Toys

IP Creation Unit

Correlation diagram for each strategy

Make personnel the core of the Group

Correlation diagram for each strategy

Business strategy

Empower push into new entertainment

Establish and enhance business infrastructure

Expand and strengthen business fields

Promote incubation

IP axis strategy

Accelerate evolution in IP axis strategy

Boost capability to create IP (structural changes)

Invest aggressively in IP creation

Regional coordination

Create and secure IP

Business and regional coordination

Personnel strategy

Make personnel the core of the Group
Accelerate Evolution in IP Axis Strategy

Invest aggressively in IP creation

**FY2019.3 to FY2021.3**
**Invest in IP creation**

* Does not include investment (financing) to strengthen partnerships

25.0 billion

**FY2016.3 to FY2018.3**
**Investment in IP creation**

Support for IP creation and IP axis strategy 20.0 billion

Investment (financing) to strengthen partnerships 15.0 billion

Fivefold increase

- Investment in the creation of original IP 10.0 billion
  - IP Creation Unit 6.0 billion
  - Original IP development (each unit) 4.0 billion

- Investment by the IP Strategy Division 10.0 billion
  - Initiatives with external IP 5.0 billion
  - Support for internal IP axis strategy 5.0 billion

- Investment to support new challenges 5.0 billion
  - New businesses, technologies, etc.

Empower Push into New Entertainment

Establish and enhance business infrastructure

**Establishment of the new Real Entertainment Unit**

Through the integration with the amusement business, the Real Entertainment Unit will aim for further evolution as an organization that provides real entertainment

- Integration of the amusement business
- Amusement facilities business

**Creation of new digital services**

Accelerate the creation of new digital services through the integration of digital capabilities and the enhancement and expansion of platforms

- Integrate video distribution capabilities
- Enhancement and expansion of platforms

**Business strategy**

Full-scale operation of new platform

Expansion of fan club services
Business strategy: Empower Push into New Entertainment

Expand and strengthen business fields: ① Strengthen businesses aimed at mature fan base

- Establishment of BANDAI SPIRITS CO., LTD.

**BANDAI SPIRITS**

Collectors figures
Plastic models
Online Marketing
IP location

**BANDAI**

Lottery business
New businesses

**BANPRESTO**

Work to accelerate business expansion through the rollout of specific brands for businesses aimed at mature fan base. In doing so, become the No. 1 integrated hobby and entertainment company.

---

Business strategy: Empower Push into New Entertainment

Expand and strengthen business fields: ② Strengthen the live entertainment business

- Establishment of BANDAI NAMCO Arts Inc.

**BANDAI NAMCO Arts**

Creation of new entertainment that fuses visuals with music
Creation of IP with even deeper connections between visuals and music

**Lantis**

Strengthen live events overseas
Strengthening of live events aimed at overseas fans of Japanese IP and anime songs

**BANDAI VISUALS**

Creation of a multipurpose facility in Shibuya, Tokyo
Bolstering the live entertainment business through the management of a Company-owned facility

**Full-scale entrance into e-sports**
Take on challenges in new genres of games and live events
Gain Momentum with ALL BANDAI NAMCO

Initiatives for a regional axis structure

**Full-scale expansion in the Chinese market**
- Promote business expansion in the Chinese Market and undertake efforts under the ALL BANDAI NAMCO concept
- Establish a regional holding company in China (Shanghai)

**Establish system**
- Establish a structure to promote the ALL BANDAI NAMCO concept in each area

**Promote an IP axis strategy deeply rooted in local communities with the aim of becoming the No. 1 entertainment company**

**Establish a structure to implement the ALL BANDAI NAMCO concept in other regions as well**

**Gradually unify our corporate mark in each region**

Make Personnel the Core of the Group

Becoming a corporate group where employees with various personalities can work in a lively and energetic manner

A group centered on human resource management, particularly on entertainment and imagination

- Cultivation of global human resources
- “Challenge” evaluation system
- Efforts to reform work styles
- IP creation and support for undertaking new businesses
- Utilization of a diverse group of human resources
- Personnel exchange
Capital Policy (Shareholder Returns Policy)

Revise shareholder returns policy to place more emphasis on capital costs and ROE

【Current policy】
Based on stable annual per share dividend payments of ¥24, aiming for a consolidated dividend payout ratio of 30%

【Revised policy】
Based on stable annual dividend payments reflecting DOE 2%, aiming for a consolidated dividend payout ratio of 50% or higher

Implement revised policy ahead of schedule, starting with the year-end dividend for FY2018.3

Aim for 10 Years in the Future

Take on new challenges with a sense of urgency and a high level of curiosity
Note on Projections
This document contains forward-looking statements and information related to the BANDAI NAMCO Group that are based on our knowledge as well as various assumptions made on the basis of information currently available. The words "forecast," "plan," "target," "estimation," "projection," "intend," "will" and similar expressions, as related to the Group, are intended to identify forward-looking statements and information. Actual results could differ materially from those projected in such forward-looking statements.
### Reference: Numerical Targets (by unit)

<table>
<thead>
<tr>
<th></th>
<th>FY2018.3 Forecast</th>
<th>FY2021.3 Full-year targets for FY2021.3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Toys and Hobby</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>215.0</td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td>15.0</td>
<td></td>
</tr>
<tr>
<td><strong>Network Entertainment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>380.0</td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td>36.0</td>
<td></td>
</tr>
<tr>
<td><strong>Visual and Music production</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td>12.0</td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>30.0</td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td><strong>Elimination and Corporate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>-45.0</td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td>-7.0</td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated</strong></td>
<td>Net sales 630.0</td>
<td>Operating profit 57.0</td>
</tr>
<tr>
<td><strong>Toys and Hobby</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>275.0</td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td>20.0</td>
<td></td>
</tr>
<tr>
<td><strong>Network Entertainment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>310.0</td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td>41.0</td>
<td></td>
</tr>
<tr>
<td><strong>Real Entertainment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>130.0</td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td><strong>Visual and Music production</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment sales</td>
<td>40.0</td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td><strong>IP Creation</strong></td>
<td>Segment sales 18.0</td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>Segment sales 32.0</td>
<td>Segment profit 1.0</td>
</tr>
<tr>
<td><strong>Elimination and Corporate</strong></td>
<td>Segment sales -55.0</td>
<td>Segment profit -9.0</td>
</tr>
<tr>
<td><strong>Consolidated</strong></td>
<td>Net sales 750.0</td>
<td>Operating profit 75.0</td>
</tr>
</tbody>
</table>