

# BANDAI NAMCO Holdings Inc.

Notice of the Thirteenth Ordinary General Meeting of Shareholders  
to be held on June 18, 2018  
An English translation of the original notice in Japanese

## DISCLAIMER

The following is an English translation of the Japanese original “Notice of the Thirteenth Ordinary General Meeting of Shareholders of BANDAI NAMCO Holdings Inc.” which meeting is to be held on June 18, 2018.

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.

May 28, 2018

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

Dear Shareholders,

NOTICE OF THE THIRTEENTH ORDINARY GENERAL MEETING  
OF SHAREHOLDERS

You are cordially invited to attend the Thirteenth 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 16, 2018.

**Meeting Details**

1. **Date and Time:** June 18, 2018 (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 Thirteenth Fiscal Year (from April 1, 2017 to March 31, 2018)
2. Report on the Contents of the Non-Consolidated Financial Statements for the Thirteenth Fiscal Year (from April 1, 2017 to March 31, 2018)

**Matters to be Resolved:**

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

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

**Proposal No. 3:** Election of Four Audit & Supervisory Board Members

**Proposal No. 4:** Revision of Performance-based Stock Compensation Plan for Directors

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

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

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

Please exercise your voting rights after reviewing the Reference Documents for the General Meeting of Shareholders on pages 5 to 26.

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 THIRTEENTH 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 16, 2018.**

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

Please access the website designated by the Company for the exercise of voting rights (<https://evote.tr.mufg.jp/>), enter and send your approval or disapproval of each item on the agenda by **5:30 p.m., Saturday, June 16, 2018.**

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="https://www.bandainamco.co.jp/ir/stock/meeting.html">https://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 (<https://evote.tr.mufg.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 ranks the return of profits to shareholders as one of its highest priorities in its management. The Company assumes its basic policy is to further strengthen the BANDAI NAMCO Group (“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. As part of starting the new Mid-term Plan in April 2018, and in light of the Group’s strategy and the environment surrounding its business, the basic policy for providing returns to shareholders was examined from various angles. As a result, the Company changed over to a basic policy of providing a return to shareholders that targets a total return ratio of 50% or more based on stable dividend payments of 2% of DOE (dividends on equity). Under this policy, the Company strives to maintain long-term and stable dividend levels and be more aware of capital cost. This basic policy is applied to the distribution of dividends starting with the year-end dividend for the fiscal year ended March 31, 2018.

By implementing this new policy and in view of the Company’s performance in this fiscal year, the Company will pay a year-end dividend of ¥111 per share, which consists of a base dividend of ¥20 per share, a performance-based dividend of ¥66 per share, and an additional special dividend of ¥25 per share due to achieving the highest ever business performance.

Since the Company paid an interim dividend of ¥12 per share on December 7, 2017, the total annual dividend for the fiscal year will be ¥123 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..... ¥111 Total amount of dividends ..... ¥24,407,604,408
(iii) Effective date of distribution of surplus (dividend): June 19, 2018

## **Proposal No. 2: Election of Eleven 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 eleven Directors. The president and representative director of each core company responsible for each business segment also serves on the Company's Board of Directors, and because of the structural change from the previous three-SBU structure to a five-Unit structure in accordance with the new Mid-term Plan that started in April 2018, the Company proposes two additional candidates for concurrently serving Director.

### **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 laid out in the Articles of Incorporation of the Company is that at least two Directors should be Outside Directors and both of the Outside Directors should be 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	<p>Mitsuaki Taguchi (June 16, 1958)</p> <p>Number of the Company's Shares Owned 69,000 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 supervised the business appropriately since he was appointed as President and Representative Director of the Company in 2015 and he achieved the previous Mid-term Plan through his leadership skills based on extensive business experience and broad knowledge. He is proposed as a candidate for Director as the Company considers him capable of ensuring that the Group continues to grow.</p>			

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
2	<p>Shuji Ohtsu (August 6, 1959)</p> <p>Number of the Company's Shares Owned 33,200 Shares</p>	<p>Director and Division General Manager of the Group Administrative Headquarters</p>	<p>Mar. 1986: Licensed as a CPA  Dec. 1996: Partner of Century Audit Corporation  Jan. 2000: Partner of Century Ota Showa &amp; Co. (currently Ernst &amp; Young ShinNihon LLC)  Sep. 2003: Partner of 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 Department 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)  Oct. 2017: President and Representative Director of BANDAI NAMCO Will 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.  President and Representative Director of BANDAI NAMCO Will 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
3	<p data-bbox="331 555 480 645">Yuji Asako (January 18, 1966)</p> <p data-bbox="320 712 491 835">Number of the Company's Shares Owned 34,300 Shares</p>	<p data-bbox="544 584 727 801">Director and Division General Manager of the Corporate Planning Division</p>	<p data-bbox="759 230 1437 1160"> Apr. 1986: Joined BANDAI CO., LTD.  Aug. 2005: General Manager, Accounting Division of BANDAI CO., LTD.  Sep. 2005: Joined the Company, as General Manager of the Corporate Administration Department in charge of PR and IR, and Accounting and Finance  Apr. 2006: Director of NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.)  Apr. 2008: Executive Officer, Division General Manager of Corporate Planning Division of the Company  Jun. 2010: Director in charge of Corporate Planning and Division General Manager of the Corporate Planning Division of the Company  Jun. 2011: Director and Division General Manager of the Corporate Planning Division of the Company (current position)  Apr. 2014: Director of NAMCO LIMITED (*) (currently BANDAI NAMCO Amusement Inc.)  * Newly established company through the incorporation-type company split of NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.)  Apr. 2017: Director of BANDAI NAMCO Holdings ASIA CO., LTD. (current position) </p>
<p data-bbox="296 1171 1430 1379"> 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
4	<p data-bbox="320 506 488 629">Masaru Kawaguchi (November 2, 1960)</p> <p data-bbox="320 696 488 819">Number of the Company's Shares Owned 39,400 Shares</p>	<p data-bbox="544 618 727 707">Director in charge of Toys and Hobby Unit</p>	<p data-bbox="759 226 1420 936"> Apr. 1983: Joined BANDAI CO., LTD.  Apr. 2002: Executive Officer and General Manager, Vending Machine Business Department of BANDAI CO., LTD.  Apr. 2006: Director in charge of distribution policy of BANDAI CO., LTD.  Apr. 2010: Managing Director in charge of hobby business policy and quality assurance policy of BANDAI CO., LTD.  Apr. 2015: Senior Managing Director in charge of toy business policy of BANDAI CO., LTD.  Aug. 2015: President and Representative Director of BANDAI CO., LTD. (current position)  Executive Officer of the Company  Jun. 2016: Director in charge of Toys and Hobby SBU of the Company  Feb. 2018: President and Representative Director of BANDAI SPIRITS CO., LTD. (current position)  Apr. 2018: Director in charge of Toys and Hobby Unit of the Company (current position) </p> <p data-bbox="759 943 1420 1093"> (Major concurrent positions)  President and Representative Director of BANDAI CO., LTD.  President and Representative Director of BANDAI SPIRITS CO., LTD. </p>
<p data-bbox="296 1106 1428 1317">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
5	Satoshi Oshita (July 3, 1953)  Number of the Company's Shares Owned 58,800 Shares	Director in charge of Network Entertainment Unit	<p>Mar. 1976: Joined BANDAI CO., LTD.</p> <p>Apr. 1992: General Manager, Toy Marketing Department of BANDAI CO., LTD.</p> <p>Jun. 1999: Executive Officer and Deputy Division Head, Consumer Business Division, and General Manager, SWAN Business Department of BANDAI CO., LTD.</p> <p>Jun. 2002: President and Representative Director of Bandai Networks Co., Ltd.</p> <p>Jun. 2007: Director in charge of Network SBU of the Company</p> <p>Apr. 2009: Managing Director in charge of CS business and NE business of NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.)</p> <p>Apr. 2010: President and Representative Director of BANDAI VISUAL CO., LTD. (currently BANDAI NAMCO Arts Inc.)</p> <p>Apr. 2012: President and Representative Director of NAMCO BANDAI Games Inc. (current position)</p> <p>Jun. 2012: Director in charge of Content SBU of the Company</p> <p>Jan. 2015: President of BANDAI NAMCO (SHANGHAI) CO., LTD.</p> <p>Apr. 2015: Director in charge of Network Entertainment SBU of the Company</p> <p>Oct. 2016: Chairman and Representative Director of BANDAI NAMCO Studios Inc.</p> <p>Apr. 2018: Director in charge of Network Entertainment Unit of the Company (current position)</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
6	<p>New Candidate for Director</p> <p>Hitoshi Hagiwara (April 8, 1959)</p> <p>Number of the Company's Shares Owned 16,000 Shares</p>	-	<p>Apr. 1978: Joined NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.)</p> <p>May 2002: Leader of AM Manufacturing Group, AM Company of NAMCO LIMITED</p> <p>Apr. 2005: Executive Officer and Head of AM Control Division, AM Company of NAMCO LIMITED</p> <p>Apr. 2006: Executive Officer and Vice President of AM Company and Head of AM Control Division of NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.)</p> <p>Apr. 2009: Senior Executive Officer and Division Head of AM Business Division and General Manager of AM Promotion and Advertising Department of NAMCO BANDAI Games Inc.</p> <p>Apr. 2011: Director in charge and General Manager of Amusement Sales Headquarters of NAMCO BANDAI Games Inc.</p> <p>Apr. 2013: Managing Director in charge of Business Management and General Manager of Amusement Machine Business Management Group of NAMCO BANDAI Games Inc.</p> <p>Apr. 2014: Executive Officer in charge of Amusement Facility SBU of the Company President and Representative Director of NAMCO LIMITED (*) (currently BANDAI NAMCO Amusement Inc.) (current position) * Newly established company through the incorporation-type company split of NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.)</p> <p>Jun. 2014: Director in charge of Amusement Facility SBU of the Company</p> <p>Apr. 2015: Vice President and Director of BANDAI NAMCO Entertainment Inc.</p> <p>Apr. 2016: Director of BANDAI NAMCO Entertainment Inc.</p> <p>Apr. 2018: Executive Officer in charge of Real Entertainment Unit of the Company (current position)</p> <p>(Major concurrent position) President and Representative Director of BANDAI NAMCO Amusement Inc.</p>
<p>Reasons for proposing Mr. Hitoshi Hagiwara as a candidate for Director: Mr. Hitoshi Hagiwara possesses extensive experience, achievements, and knowledge in the Real Entertainment Business. He has driven the business forward as the President and Representative Director of BANDAI NAMCO Amusement Inc., which is the core company of amusement facility operations in the Group, since 2014. He is proposed as a candidate for Director as the Company considers him capable of building closer ties between the Real Entertainment Business and Group management.</p>			

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
7	<p style="text-align: center;">Kazumi Kawashiro (November 4, 1959)</p> <p>Number of the Company's Shares Owned 21,100 Shares</p>	<p style="text-align: center;">Director in charge of Visual and Music Production Unit</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. (currently BANDAI NAMCO Arts Inc.)</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</p> <p>Apr. 2018: Director in charge of Visual and Music Production Unit of the Company (current position)</p> <p>(Major concurrent position) President and Representative Director of BANDAI NAMCO Arts Inc.</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 NAMCO Arts Inc., 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	<p>New Candidate for Director</p> <p>Yasuo Miyakawa (June 8, 1956)</p> <p>Number of the Company's Shares Owned 11,950 Shares</p>	-	<p>Apr. 1981: Joined BANDAI CO., LTD.</p> <p>Jan. 1996: Director of Bandai Digital Entertainment</p> <p>Apr. 2000: Joined SUNRISE INC., as General Manager of Network Development Department</p> <p>Apr. 2004: Director of SUNRISE INC.</p> <p>Apr. 2008: Managing Director of SUNRISE INC.</p> <p>Apr. 2011: Senior Managing Director of SUNRISE INC.</p> <p>Apr. 2013: Vice President and Director of SUNRISE INC.</p> <p>Apr. 2014: President and Representative Director of SUNRISE INC. (current position)</p> <p>Apr. 2015: President and Representative Director of BANDAI NAMCO Pictures Inc. (current position)</p> <p>Apr. 2018: Executive Officer in charge of IP Creation Unit of the Company (current position)</p> <p>(Major concurrent positions)</p> <p>President and Representative Director of SUNRISE INC.</p> <p>President and Representative Director of BANDAI NAMCO Pictures Inc.</p>
<p>Reasons for proposing Mr. Yasuo Miyakawa as a candidate for Director:  Mr. Yasuo Miyakawa possesses extensive experience, achievements, and knowledge in the IP Creation Business. He has driven the business forward as the President and Representative Director of SUNRISE INC., which is the core company of the IP Creation Business in the Group, since 2014. He is proposed as a candidate for Director as the Company considers him capable of building closer ties between the IP Creation Business and Group management.</p>			

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
9	<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.			
10	<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
11	<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 Jun. 2016: Outside Director of the Company (current position) Apr. 2018: Associate Professor, Graduate School of Business Administration, Hitotsubashi University Business School (current position)  (Major concurrent position) Associate Professor at Graduate School of Business Administration, Hitotsubashi University Business School
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 four years, and Ms. Satoko Kuwabara and Mr. Mikiharu Noma will have served for approximately two years.
2. Independence as Outside Director  
The Company believes that Mr. Yuzuru Matsuda, Ms. Satoko Kuwabara and Mr. Mikiharu Noma, who are candidates for Outside Director of the Company, all satisfy the Company's Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members (please refer to "Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members" on page 21) 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.



**Proposal No. 3: Election of Four Audit & Supervisory Board Members**

Since the terms of office of the four Audit & Supervisory Board Members of the Company will expire as of the close of this General Meeting of Shareholders, the Company requests the election of four Audit & Supervisory Board Members.

This Proposal has already been approved by the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Member of the Company are as follows:

Candidate No.	Name (Date of Birth)	Career Summary and Positions in the Company	
1	<p>New Candidate for Audit &amp; Supervisory Board Member</p> <p>Masataka Nagaike (May 15, 1959)</p> <p>Number of the Company's Shares Owned 2,700 Shares</p>	Nov. 1994:	Joined NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.)
		Apr. 2004:	Leader of General Affairs and Compliance Group of NAMCO LIMITED
		Sep. 2005:	Joined the Company, as General Manager in charge of Human Resources and General Affairs of the Corporate Administration Department
		Apr. 2007:	Director of BANDAI CO., LTD.
		Apr. 2009:	General Manager of Corporate Legal Affairs Department of the Company
		Apr. 2011:	General Manager of Corporate Communications Department of the Company
		Apr. 2015:	Senior Adviser of Corporate Communications Department of the Company (current position)
<p>Reasons for proposing Mr. Masataka Nagaike as a candidate for Audit &amp; Supervisory Board Member:</p> <p>Given his many years of experience in engaging in work in the administration divisions, and mastering corporate legal affairs, the Company expects Mr. Masataka Nagaike to utilize his knowledge and experience for the audit &amp; supervisory system of the Company.</p>			
2	<p>New Candidate for Audit &amp; Supervisory Board Member</p> <p><u>Outside Audit &amp; Supervisory Board Member</u></p> <p>Toru Shinoda (December 5, 1963)</p> <p>Number of the Company's Shares Owned --- Shares</p>	Apr. 1986:	Joined Daiwa Securities Co. Ltd.
		Oct. 1991:	Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)
		Aug. 1995:	Licensed as a CPA
		Mar. 2018:	Head of Toru Shinoda CPA Office (current position)
		(Major concurrent position) Certified Public Accountant	
<p>Reasons for proposing Mr. Toru Shinoda as a candidate for Outside Audit &amp; Supervisory Board Member and his suitability as Outside Audit &amp; Supervisory Board Member:</p> <p>Given his many years mastering the audit practices, and given he is a certified public accountant, the Company expects Mr. Toru Shinoda to utilize his wealth of knowledge and experience in accounting and auditing for the audit &amp; supervisory system of the Company, and thus believes that he will be able to appropriately perform the duties of an Outside Audit &amp; Supervisory Board Member. Although he has not been involved in corporate management other than through serving as an outside officer, for the reasons described above, the Company believes that he will be able to perform the duties of an Outside Audit &amp; Supervisory Board Member appropriately.</p>			

Candidate No.	Name (Date of Birth)	Career Summary and Positions in the Company
3	<p data-bbox="325 488 555 600"><u>Outside Audit &amp; Supervisory Board Member</u></p> <p data-bbox="354 645 523 757">Osamu Sudoh (January 24, 1952)</p> <p data-bbox="325 846 555 981">Number of the Company's Shares Owned 9,900 Shares</p>	<p data-bbox="596 197 1433 1034"> Apr. 1980: Admitted to the bar in Japan  Apr. 1983: Partner of Tokyo Yaesu Law Office  Jun. 1999: Partner of Sudoh &amp; Takai Law Offices  Jun. 2003: Outside Audit &amp; Supervisory Board Member of NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.)  Sep. 2005: Outside Audit &amp; Supervisory Board Member of the Company (current position)  Mar. 2006: Outside Audit &amp; Supervisory Board Member of NAMCO LIMITED (*) (currently BANDAI NAMCO Amusement Inc.)  * Newly established company through the incorporation-type company split of NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.)  Jun. 2009: Outside Director of eBANK Corporation (currently Rakuten Bank, Ltd.)  Jun. 2011: Outside Audit &amp; Supervisory Board Member of MITSUI-SOKO Co., Ltd. (currently MITSUI-SOKO HOLDINGS Co., Ltd.) (current position)  Jun. 2012: Outside Director of Accordia Golf Co., Ltd.  May 2016: Partner of Sudoh &amp; Partners (current position)  Jun. 2016: Outside Corporate Auditor of Pronexus Inc. (current position)  Jun. 2016: Statutory Auditor of Keikyu Corporation (current position) </p> <p data-bbox="596 1043 1362 1258"> (Major concurrent positions)  Attorney-at-Law  Partner of Sudoh &amp; Partners  Outside Audit &amp; Supervisory Board Member of MITSUI-SOKO HOLDINGS Co., Ltd.  Outside Corporate Auditor of Pronexus Inc.  Statutory Auditor of Keikyu Corporation </p>
<p data-bbox="296 1267 1445 1576"> Reasons for proposing Mr. Osamu Sudoh as a candidate for Outside Audit &amp; Supervisory Board Member and his suitability as Outside Audit &amp; Supervisory Board Member:  Given his many years of experience as an attorney-at-law, the Company expects Mr. Osamu Sudoh to utilize his wealth of knowledge and experience in legal affairs for the audit &amp; supervisory system of the Company, and thus believes that he will be able to appropriately perform the duties of an Outside Audit &amp; Supervisory Board Member. Although he has not been involved in corporate management other than through serving as an outside officer, for the reasons described above, the Company believes that he will be able to perform the duties of an Outside Audit &amp; Supervisory Board Member appropriately. </p>		

Candidate No.	Name (Date of Birth)	Career Summary and Positions in the Company
4	<p data-bbox="325 398 555 510"><u>Outside Audit &amp; Supervisory Board Member</u></p> <p data-bbox="309 555 571 622">Katsuhiko Kamijo (September 17, 1951)</p> <p data-bbox="325 703 555 837">Number of the Company's Shares Owned --- Shares</p>	<p data-bbox="596 197 1410 882"> Apr. 1978: Joined National Tax Agency  Jul. 1986: District Director of Suzuka Tax Office  Jul. 2001: Manager of Second Taxation Department of Tokyo Regional Taxation Bureau  Jul. 2005: Director (Information System Management) of National Tax Agency  Jul. 2008: Regional Commissioner of Okinawa Regional Taxation Office  Jul. 2009: Commissioner of Nagoya National Tax Tribunal  Jul. 2011: Retired from National Tax Agency  Sep. 2011: Professor at Faculty of Law of Teikyo University (current position)  Jun. 2013: Outside Audit &amp; Supervisory Board Member of HASEKO Corporation  Jun. 2014: Outside Audit &amp; Supervisory Board Member of the Company (current position)  Jun. 2015: Registered as a Certified Public Tax Accountant  Jun. 2017: Outside Audit &amp; Supervisory Board Member of The Resolution and Collection Corporation (current position) </p> <p data-bbox="596 882 1410 1039"> (Major concurrent positions)  Certified Public Tax Accountant  Professor at Faculty of Law of Teikyo University  Outside Audit &amp; Supervisory Board Member of The Resolution and Collection Corporation </p>
<p data-bbox="300 1048 1433 1368"> Reasons for proposing Mr. Katsuhiko Kamijo as a candidate for Outside Audit &amp; Supervisory Board Member and his suitability as Outside Audit &amp; Supervisory Board Member:  Given his many years mastering tax affairs, and given that he is a certified public tax accountant, the Company expects Mr. Katsuhiko Kamijo to utilize his wealth of knowledge and experience in tax affairs for the audit &amp; supervisory system of the Company, and thus believes that he will be able to appropriately perform the duties of an Outside Audit &amp; Supervisory Board Member. Although he has not been involved in corporate management other than through serving as an outside officer, for the reasons described above, the Company believes that he will be able to perform the duties of an Outside Audit &amp; Supervisory Board Member appropriately. </p>		

- (Notes)
1. Each of Mr. Toru Shinoda, Mr. Osamu Sudoh and Mr. Katsuhiko Kamijo is a candidate for Outside Audit & Supervisory Board Member of the Company. Mr. Osamu Sudoh and Mr. Katsuhiko Kamijo are currently Outside Audit & Supervisory Board Members of the Company. As of the close of this General Meeting of Shareholders, Mr. Osamu Sudoh will have served as Outside Audit & Supervisory Board Member for approximately twelve years and nine months, and Mr. Katsuhiko Kamijo will have served for approximately four years.
  2. Independence as Outside Audit & Supervisory Board Member  
The Company believes that Mr. Toru Shinoda, Mr. Osamu Sudoh and Mr. Katsuhiko Kamijo, who are candidates for Outside Audit & Supervisory Board Member 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 21) 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 Audit & Supervisory Board Members.
  4. There are no special interests between each of the candidates for Audit & Supervisory Board Member 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 these 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.

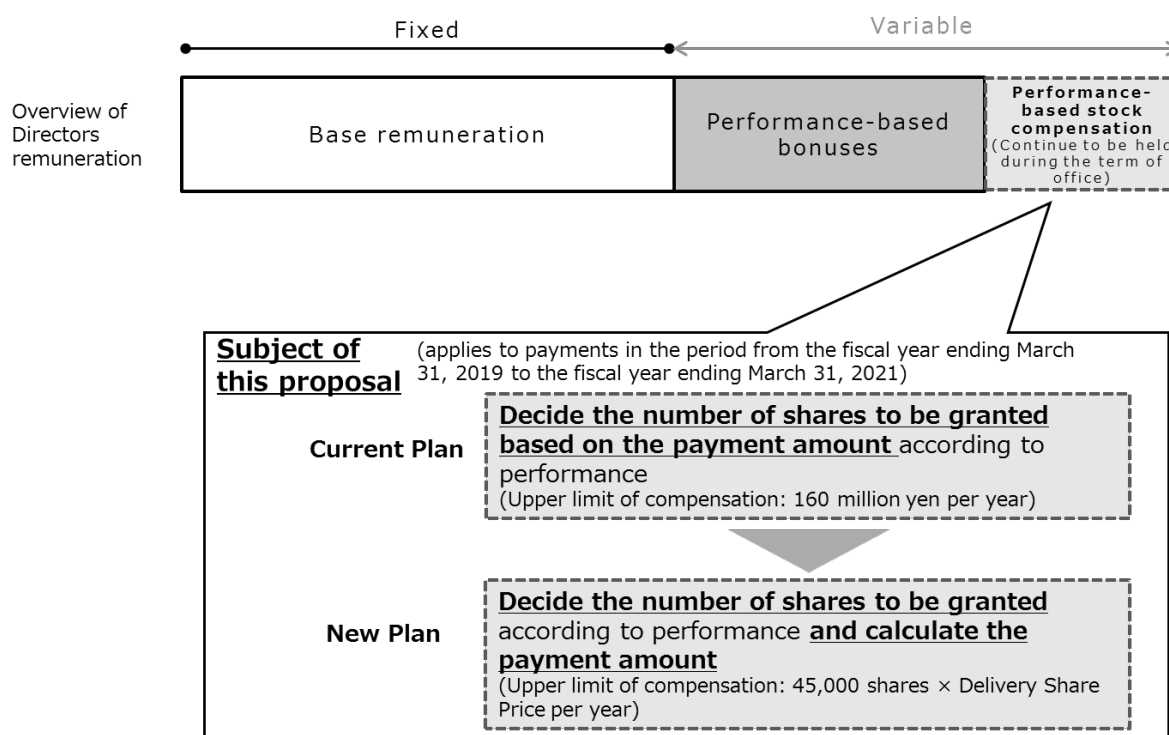
1. Any person who purports to be a major business partner of the Company (including group companies of the Company; the same applies hereinafter)
2. Any Executive Director, Executive Officer, Manager or other employee of a company that purports to be a major business partner of the Company
3. Any person 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 of 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 five 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. 4: Revision of Performance-based Stock Compensation Plan for Directors

The Company seeks approval for a revision of the performance-based stock compensation plan for Directors excluding Outside Directors of the Company (hereinafter “Eligible Directors”) from the current plan, which provides monetary compensation claims for delivering common stock of the Company and cash with an approved upper limit of 160 million yen per year (hereinafter “the Current Plan”), to a plan that provides monetary compensation claims for delivering common stock of the Company and cash, with an upper limit that is the amount obtained by multiplying 45,000 shares by the share price at the time of delivery (stipulated in (2) (\*3) below and is hereinafter referred to as “the Delivery Share Price”) by way of responding to the “Mid-term Plan of the BANDAI NAMCO Group (From April 2018 to March 2021),” which started in April 2018 (hereinafter “the Mid-term Plan”) (the stock compensation plan after the revision is hereinafter referred to as “the Plan”).

(Reference) For a visual overview of the Company’s Directors remuneration (excluding Outside Directors), please see the figure below.



The Company initially received approval at the Tenth Ordinary General Meeting of Shareholders held on June 22, 2015 for granting stock compensation-type stock options with an upper limit of 160 million yen per year under a performance requirement by way of responding to the mid-term plan immediately preceding the current Mid-term Plan (such stock compensation plan is hereinafter referred to as “the Initial Plan”). However, at the Company’s Twelfth Ordinary General Meeting of Shareholders held on June 19, 2017, approval was received to partially change the resolution for approval related to the Initial Plan in light of various improvements made to stock compensation systems in Japan, and introduce the Current Plan for the fiscal year ended March 31, 2017 and the fiscal year ended March 31, 2018, while staying in line with the basic approach of the Initial Plan.

The Company now seeks to change the content of the Current Plan in order to have Directors aspire toward achieving performance targets listed in the Mid-term Plan, and to further deepen shared value with shareholders and promote continuous improvement in corporate value following the change of the basic policy for providing returns to shareholders. Accordingly, the Company wishes to set the total amount of monetary compensation claims and cash to be provided as performance-based stock compensation to within the amount obtained by multiplying 45,000 shares by the Delivery Share Price, which is considered an appropriate amount based on the abovementioned objectives. Unlike the Current Plan, under the Plan the upper limit for the total amount of monetary compensation claims and cash to be provided fluctuates in accordance with the Delivery Share Price.

Under the Plan, the Company's common stock and cash are delivered or provided to Eligible Directors in accordance with a number of payment share units determined in accordance with the degree of attainment of the performance target for consolidated operating profit of the Company in each fiscal year covered by the Mid-term Plan (hereinafter "Evaluation Fiscal Years"), based on a reference number of share units determined in advance in accordance with the roles and so forth of the Eligible Directors. The number of payment share units is decided purely based on performance, and payment is made only when consolidated operating profit is 60,000 million yen or higher, with the number of payment share units increasing gradually until consolidated operating profit reaches 75,000 million yen (the final fiscal year target for the Mid-term Plan). Under this design, changes in the share price from that in the first fiscal year of the Mid-term Plan can be reflected directly in compensation. Furthermore, payment or non-payment and the number of payment share units are determined each Evaluation Fiscal Year.

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. Therefore, to enable allocation of funds for payment of tax arising when the shares of the common stock of the Company are delivered to Eligible Directors, a cash payment shall be made in the amount obtained by converting a portion of the determined number of payment share units at the Delivery Share Price.

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

The content of the Plan is as follows:

(1) Overview of the Plan

Under the Plan, common stock of the Company (\*) and cash (hereinafter "the Company's Shares, Etc.") shall be delivered or provided to Eligible Directors according to the degree of attainment of the performance target for consolidated operating profit for each Evaluation Fiscal Year. The Company's Shares, Etc. shall be delivered or provided only when consolidated operating profit is 60,000 million yen or higher, and the payment ratio shall become 100% when consolidated operating profit reaches the final fiscal year target for the Mid-term Plan of 75,000 million yen.

(\*) 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.

However, for Eligible Directors who are non-residents of Japan, in place of the delivery of the Company's common stock, they shall be provided with cash in the amount obtained by converting all of the determined number of share units at the Delivery Share Price.

(2) Calculation method of the number of the Company's Shares, Etc., and the total amount of the Company's Shares, Etc., to be delivered or provided to Eligible Directors

Taking the predetermined reference number of share units for Eligible Directors as the basis for calculation, the number of shares of common stock of the Company and amount of cash to be delivered or provided are calculated according to the amount of consolidated operating profit of the Company for the Evaluation Fiscal Year based on the formula below.

(a) The number of shares of common stock of the Company to be delivered to each Eligible Director

Number of payment share units  $\times$  50% (with any resulting odd-lots of less than 100 shares rounded up)

(Note 1) Number of payment share units = Predetermined reference number of share units (\*1)  $\times$  Ratio according to the consolidated operating profit of the Company for that Evaluation Fiscal Year (payment ratio) (\*2) (with any resulting odd-lots of less than 100 shares rounded down)

(Note 2) As in (1) (\*), what is actually provided to Eligible Directors is monetary compensation claims corresponding to the amount obtained by multiplying the number of the abovementioned shares of common stock of the Company by the Delivery Share Price. These are for making payment as property contributed in kind upon delivery of the Company's common stock.

(b) The amount of cash to be provided to each Eligible Director

(Number of payment share units – The number calculated in (a) above) × Delivery Share Price

(\*1) Reference number of share units shall be determined beforehand based on the roles and responsibilities of each Eligible Director.

(Reference) If Proposal No. 2 is approved and adopted as proposed, the reference number of share units for Eligible Directors for the fiscal year ending March 31, 2019 will be as shown in the table below. For Eligible Directors who serve concurrently as the president and representative director of one of the five core companies of the Group's Units, namely BANDAI CO., LTD. ("BC"), BANDAI NAMCO Entertainment Inc. ("BNE"), BANDAI NAMCO Amusement Inc. ("BNAM"), BANDAI NAMCO Arts Inc. ("ARTS"), and SUNRISE INC. ("SR"), or BANDAI SPIRITS CO., LTD. ("BSP"), the reference number of share units for the president and representative director of the respective Unit core company or BSP is applied. Moreover, for Eligible Directors who serve concurrently as president and representative director of multiple companies at Unit core companies and BSP, the highest of the corresponding reference numbers of share units for the president and representative director of the respective Unit core company or BSP is applied. If an Eligible Director serves multiple positions concurrently as described above, the respective Unit core company and BSP which has the relevant concurrent director will provide the relevant Eligible Director with monetary compensation claims and cash as remuneration in accordance with a predetermined rule.

(Reference number of share units)

	The Company	BC	BNE	BNAM	ARTS	SR	BSP
President and representative director	6,600	5,300	6,000	3,300	4,600	3,300	5,300
Director	3,300	–	–	–	–	–	–



- (\*2) The Company's Shares, Etc. shall not be provided if consolidated operating profit does not reach 60,000 million yen. If consolidated operating profit is 75,000 million yen or greater, 100% of the Company's Shares, Etc. shall be provided. The specific method for determining the payment ratio is as follows.

Consolidated operating profit	Payment ratio
Less than 60,000 million yen	0%
60,000 million yen or more but less than 75,000 million yen	$[50 + \{(Amount\ of\ consolidated\ operating\ profit\ (in\ 100\ million\ yen) - 60,000\ million\ yen) \div 100\ million\ yen\} \div 3]\%$
75,000 million yen or more	100%

- (\*3) Delivery Share Price is 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 to deliver the Company's common stock related to the Plan held within two months from the date of the Ordinary General Meeting of Shareholders pertaining to each Evaluation Fiscal Year stipulated in (3) below (if the Company's shares were not traded on that day, the closing price on the last day the shares were traded prior to that).

The upper limit of the total amount of monetary compensation claims (to be used as property contributed in kind in payment for common stock of the Company) and cash for one fiscal year of the Evaluation Fiscal Years shall be the amount obtained by multiplying 45,000 shares by the Delivery Share Price. Of this, the upper limit for the total number of shares of common stock of the Company that can actually be delivered to the Eligible Directors shall be 22,500 shares (0.01% of the total number of shares issued) per fiscal year of the Evaluation Fiscal Years. However, at the close of this Ordinary General Meeting of Shareholders or thereafter, if the Company carries out a share split (including allotments of shares without receipt of monetary consideration; the same shall apply hereinafter to share splits mentioned below) or share consolidation of the common stock of the Company, the abovementioned number of shares shall be adjusted in accordance with the following formula, with any fractions less than one share resulting from the adjustment being rounded down.

Number of shares after adjustment = Number of shares before adjustment  $\times$  Ratio of share split or share consolidation

- (3) Requirements for delivering or providing the Company's Shares, Etc. to Eligible Directors

Under the Plan, the Company's Shares, Etc. shall be delivered or provided when the Evaluation Fiscal Year ends and Eligible Directors fulfill the following requirements.

The number of the Company's Shares, Etc. to be delivered or provided shall be decided at a Board of Directors meeting for delivering the Company's common stock related to the Plan held within two months from the Ordinary General Meeting of Shareholders for the Evaluation Fiscal Year.

- (a) The Eligible Director remained in office as a Director until the end of the Evaluation Fiscal Year.
- (b) The Eligible Director did not engage in any specified misconduct.
- (c) Other requirements deemed necessary that have been set by the Board of Directors

(Reference) Directors of the five core companies of the Group's Units, BC, BNE, BNAM, ARTS, and SR, or BSP, who are not serving concurrently as Directors of the Company (hereinafter "the Eligible Subsidiary Directors") shall also be eligible for the same kind of performance-based stock compensation plans. Provided this proposal is approved as proposed, the Company's Shares, Etc. shall be delivered or provided to the Eligible Subsidiary Directors with content similar to the proposal.

The upper limit of the total amount of monetary compensation claims (to be used as property contributed in kind in payment for common stock of the Company) and cash for one fiscal year of the Evaluation Fiscal Years to be provided to the Eligible Subsidiary Directors shall be the amount obtained by multiplying 60,000 shares by

the Delivery Share Price (when combined with the portion provided to Eligible Directors, the upper limit for the total amount shall be the amount obtained by multiplying 105,000 shares by the Delivery Share Price). Moreover, the upper limit for the total number of shares of common stock of the Company that can actually be delivered to the Eligible Subsidiary Directors shall be 30,000 shares (0.01% of the total number of shares issued) per fiscal year of the Evaluation Fiscal Years (when combined with the portion delivered to Eligible Directors, the upper limit for the total number of shares delivered shall be 52,500 shares (0.02% of the total number of shares issued)). However, at the close of this Ordinary General Meeting of Shareholders or thereafter, if the Company carries out a share split or share consolidation of the common stock of the Company, the abovementioned number shall be adjusted by the same formula in (2) above, etc.

(Reference) “Policy and Procedures for Decisions on Remuneration” of the Company are as stated in “b. Policy and Procedures for Decisions on Remuneration” on pages 39 to 40. Reflecting the change of the Group organization structure from the previous three-SBU structure to the five-Unit structure, the same policy and procedures as the Company’s shall be applied to directors of the five core companies of the Units of the Group, namely BC, BNE, BNAM, ARTS and SR, and BSP.

**BUSINESS REPORTS***(From April 1, 2017 to March 31, 2018)***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, 2018, 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 impacted by uncertainty in social conditions and other factors.

In this environment, the Group has pushed ahead with the three-year Mid-term Plan that started in April 2015. Under the Vision of “NEXT STAGE: Empower, Gain Momentum and Accelerate Evolution,” the Group is targeting medium- and long-term growth and 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 markets.

During this fiscal year, we pushed ahead with key measures of the Mid-term Plan, where network content such as game applications for smartphones and home video games performed well in Japan and overseas. In addition, key IP products and services in each business segment also performed favorably.

Consequently, the Group’s consolidated results for the fiscal year ended March 31, 2018 were net sales of 678,312 million yen (year-on-year increase of 9.4%), operating profit of 75,024 million yen (year-on-year increase of 18.6%), recurring profit of 75,380 million yen (year-on-year increase of 19.1%), and profit attributable to owners of parent of 54,109 million yen (year-on-year increase of 22.5%). Accordingly, we were able to achieve the highest ever business performance.

**(ii) Outline of Business by Business Segment**

(Millions of yen)

Business Segment	Net Sales			Operating Profit		
	Year Ended March 31, 2017	Year Ended March 31, 2018	Change	Year Ended March 31, 2017	Year Ended March 31, 2018	Change
Toys and Hobby	218,098	222,417	Increase of 4,318	13,330	14,476	Increase of 1,145
Network Entertainment	355,585	405,986	Increase of 50,401	42,034	52,374	Increase of 10,339
Visual and Music Production	56,290	56,058	Decrease of 231	13,436	12,508	Decrease of 928
Other	26,797	27,640	Increase of 842	702	767	Increase of 64
Eliminations and Corporate	(36,710)	(33,791)	Increase of 2,918	(6,266)	(5,101)	Increase of 1,164
Consolidated	620,061	678,312	Increase of 58,250	63,238	75,024	Increase of 11,786

(Note) As the Group partially changed the classification of business segments on April 1, 2017, the classification of business segments for the previous fiscal year have been restated accordingly.

### Toys and Hobby Business

As for Toys and Hobby Business, in Japan, long-established IP products such as the *KAMEN RIDER* series, the *PRETTY CURE!* series, and the *Dragon Ball* series continued to perform well, while products of the *Mobile Suit Gundam* series performed steadily, mainly in plastic models. In addition, the Group enhanced efforts to expand its target markets for mature fans and implemented measures to strengthen the IP axis strategy by taking steps to expand IP lineup and the like. Overseas, in the Asian region, products of the *Mobile Suit Gundam* series and collectable toys for mature fans continued gaining in popularity. In Americas and Europe, we continued with the roll-out of card products and the like for the mature fan base.

As a result, net sales in the Toys and Hobby Business were 222,417 million yen (year-on-year increase of 2.0%), and operating profit was 14,476 million yen (year-on-year increase of 8.6%).

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

### Network Entertainment Business

As for the Network Entertainment Business, in network content such as game applications for smartphones, key titles being distributed worldwide such as *DRAGON BALL Z DOKKAN BATTLE* and *ONE PIECE Treasure Cruise*, and, in Japan, key titles such as *The iDOLM@STER* series continued to perform well and contributed significantly to earnings. In home video games, the new title *TEKKEN 7* and *DRAGONBALL FighterZ* became popular mainly in Americas and Europe, and repeat sales of existing titles were favorable. In the amusement business, the Group's existing amusement facilities in Japan performed favorably, and the Group proactively developed machines and opened new facilities utilizing virtual reality (VR) as a fresh initiative combining new technologies.

As a result, net sales in the Network Entertainment Business were 405,986 million yen (year-on-year increase of 14.2%), and operating profit was 52,374 million yen (year-on-year increase of 24.6%).

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

### Visual and Music Production Business

In the Visual and Music Production Business, the Company rolled out videos and products linked to new and existing key IP products, such as the *Mobile Suit Gundam* series, the *LoveLive!* series, and the *GIRLS und PANZER* series, and these became popular. Although earnings also made a contribution from license revenue related to products such as the *LoveLive!* series, differences mainly in the launch timing for key products resulted in a year-on-year decline in earnings for the business overall.

As a result, net sales in the Visual and Music Production Business were 56,058 million yen (year-on-year decrease of 0.4%), and operating profit was 12,508 million yen (year-on-year decrease of 6.9%).

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 made efforts to manage such operations related to group support in an efficient manner.

As a result, net sales in the Other Businesses were 27,640 million yen (year-on-year increase of 3.1%), and operating profit was 767 million yen (year-on-year increase of 9.3%).

Description of Business
Businesses supporting respective Units such as distribution, logistics, printing and other kinds of administration and operational work

#### (iii) Capital Expenditures

In this fiscal year, the Group carried out 54,834 million yen in capital expenditures; the funds were primarily used for acquisition of land for rental facilities mainly for subsidiaries, investments in 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

BANDAI NAMCO Holdings France S.A.S., a subsidiary of the Company (the name changed from BANDAI S.A.S. on September 30, 2017), transferred the Toy and Hobby Business in France through a scheme equivalent to the Japanese absorption-type company split on September 30, 2017, to its subsidiary, BANDAI S.A.S. (the name changed from BANDAI Toy S.A.S. on September 30, 2017).

#### (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 made capital contribution to a wholly-owned subsidiary, BANDAI NAMCO Holdings CHINA CO., LTD., on January 22, 2018.
- The Company established BANDAI SPIRITS CO., LTD., a wholly owned subsidiary, on February 15, 2018.

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

Fiscal Year Classification	10th Fiscal Year (Year Ended March 31, 2015)	11th Fiscal Year (Year Ended March 31, 2016)	12th Fiscal Year (Year Ended March 31, 2017)	13th Fiscal Year (Year Ended March 31, 2018) (This Fiscal Year)
Net sales (Millions of yen)	565,486	575,504	620,061	678,312
Operating profit (Millions of yen)	56,320	49,641	63,238	75,024
Recurring profit (Millions of yen)	59,383	50,774	63,290	75,380
Profit attributable to owners of parent (Millions of yen)	37,588	34,583	44,159	54,109
Basic earnings per share	¥171.10	¥157.43	¥201.03	¥246.29
Total assets (Millions of yen)	441,763	448,336	488,032	540,490
Net assets (Millions of yen)	303,512	317,304	348,784	387,354
Net assets per share	¥1,378.77	¥1,441.49	¥1,584.71	¥1,758.99

(3) Important Parent Company and Subsidiaries (As of March 31, 2018)

(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, 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 games, 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 NAMCO Holdings France S.A.S.	€ 21,690 thousand	100.0%	Pure holding company in Europe
BANDAI NAMCO Holdings UK LTD.	£ 50,500 thousand	100.0%	Pure holding company as regional headquarters in Europe
BANDAI NAMCO Holdings ASIA CO., LTD.	HK\$ 103,000 thousand	100.0%	Pure holding company as regional headquarters in Asia (excluding China)
BANDAI NAMCO Holdings CHINA CO., LTD.	RMB 64,112 thousand	100.0%	Pure holding company as regional headquarters in China

- (Notes) 1. BANDAI CO., LTD. conducted an absorption-type company split on April 1, 2018, whereby part of its Toys and Hobby Business (business for mature fan base such as figures and plastic models) has been transferred to BANDAI SPIRITS CO., LTD.
2. BANDAI NAMCO Entertainment Inc. conducted an absorption-type company split on April 1, 2018, whereby its business of planning, development and sales of arcade games, etc. has been transferred to BANDAI NAMCO Amusement Inc. (the name changed from NAMCO LIMITED on April 1, 2018).
3. BANDAI VISUAL CO., LTD. conducted an absorption-type merger on April 1, 2018, with BANDAI VISUAL CO., LTD. as the surviving company and Lantis Co., Ltd. as the disappearing company. BANDAI VISUAL CO., LTD. changed its name to BANDAI NAMCO Arts Inc. on April 1, 2018.
4. BANDAI S.A.S. changed its name to BANDAI NAMCO Holdings France S.A.S. on September 30, 2017. BANDAI S.A.S. also transferred the Toys and Hobby Business in France through a scheme equivalent to the Japanese absorption-type company split, to BANDAI S.A.S. (the name changed from BANDAI Toy S.A.S on September 30, 2018).
5. The Company made capital contribution to BANDAI NAMCO Holdings CHINA CO., LTD., regional headquarters in China, on January 22, 2018. BANDAI NAMCO Holdings CHINA CO., LTD. also implemented a capital increase of 125,852 thousand yuan on April 4, 2018, bringing the capital to 189,964 thousand yuan. After the establishment of BANDAI NAMCO Holdings CHINA CO., LTD., the organizational structure of BANDAI NAMCO Holdings ASIA CO., LTD. changed in such a way that it operates as headquarters overseeing the regional operations of Asia excluding China.
6. 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) intensification of competition in IP creation, (ii) the diversification of customer needs, (iii)

intensification of changes in the environment, and (iv) increasingly intense competition on a global scale. The Group is applying the main strategies defined in its Mid-term Plan to address these issues swiftly.

\* The Group changed its organizational structure in April 2018, from a three-SBU structure (Toys and Hobby, Network Entertainment, and Visual and Music Production) to a five-Unit structure (Toys and Hobby, Network Entertainment, Real Entertainment, Visual and Music Production, and IP Creation).

(i) Common Issues Faced by All Units

To Further Strengthen the IP Axis Strategy

The Group will strive to further strengthen the IP axis strategy 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, we will strengthen new IP creation capability in various ways including product or service-originated IP, visual product-originated IP, utilization of an internal idea posting system, collaboration with partner companies and strategic investments. In addition, to maximize the IP values, we will promote collaboration among its businesses and cross-functional projects in the Group, create and develop new businesses and expand the regions for product and service rollout. Furthermore, we will ensure that the Company's unit, IP Strategy Division, 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.

To Expand the Business in the Global Market

Guided by our vision of becoming "The Leading Innovator in Global Entertainment," we believe it is crucial to achieve business expansion in the global market. In Americas, Europe, and Asia, we will work to expand the existing businesses according to the characteristics of each region, and at the same time enhance IP lineup of products and services offered and business categories. The Group also plans to initiate work for a full-blown entry into the Chinese market and also push ahead with strengthening foundations through cross-Unit initiatives. To continue business expansion in the global market, the Group will be united under the regional holding companies in each region, moving ahead with the above efforts under the ALL BANDAI NAMCO concept.

To Fulfill the Corporate Social Responsibility (CSR)

To ensure that we can continue to provide "Dreams, Fun and Inspiration" through entertainment to people around the world, the Group has formulated the CSR initiatives, which crosscut the entire Group and include three types of responsibilities: environmental and social responsibilities, economic responsibilities, and legal and ethical responsibilities (compliance). In accordance with these fundamental principles, the "Group CSR Committee" and its task force, 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 continuously implement a range of measures, with the aim of raising awareness in the Group.

(ii) Issues Specific to Each Units

Toys and Hobby Unit

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 to take the position as the dominant No. 1 in Japan, working at expanding its target demographic and creating new businesses. Overseas, it will continue to aim for medium- and long-term growth by expanding the business in products for the mature fan base in high demand in respective regions and implementing initiatives for making a full-blown entry into the Chinese market. In addition, on the development and production side, improvements in the value chain will enable more speedy and price-competitive product development.



### Network Entertainment Unit

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 that responds to technological improvements of networks, etc., over and above the boundaries of existing operations and products/services. For network content, 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. 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.

### Real Entertainment Unit

This Unit's industry is facing issues, such as "increasingly diverse customer needs" and "intensification of changes in the environment." To address these issues, it will provide facilities, services and content that represent the uniqueness of the Group, by making use of its arcade game planning and development capabilities, state-of-the-art technological capabilities, and expertise in commercialization leveraging an IP worldview. Leveraging our strength in having a value chain that extends from machine development to provision to customers, we will aim to achieve efficient operation and rapidly respond to diversifying customer needs and changes in the environment.

### Visual and Music Production Unit

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 create new entertainment and IP that fuse visuals and music. Furthermore, to strengthen the live event business, it will bolster operation of live events in Japan and overseas, integrating visuals, music and live performance. In addition, it will also construct and produce a multipurpose facility for the Group, and use it as a venue that has the Group's unique character.

### IP Creation Unit

This Unit's industry is facing issues, such as "intensification of competition in IP creation" and "development of excellent human resources." To address these issues, it will strive to create IPs through collaboration between Group companies by producing IPs that are closely linked to the Group's respective businesses. In addition, it will invest aggressively in enhancing our visual production and production technologies, while strengthening collaboration with external partners who have various capabilities, and it will also strive to develop and secure excellent creators to maintain stable product quality.

We ask for our shareholders' further assistance and guidance.

(5) Principal Business Offices of the Group (As of March 31, 2018)

(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 NAMCO Holdings France S.A.S.	Puteaux, France
BANDAI NAMCO Holdings UK LTD.	London, U.K.
BANDAI NAMCO Holdings ASIA CO., LTD.	Hong Kong, China
BANDAI NAMCO Holdings CHINA CO., LTD.	Shanghai, China

(Note) BANDAI VISUAL CO., LTD. changed its name to BANDAI NAMCO Arts Inc. on April 1, 2018.

(6) Outline of Employees (As of March 31, 2018)

(i) Employees of the Group

Business Segment	Number of Employees		Change from the End of Previous Fiscal Year	
Toys and Hobby Business	2,673	(2,456)	Increase of 23	(Increase of 33)
Network Entertainment Business	3,938	(5,925)	Increase of 231	(Increase of 806)
Visual and Music Production Business	483	(15)	Increase of 67	(Increase of 2)
Other Businesses	740	(707)	Decrease of 11	(Increase of 44)
Corporate (Common)	37	(-)	-	(-)
Total	7,871	(9,103)	Increase of 310	(Increase of 885)

- (Notes) 1. The number of employees refers to the employees actually at work.  
2. The average numbers of temporary personnel employed for this fiscal year are presented separately in parentheses.  
3. As the Group partially changed the classification of reportable segments for this fiscal year, the change from the end of previous fiscal year accordingly compares the number of employees in the previous fiscal year with the number of employees reassigned after the change in classification of segments.  
4. 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 France S.A.S., 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
22 (-)	Decrease of 2 (-)	46.6	18.95

- (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, 2018)

Lenders	Amount
Mizuho Bank, Ltd.	¥492 million
Drecom Co., Ltd.	¥490 million
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥344 million

(8) Other Important Matters of the Group

Not applicable.

## 2. Current Status of the Company

### (1) Status of Shares (As of March 31, 2018)

- (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: 36,449 (increase of 2,090 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)	12,179,100	5.54
Japan Trustee Services Bank, Ltd. (Trust account)	12,126,200	5.51
Kyoko Nakamura	6,203,200	2.82
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)	3,951,000	1.80
Nintendo Co., Ltd.	3,845,700	1.75
STATE STREET BANK WEST CLIENT – TREATY 505234	3,800,530	1.73
GOVERNMENT OF NORWAY	3,451,601	1.57

(Notes) 1. The shareholding ratio is calculated after reduction of the number of treasury stocks (2,111,672 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)	10,182,900 shares
Japan Trustee Services Bank, Ltd. (Trust account)	11,806,700 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)	3,951,000 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 MUFG Bank, 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 MUFG Bank, Ltd. directs the exercise of the voting rights pertaining to those shares.

## (2) Directors and Audit &amp; Supervisory Board Members of the Company

## (i) Directors and Audit &amp; Supervisory Board Members (As of March 31, 2018)

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. President and Representative Director of BANDAI NAMCO Will 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. President and Representative Director of BANDAI SPIRITS CO., LTD.
Director	Satoshi Oshita	Responsible for Network Entertainment SBU President and Representative Director of BANDAI NAMCO Entertainment 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 of 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 Public Tax Accountant Professor at Faculty of Law of Teikyo University Outside Audit & Supervisory Board Member of The Resolution and Collection 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 public 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.
7. Chairman and Representative Director Shukuo Ishikawa took office as Chairman of the Board of the Company on April 1, 2018.
8. BANDAI VISUAL CO., LTD. changed its name to BANDAI NAMCO Arts Inc. on April 1, 2018.

(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	10	¥714 million
Audit & Supervisory Board Members	4	¥67 million
Total	14	¥782 million
(Outside Directors and Outside Audit & Supervisory Board Members)	(6)	(¥82 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 performance-based stock compensation, 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 performance-based stock compensation 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 performance-based stock compensation shall only be granted when the consolidated operating profit of the Group rises above a prescribed level, and whether compensation is granted and what baseline is set shall be determined for each fiscal year during the period of the Mid-term Plan.

- Procedures for decisions on remuneration

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

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

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

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

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

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

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

Major concurrent positions of Outside Directors and Outside Audit & Supervisory Board Members are as stated in “(i) Directors and Audit & Supervisory Board Members” on page 37.

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	18	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	18	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.



(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	18	100.0%	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.

(3) 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	¥247 million

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

Not applicable.

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

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

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

(v) Summary of Contracts Concerning Limited Liability

Not applicable.

(4) Systems for Ensuring the Properness of Operations and Operating Status of the Systems  
(As of March 31, 2018)

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 core 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, etc. 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 core 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 three times this fiscal year) and the Group Management Meeting (held ten 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.



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

### (i) Content of Basic Policy

#### The Corporate Value of the Group

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

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

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

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

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

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

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

### (ii) Details of Engagement

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

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

##### • Promoting the Mid-term Plan

Under the Mid-term Plan started in April 2018, the Group will aim to evolve the IP axis strategy further and achieve penetration and expansion in global markets. At the same time, we will also pursue various strategies in order to strengthen development in regions and businesses with high growth potential. The Group is committed to moving to the next stage as an entertainment corporate group and improving the corporate value, by pushing forward these strategies.

In conjunction with the start of the Mid-term Plan, the Group has changed its organizational structure from the previous three-SBU structure to a five-Unit structure to enable swifter advancement of the main strategies for each mission.

- **Strengthening Corporate Governance**

The president and representative director of each core company responsible for each Unit also serves on the Company's Board of Directors. This 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 stipulating in the Articles of Incorporation of the Company that the Company should appoint at least two Outside Directors and also making sure that all of the Outside Directors are 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**

The Group is implementing a variety of initiatives including making various programs in place for employees to be able to work while remaining healthy in body and mind. Also aiming for rolling out a broad range of businesses in global market, the Group is strengthening its global systems for acquiring and training personnel as well as proactive personnel exchanges between regions and businesses. In addition, the Group is working to invigorate its human resources by strengthening systems for receiving proposals for employees to take on new challenges and for the Company to support their challenges.

- **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 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 ranks the return of profits to shareholders as one of its highest priorities in its management. 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. As part of starting the new Mid-term Plan in April 2018, and in light of the Group's strategy and the environment surrounding its business, the basic policy for providing returns to shareholders was examined from various angles. As a result, the Company changed over to a basic policy of providing a return to shareholders that targets a total return ratio of 50% or more based on stable dividend payments of 2% of DOE (dividends on equity). Under this policy, the Company strives to maintain long-term and stable dividend levels and be more aware of capital cost.

#### Takeover Defense Measures

At present, the Company has not introduced any specific takeover defense measures. 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 work on studying and developing a system for takeover defense, with a close eye on legal and social trends, 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 sufficiently deliberate the matter at the Board of Directors Meetings after referring the matter to the Independent Directors and Audit & Supervisory Board Members Committee for their review from objective viewpoints, to enable the Company to make a judgment from the perspective of improving corporate value first. The Company will also work to collect sufficient information and secure necessary time, so as to be conducive to appropriate judgment by the shareholders.

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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, 2018)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	185,517
Trade receivables	88,061
Finished goods and merchandise	14,780
Work in process	37,684
Raw materials and supplies	3,216
Deferred tax assets	8,995
Other current assets	22,529
Allowance for doubtful receivables	(1,172)
<b>Total current assets</b>	<b>359,613</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings and structures	15,116
Amusement facilities and machines	15,666
Land	43,420
Other property, plant and equipment	11,900
<b>Total property, plant and equipment</b>	<b>86,104</b>
<b>Intangible assets</b>	<b>9,475</b>
<b>Investments and other assets</b>	
Investment securities	56,495
Net defined benefit asset	117
Deferred tax assets	13,251
Other investments and assets	16,827
Allowance for doubtful receivables	(1,394)
<b>Total investments and other assets</b>	<b>85,297</b>
<b>Total fixed assets</b>	<b>180,877</b>
<b>TOTAL ASSETS</b>	<b>540,490</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade payables	69,555
Accrued income taxes	8,597
Provision for directors' bonuses	1,803
Provision for sales returns	1,024
Provision for contract loss	629
Other provision	629
Other current liabilities	54,034
<b>Total current liabilities</b>	<b>136,273</b>
<b>Long-term liabilities</b>	
Net defined benefit liability	8,485
Deferred tax liabilities for land revaluation	348
Other long-term liabilities	8,028
<b>Total long-term liabilities</b>	<b>16,862</b>
<b>TOTAL LIABILITIES</b>	<b>153,135</b>
<b>NET ASSETS</b>	
<b>Stockholders' equity</b>	
Common stock	10,000
Additional paid-in capital	52,196
Retained earnings	334,264
Treasury stock	(2,326)
<b>Total stockholders' equity</b>	<b>394,133</b>
<b>Accumulated other comprehensive income</b>	
Valuation difference on available-for-sale securities, net of tax	11,696
Deferred gains or losses on hedges, net of tax	(300)
Revaluation reserve for land, net of tax	(5,887)
Foreign currency translation adjustments	(8,330)
Remeasurements of defined benefit plans, net of tax	(4,756)
<b>Total accumulated other comprehensive income</b>	<b>(7,577)</b>
<b>Non-controlling interests</b>	<b>797</b>
<b>TOTAL NET ASSETS</b>	<b>387,354</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>540,490</b>

**Consolidated Statements of Operations**  
(From April 1, 2017 to March 31, 2018)

	(Millions of yen)	
	Amount	
<b>Net sales</b>		<b>678,312</b>
<b>Cost of sales</b>		<b>436,730</b>
<b>Gross profit</b>		<b>241,581</b>
Selling, general and administrative expenses		166,557
<b>Operating profit</b>		<b>75,024</b>
<b>Non-operating income</b>		
Interest income	269	
Dividend income	334	
Equity in gain of affiliated companies	930	
Rent income	338	
Other non-operating income	566	2,438
<b>Non-operating expenses</b>		
Interest expense	37	
Loss on valuation of derivatives	817	
Provision of allowance for doubtful accounts	945	
Other non-operating expenses	282	2,083
<b>Recurring profit</b>		<b>75,380</b>
<b>Extraordinary income</b>		
Gain on sales of fixed assets	72	
Other extraordinary income	6	79
<b>Extraordinary loss</b>		
Loss on impairment of fixed assets	1,463	
Loss on disposal of fixed assets	766	
Loss on valuation of stocks of affiliated companies	479	
Other extraordinary loss	251	2,961
<b>Profit before income taxes</b>		<b>72,497</b>
Corporate income, inhabitant and enterprise taxes	19,867	
Adjustment for income taxes	(1,258)	18,609
<b>Profit</b>		<b>53,888</b>
Loss attributable to non-controlling interests		(220)
<b>Profit attributable to owners of parent</b>		<b>54,109</b>

## Consolidated Statement of Changes in Net Assets (From April 1, 2017 to March 31, 2018)

(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	52,064	297,984	(2,423)	357,626
Changes during the period					
Cash dividends			(18,023)		(18,023)
Profit attributable to owners of parent			54,109		54,109
Change of scope of consolidation			(0)		(0)
Change of scope of consolidation - foreign currency translation adjustment					-
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		131		100	232
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied				0	0
Reversal of revaluation reserve for land			193		193
Net changes of items other than shareholders' equity					
Total changes during the period	-	131	36,279	96	36,507
Balance at end of year	10,000	52,196	334,264	(2,326)	394,133

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale 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	7,884	210	(5,693)	(8,725)	(3,195)	(9,519)	99	577	348,784
Changes during the period									
Cash dividends									(18,023)
Profit attributable to owners of parent									54,109
Change of scope of consolidation									(0)
Change of scope of consolidation - foreign currency translation adjustment				(7)		(7)			(7)
Purchase of treasury stock									(4)
Disposal of treasury stock									232
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied									0
Reversal of revaluation reserve for land			(193)			(193)			-
Net changes of items other than shareholders' equity	3,811	(510)	-	403	(1,560)	2,144	(99)	220	2,264
Total changes during the period	3,811	(510)	(193)	395	(1,560)	1,942	(99)	220	38,570
Balance at end of year	11,696	(300)	(5,887)	(8,330)	(4,756)	(7,577)	-	797	387,354

## 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:

76 companies

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

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

BANDAI S.A.S. has changed its name to BANDAI NAMCO Holdings France S.A.S.

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

Because BANDAI NAMCO Studios Singapore Pte. Ltd. changed from a non-consolidated subsidiary to a consolidated subsidiary in the fiscal year ended March 31, 2018; BANDAI NAMCO Technica Inc., BXD Inc., and BANDAI SPIRITS CO., LTD. were newly established in the fiscal year ended March 31, 2018; Actas Inc. became a subsidiary as a result of the acquisition of its shares in the fiscal year ended March 31, 2018; and capital contributions were made to BANDAI NAMCO Holdings CHINA CO., LTD. and BANDAI NAMCO Entertainment SHANGHAI CO., LTD. in the fiscal year ended March 31, 2018, these companies are now included in the scope of consolidation.

Since Anime Consortium Japan Inc., which was a consolidated subsidiary in the fiscal year ended March 31, 2017, 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.



(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., BANDAI NAMCO (SHANGHAI) CO., LTD., BANDAI NAMCO Holdings CHINA CO., LTD., and BANDAI NAMCO Entertainment 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.

Actas Inc., which newly became a consolidated subsidiary in this fiscal year, has changed its closing date from February 28 to March 31. In connection with this change, the number of months included in this fiscal year for this company is seven months.

4. Accounting Policies

(1) Valuation Basis and Methods for Significant Assets:

(i) Valuation Basis and Methods for Securities:

Available-for-sale securities:

Securities with market quotations:

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 quotations:

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.

(iv) Provision for Contract Loss:

To provide for losses that are expected to arise in connection with performances of contracts after the last day of this fiscal year, a reasonably estimated amount of losses is provided.

(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)

“Provision for contract loss,” which had been included in “Other provision” until the previous fiscal year, is stated separately due to the increased materiality for this fiscal year. The total of “Provision for contract loss” for the previous fiscal year was 113 million yen.

(Consolidated Statements of Operations)

- (1) “Rent income,” which had been included in “Other non-operating income” under “Non-operating income” until the previous fiscal year, is stated separately since it is above 10 percent of the total non-operating income for this fiscal year. The total of “Rent income” for the previous fiscal year was 211 million yen.
- (2) “Foreign exchange losses” (the balance of which at the end of this fiscal year is 138 million yen), which had been stated separately until the previous fiscal year, are included in “Other non-operating expenses” under “Non-operating expenses” in this fiscal year since it is at or below 10 percent of the total non-operating expenses.
- (3) “Gain on sales of investment securities” (the balance of which at the end of this fiscal year is 1 million yen), which had been stated separately until the previous fiscal year, is included in “Other

extraordinary income” under “Extraordinary income” in this fiscal year since it is at or below 10 percent of the total extraordinary income.

- (4) “Loss on valuation of stocks of affiliated companies,” 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 valuation of stocks of affiliated companies” for the previous fiscal year was 221 million yen.

### III. Notes to Consolidated Balance Sheet

#### 1. Assets Pledged as Collateral

Cash and time deposits ¥74 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” ¥1,175 million

2. Amount of Accumulated Depreciation of Property, Plant and Equipment: ¥169,314 million

#### 3. Guarantee Obligation:

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

ISHIMORI PRODUCTION INC. ¥67 million

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

BANDAI NAMCO Will Inc. ¥24 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 fair value of the revalued land at the end of this fiscal year and the revalued book value after the revaluation: negative 706 million yen.

#### 5. Bills Maturing on the Last Day of the Fiscal Year

Bills maturing on the last day of the fiscal year are settled as of a bill clearing day. However, since the last day of this fiscal year was a holiday for financial institutions, the following bills maturing on the last day of the fiscal year are included in the balance at the end of the fiscal year.

Notes receivable ¥79 million

Notes payable ¥676 million

#### 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 19, 2017, Ordinary General Meeting of Shareholders	Common stock	15,385	70	March 31, 2017	June 20, 2017
November 7, 2017, Board of Directors Meeting	Common stock	2,637	12	September 30, 2017	December 7, 2017

###### (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 18, 2018, Ordinary General Meeting of Shareholders	Common stock	24,407	Retained earnings	111	March 31, 2018	June 19, 2018

#### 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 fair 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. Fair Values of Financial Instruments

The book values of financial instruments as stated in the consolidated balance sheet, their fair value as of March 31, 2018, and the difference between book value and fair value are as stated below. This table does not include assets for which it was judged extremely difficult to assess the fair value.

	Book value stated in the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Cash and time deposits	185,517	185,517	—
(2) Trade receivables	88,061	88,061	—
(3) Short-term investments and investment securities			
1. Available-for-sale Securities	38,249	38,249	—
2. Stock of affiliated companies	13,527	18,828	5,301
Total assets	325,355	330,656	5,301
(1) Trade payables	69,555	69,555	—
(2) Accrued income taxes	8,597	8,597	—
Total liabilities	78,152	78,152	—
Derivative transactions (*)	(1,264)	(1,264)	—

(\*) 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 fair value of financial instruments and securities and derivative transactions

### Assets

#### (1) Cash and time deposits

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

### Derivative transactions

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

- Unlisted stocks (stated as 2,829 million yen in the consolidated balance sheet), stocks of affiliated companies (unlisted stocks) (stated as 2,264 million yen in the consolidated balance sheet), and contributions to investment partnerships (stated as 397 million yen in the consolidated balance sheet) have no market price and it is extremely difficult to assess their fair value, so they are not included in “(3) Short-term investments and investment securities.”

## VI. Notes Concerning Real Estate for Lease, etc.

### 1. Real Estate for Lease, etc.

The Company and some of its consolidated subsidiaries own real estate for lease, etc. (including land) in Tokyo and other regions.

### 2. Fair Value of Real Estate for Lease, etc.

Book value stated in the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)
35,347	36,083

(Notes) 1. The book value stated in the consolidated balance sheet is calculated by deducting accumulated depreciation and accumulated impairment loss from acquisition cost.

2. The fair value at the end of this fiscal year is the amount calculated by the Company primarily based on the Real Estate Appraisal Standards (including that adjusted using relevant indices, etc.). For those newly acquired real estate for lease, etc. during this fiscal year, the fair value is the book value stated in the consolidated balance sheet because it is believed that the change in the fair value of the real estate is negligible.

## VII. Notes Concerning Per-Share Data

- |                             |           |
|-----------------------------|-----------|
| 1. Net assets per share     | ¥1,758.99 |
| 2. Basic earnings per share | ¥246.29   |

## VIII. Notes Concerning Significant Subsequent Events

### (Reorganization of Subsidiaries)

At the Board of Directors Meeting held on February 9, 2018, the Company passed a resolution to reorganize its subsidiaries and carried out the reorganization on April 1, 2018.

### 1. Absorption-type company split between subsidiaries

#### (1) Purpose

In the Toys and Hobby Unit, a wholly-owned subsidiary of the Company, BANDAI SPIRITS CO., LTD. was established on February 15, 2018 as a split preparation company to strengthen the business in products for mature fan base in Japan and overseas. From the effective date of April 1, 2018, the business divisions of BANDAI CO., LTD. that deal with products for the mature fan base such as figures and plastic models and the business divisions that deal with prizes for convenience stores, etc. within BANPRESTO CO., LTD. have been transferred in a company split to BANDAI SPIRITS CO., LTD.



(2) Transactions conducted by commonly controlled entities

(i) Overview of transaction

a. Name and description of business to be transferred

BANDAI CO., LTD.'s planning, development, manufacture and sales of figures and plastic models for the mature fan base

BANPRESTO CO., LTD.'s planning, development, and sales of prizes for convenience stores, etc.

b. Date of business combination

April 1, 2018

c. Legal form of business combination

Absorption-type company split with BANDAI CO., LTD. and BANPRESTO CO., LTD. as the splitting companies and BANDAI SPIRITS CO., LTD. as the successor company

d. Company name after combination

No change.

(ii) Overview of accounting process

The accounting process has been carried out as transactions conducted by commonly controlled entities, in accordance with the Accounting Standard for Business Combinations and Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures.

2. Absorption-type company split between subsidiaries and change in trade name of subsidiary

(1) Purpose

To strengthen the Real Entertainment Business, which provides content for real-world based facilities, services, and equipment, etc., unique to the Group, on the effective date of April 1, 2018, the amusement machine business division of BANDAI NAMCO Entertainment Inc. was transferred in an absorption-type company split to NAMCO LIMITED, which conducts the planning and operation of amusement facilities. Furthermore, on the effective date, the trade name of NAMCO LIMITED was changed to BANDAI NAMCO Amusement Inc.

(2) Transactions conducted by commonly controlled entities

(i) Overview of transaction

a. Name and description of business to be transferred

BANDAI NAMCO Entertainment Inc.'s planning, production, and sales of amusement machines

b. Date of business combination

April 1, 2018

c. Legal form of business combination

Absorption-type company split with BANDAI NAMCO Entertainment Inc. as the splitting company and NAMCO LIMITED as the successor company

d. Company name after combination

BANDAI NAMCO Amusement Inc.

(ii) Overview of accounting process

The accounting process has been carried out as transactions conducted by commonly controlled entities, in accordance with the Accounting Standard for Business Combinations and Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures.

3. Absorption-type merger between subsidiaries and change in trade name of subsidiary

(1) Purpose

To enable more integrated development of visual products, music, and live events, on the effective date of April 1, 2018, the visual business operating company BANDAI VISUAL CO., LTD. has merged as the surviving company with the music business operating company Lantis Co., Ltd. Furthermore, on the effective date, the trade name of BANDAI VISUAL CO., LTD. has been changed to BANDAI NAMCO Arts Inc.

(2) Transactions conducted by commonly controlled entities

(i) Overview of transaction

a. Name and description of business of the company involved in combination

Merging company (surviving company)

Name: BANDAI VISUAL CO., LTD.

Description of business: Planning, production, and sales of visual software

Merged company (disappearing company)

Name: Lantis Co., Ltd.

Description of business: Planning, production, and sales of music software

b. Date of business combination

April 1, 2018

c. Legal form of business combination

Absorption-type merger with BANDAI VISUAL CO., LTD. as the surviving company and Lantis Co., Ltd. as the disappearing company

d. Company name after combination

BANDAI NAMCO Arts Inc.

(ii) Overview of accounting process

The accounting process has been carried out as transactions conducted by commonly controlled entities, in accordance with the Accounting Standard for Business Combinations and Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures.

**Non-Consolidated Balance Sheet**  
(As of March 31, 2018)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	45,598
Trade receivables	283
Prepaid expenses	354
Deferred tax assets	42
Accounts receivable-other	12,412
Other current assets	432
<b>Total current assets</b>	<b>59,124</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings	1,226
Structures	252
Machinery and equipment	37
Tools, furniture and fixtures	454
Land	32,914
Other property, plant and equipment	5
<b>Total property, plant and equipment</b>	<b>34,890</b>
<b>Intangible assets</b>	
Software	852
Other intangible assets	903
<b>Total intangible assets</b>	<b>1,756</b>
<b>Investments and other assets</b>	
Investment securities	39,204
Investments in affiliated companies	230,046
Other investments and assets	3,476
<b>Total investments and other assets</b>	<b>272,726</b>
<b>Total fixed assets</b>	<b>309,373</b>
<b>TOTAL ASSETS</b>	<b>368,497</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Short-term borrowings from affiliated companies	99,289
Accounts payable-other	1,732
Accrued income taxes	4,706
Provision for directors' bonuses	347
Provision for stock-based compensation	69
Other current liabilities	442
<b>Total current liabilities</b>	<b>106,588</b>
<b>Long-term liabilities</b>	
Deferred tax liabilities	4,463
Accrued retirement and severance benefits	22
Long-term accounts payable-other	1,785
Guarantee deposits of affiliated companies	1,974
Other long-term liabilities	488
<b>Total long-term liabilities</b>	<b>8,734</b>
<b>TOTAL LIABILITIES</b>	<b>115,322</b>
<b>NET ASSETS</b>	
<b>Stockholders' equity</b>	
<b>Common stock</b>	<b>10,000</b>
<b>Additional paid-in capital</b>	<b>174,415</b>
Capital reserve	2,500
Other capital surplus	171,915
<b>Retained earnings</b>	<b>59,552</b>
Legal reserve	1,645
Other retained earnings	57,907
General reserve	26,104
Retained earnings carried forward	31,802
<b>Treasury stock</b>	<b>(2,230)</b>
<b>Total stockholders' equity</b>	<b>241,738</b>
<b>Valuation difference and foreign currency translation adjustments</b>	
Valuation difference on available-for-sale securities, net of tax	11,437
<b>Total valuation difference and foreign currency translation adjustments</b>	<b>11,437</b>
<b>TOTAL NET ASSETS</b>	<b>253,175</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>368,497</b>

**Non-Consolidated Statements of Operations**  
(From April 1, 2017 to March 31, 2018)

	(Millions of yen)	
	Amount	
<b>Operating revenue</b>		
Dividend income from affiliated companies	17,761	
Business management income from affiliated companies	3,202	
Other operating revenue	112	<b>21,075</b>
<b>Operating expenses</b>		
General and administrative expenses		5,220
<b>Operating profit</b>		<b>15,855</b>
<b>Non-operating income</b>		
Rent income	1,943	
Other non-operating income	290	2,233
<b>Non-operating expenses</b>		
Interest expense	28	
Expenses related to rental assets	1,795	
Other non-operating expenses	34	1,858
<b>Recurring profit</b>		<b>16,230</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	1	
Gain on reversal of share acquisition rights	5	6
<b>Extraordinary loss</b>		
Loss on valuation of stocks of affiliated companies	57	
Loss on disposal of fixed assets	37	
Loss on impairment of fixed assets	8	104
<b>Profit before income taxes</b>		<b>16,132</b>
Corporate income, inhabitant and enterprise taxes	(119)	
Adjustment for income taxes	47	(72)
<b>Profit</b>		<b>16,204</b>

**Non-Consolidated Statement of Changes in Net Assets (From April 1, 2017 to March 31, 2018)**

(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	33,621	61,371	(2,326)	243,328
Changes during the period										
Cash dividends							(18,023)	(18,023)		(18,023)
Profit							16,204	16,204		16,204
Purchase of treasury stock									(4)	(4)
Disposal of treasury stock			131	131					100	232
Net changes of items other than shareholders' equity										
Total changes during the period	-	-	131	131	-	-	(1,818)	(1,818)	96	(1,590)
Balance at end of year	10,000	2,500	171,915	174,415	1,645	26,104	31,802	59,552	(2,230)	241,738

	Valuation difference and foreign currency translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities, net of tax	Total valuation difference and foreign currency translation adjustments		
Balance at beginning of year	7,829	7,829	99	251,257
Changes during the period				
Cash dividends				(18,023)
Profit				16,204
Purchase of treasury stock				(4)
Disposal of treasury stock				232
Net changes of items other than shareholders' equity	3,607	3,607	(99)	3,508
Total changes during the period	3,607	3,607	(99)	1,917
Balance at end of year	11,437	11,437	-	253,175

## 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) Available-for-sale Securities:

Securities with market quotations:

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 quotations:

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

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

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

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

Stated using the declining-balance method.

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

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

##### (ii) Intangible Assets:

Stated using the straight-line method.

The general useful life of software is as follows:

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

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

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

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

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

The Company provides for expenses arising in stock remuneration to Officers 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)

“Structures,” which had been included in “Other property, plant and equipment” under “Property, plant and equipment” until the previous fiscal year, is stated separately due to the increased materiality for this fiscal year. The total of “Structures” for the previous fiscal year was 0 million yen.

### (Non-Consolidated Statements of Operations)

- (1) “Interest income” (the balance of which at the end of this fiscal year is 0 million yen) and “Dividend income” (the balance of which at the end of this fiscal year is 211 million yen), which had been stated separately until the previous fiscal year, are included in “Other non-operating expenses” under “Non-operating expenses” due to the immateriality for this fiscal year.
- (2) “Loss on disposal of fixed assets” and “Loss on impairment of fixed assets,” which had been included in “Other extraordinary loss” under “Extraordinary loss” until the previous fiscal year, are stated separately due to the increased materiality for this fiscal year. “Loss on disposal of fixed assets” and “Loss on impairment of fixed assets” for the previous fiscal year were 84 million yen and 4 million yen, respectively.

## 3. Notes to Non-Consolidated Balance Sheet

- (1) Amount of Accumulated Depreciation of Property, Plant and Equipment: ¥1,890 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. ¥24 million

- (3) Monetary Claims and Obligations with respect to Affiliated Companies (excluding Amounts Given in Specific Categories)

Short-term monetary claims on affiliated companies:	¥12,336 million
Short-term monetary obligations to affiliated companies:	¥655 million
Long-term monetary obligations to affiliated companies:	¥1,785 million

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

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

### Operating Transactions:

Other operating revenue	¥112 million
Advertising expenses	¥1,035 million
Administrative services fees	¥615 million

### Non-operating Transactions:

Non-operating income	¥1,913 million
Non-operating expenses	¥43 million

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

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

Common stock	2,111,672 shares
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## 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 valuation difference on available-for-sale securities, net of tax.

## 7. Notes Concerning Transactions with Related Parties

### (1) 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, 2018
Subsidiary	BANDAI CO., LTD.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	27,797	Short-term borrowings from affiliated companies	29,726
				Payment of interest	8	–	–
				Payment of advertising expenses (Note 2)	847	Accounts payable-other	74
Subsidiary	BANDAI NAMCO Entertainment Inc.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	26,712	Short-term borrowings from affiliated companies	33,436
				Payment of interest	8	–	–
				Amount collected due to application of consolidated taxation system	1,380	Accounts receivable-other	3,803
Subsidiary	BANDAI VISUAL CO., LTD.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	6,852	Short-term borrowings from affiliated companies	6,854
				Payment of interest	2	–	–
Subsidiary	NAMCO LIMITED	Holding directly 100.0%	–	Borrowings (Note 1)	3,955	Short-term borrowings from affiliated companies	3,213
				Payment of interest	1	–	–
Subsidiary	BANPRESTO CO., LTD.	Holding directly 100.0%	–	Borrowings (Note 1)	7,343	Short-term borrowings from affiliated companies	8,417
				Payment of interest	2	–	–
Subsidiary	SUNRISE INC.	Holding directly 100.0%	–	Borrowings (Note 1)	12,289	Short-term borrowings from affiliated companies	12,287
				Payment of interest	3	–	–
Subsidiary	BANDAI NAMCO Studios Inc.	Holding indirectly 100.0%	Interlocking directorate	Borrowings (Note 1)	5,319	Short-term borrowings from affiliated companies	3,192
				Payment of interest	1	–	–
Subsidiary	BANDAI NAMCO Business Arc Inc.	Holding directly 100.0%	Interlocking directorate	Payment of administrative services fees (Note 3)	615	Accounts payable-other	51

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 advertising expenses paid to BANDAI CO., LTD. are decided through cooperative discussion with that company, giving consideration to the total cost related to advertising operations and the like.
3. The administrative services fees paid to BANDAI NAMCO Business Arc Inc. are decided through cooperative discussion with that company, giving consideration to the total cost pertaining to the performed services and the like.

(2) Officers and Major Individual Shareholders, etc.

(Millions of yen)

Type	Name	Ratio of voting rights ownership	Relationship with related parties	Content	Amount	Account items	Balance as of March 31, 2018
Officer	Shukuo Ishikawa	Ownership directly 0.0%	Chairman and Representative Director of the Company	Disposal of treasury stock accompanying exercise of stock options (Note 1)	17	-	-
				Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note 2)	12	-	-
Officer	Mitsuaki Taguchi	Ownership directly 0.0%	President and Representative Director of the Company	Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note 2)	12	-	-
Officer	Shuji Ohtsu	Ownership directly 0.0%	Director of the Company	Disposal of treasury stock accompanying exercise of stock options (Note 1)	8	-	-
				Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note 2)	6	-	-
Officer	Yuji Asako	Ownership directly 0.0%	Director of the Company	Disposal of treasury stock accompanying exercise of stock options (Note 1)	6	-	-
				Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note 2)	6	-	-
Officer	Masaru Kawaguchi	Ownership directly 0.0%	Director of the Company	Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note 2)	11	-	-
Officer	Satoshi Oshita	Ownership directly 0.0%	Director of the Company	Disposal of treasury stock accompanying exercise of stock options (Note 1)	15	-	-
				Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note 2)	11	-	-

- (Notes) 1. The disposal price of treasury stock is determined based on the stock options (share acquisition rights) exercise price set by the resolution at the seventh and eighth Ordinary General Meetings of Shareholders of the Company.
2. These items are due to contribution in kind of monetary compensation claims accompanying the performance-based stock compensation plan. The disposal price of treasury stock is determined based on the closing price of common stock of the Company on the First Section of the Tokyo Stock Exchange on June 16, 2017 (the business day immediately preceding the date of the resolution at the Board of Directors Meeting).

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

- |                               |           |
|-------------------------------|-----------|
| (1) Net assets per share:     | ¥1,151.38 |
| (2) Basic earnings per share: | ¥73.72    |

## **Independent Auditor's Report**

May 18, 2018

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, 2018 and for the year from April 1, 2017 to March 31, 2018 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, 2018

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, 2018 and for the year from April 1, 2017 to March 31, 2018 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 13th fiscal year from April 1, 2017 to March 31, 2018, 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 13th 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, 2018

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**