

BANDAI NAMCO Holdings Inc.

Notice of the Fourteenth Ordinary General Meeting of Shareholders
to be held on June 24, 2019
An English translation of the original notice in Japanese

DISCLAIMER

The following is an English translation of the Japanese original “Notice of the Fourteenth Ordinary General Meeting of Shareholders of BANDAI NAMCO Holdings Inc.” which meeting is to be held on June 24, 2019. The Company provides this translation for your reference and convenience only and does not guarantee its accuracy or otherwise. In the event of any discrepancies, the Japanese original notice shall prevail.

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

Securities code: 7832

June 3, 2019

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

Dear Shareholders,

NOTICE OF THE FOURTEENTH ORDINARY GENERAL MEETING
OF SHAREHOLDERS

You are cordially invited to attend the Fourteenth 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 22, 2019.

Meeting Details

1. **Date and Time:** June 24, 2019 (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 Fourteenth Fiscal Year (from April 1, 2018 to March 31, 2019)
2. Report on the Contents of the Non-Consolidated Financial Statements for the Fourteenth Fiscal Year (from April 1, 2018 to March 31, 2019)

Matters to be Resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Twelve 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 19.

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

How to exercise your voting rights via attending the General Meeting of Shareholders:

When attending the meeting in person, please hand in the enclosed Voting Rights Exercise Form at the reception desk at the place of the shareholders' meeting.

Date and time of the General Meeting of Shareholders:
June 24, 2019 (Monday) at 10:00 a.m.

How to exercise your voting rights in writing (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.

Deadline for voting:
To be received no later than 5:30 p.m., Saturday, June 22, 2019.

How to exercise your voting rights via the Internet:

Please enter your approval or disapproval of each item on the agenda in accordance with the instructions on the following page.

Deadline for voting:
All data entry to be completed no later than 5:30 p.m., Saturday, June 22, 2019.

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

In addition, if you cast your vote via the Internet multiple times, then only the last vote cast shall be deemed valid. If you cast your vote via the Internet 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.

<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: (https://www.bandainamco.co.jp/ir/stock/meeting.html)</p>

[Information on Exercise of Voting Rights via the Internet]

By scanning the QR Code

You can log in to the website for the exercise of voting rights without entering the Login ID or Temporary Password printed on the Voting Rights Exercise Form.

1. Please scan the QR Code printed on the right side of the Voting Rights Exercise Form.
* QR Code is a registered trademark of DENSO WAVE INCORPORATED.
2. Enter your approval or disapproval of each item on the agenda in accordance with the instructions on the screen.

You can use the QR Code to log in just once.

Please read “By entering your Login ID and Temporary Password” below for instructions when re-exercising your voting right or exercising your voting right without using the QR Code.

By entering your Login ID and Temporary Password

The website for the exercise of voting rights: <https://evote.tr.mufg.jp/>

1. Please access the website for the exercise of voting rights.
2. Enter the “Login ID” and “Temporary Password” printed on your Voting Rights Exercise Form and click the “Login.”
3. Please register the “New Password.”
Enter the “New Password.”
Click the “Send.”
4. Enter your approval or disapproval of each item on the agenda in accordance with the instructions on the screen.

* All costs associated with accessing the website for the exercise of voting rights are to be borne by the shareholder.

If you have any inquiries regarding the operation of a personal computer, a smartphone, or a mobile phone, etc. when exercising your voting rights via the Internet, please contact the following:

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)

Institutional investors may make use of the Electronic Voting Platform for Institutional Investors 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:

The Company ranks the return of profits to shareholders as one of its highest priorities in its management. The Company aims 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. Specifically, the Company follows 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 dividends and be more aware of capital cost.

In view of the Company’s performance in this fiscal year, the Company will pay a year-end dividend of ¥127 per share, which consists of a base dividend of ¥18 per share and a performance-based dividend of ¥109 per share.

Since the Company paid an interim dividend of ¥18 per share on December 7, 2018, the total annual dividend for the fiscal year will be ¥145 per share.

In order to ensure agility in capital policy including distributions of dividends to shareholders, the Company wishes to reverse a part of the general reserve and transfer it to retained earnings carried forward as described below.

1. Other appropriation of surplus

- (i) Item of surplus to be decreased and amount of decrease:
General reserve ¥16,104,755,208
- (ii) Item of surplus to be increased and amount of increase:
Retained earnings carried forward ¥16,104,755,208

2. Fiscal year-end dividends

- (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 ¥127
Total amount of dividends ¥27,929,674,392
- (iii) Effective date of distribution of surplus (dividend):
June 25, 2019

Proposal No. 2: Election of Twelve Directors

Since the terms of office of the eleven Directors of the Company will expire as of the close of this General Meeting of Shareholders, the Company requests the election of twelve Directors. In order to further strengthen the management structure, the number of candidates for Outside Director has been increased by one. If this Proposal is approved and adopted as proposed, Outside Directors shall make up one-third of all Directors.

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

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

To select candidates for independent 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	Mitsuaki Taguchi (June 16, 1958) Number of the Company's Shares Owned 74,800 Shares	President and Representative Director	<p>Apr. 1982: Joined BANDAI CO., LTD.</p> <p>Apr. 1999: General Manager, Vending Machine Business Department of BANDAI CO., LTD.</p> <p>Jun. 2003: Director, Leader of Lifestyle Group and Lifestyle Company President of BANDAI CO., LTD.</p> <p>Apr. 2006: Managing Director in charge of new business policy of BANDAI CO., LTD.</p> <p>Apr. 2009: Senior Managing Director in charge of media policy and new business policy of BANDAI CO., LTD.</p> <p>Apr. 2010: Executive Vice President and Director in charge of media policy and new business policy of BANDAI CO., LTD.</p> <p>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.</p> <p>Apr. 2015: Adviser of the Company</p> <p>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 data-bbox="319 745 520 808">Shuji Ohtsu (August 6, 1959)</p> <p data-bbox="331 875 510 999">Number of the Company's Shares Owned 36,200 Shares</p>	<p data-bbox="560 763 742 981">Director and Division General Manager of the Group Administrative Headquarters</p>	<p data-bbox="774 226 1449 1290"> Mar. 1986: Licensed as a CPA Dec. 1996: Partner of Century Audit Corporation Jan. 2000: Partner of Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC) Sep. 2003: Partner of KPMG AZSA & Co. (currently KPMG AZSA LLC) May 2004: Board Member of KPMG AZSA & 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 data-bbox="774 1296 1382 1514">(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 data-bbox="312 1518 1445 1682">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="347 555 497 645">Yuji Asako (January 18, 1966)</p> <p data-bbox="347 712 497 833">Number of the Company's Shares Owned 37,900 Shares</p>	<p data-bbox="571 586 730 801">Director and Division General Manager of the Corporate Planning Division</p>	<p data-bbox="778 228 1455 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="306 1169 1463 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="336 456 502 584">Masaru Kawaguchi (November 2, 1960)</p> <p data-bbox="331 647 510 775">Number of the Company's Shares Owned 44,500 Shares</p>	<p data-bbox="555 568 746 663">Director in charge of Toys and Hobby Unit</p>	<p data-bbox="772 226 1442 909"> 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. Apr. 2018: Director in charge of Toys and Hobby Unit of the Company (current position) </p> <p data-bbox="772 909 1442 999">(Major concurrent positions) President and Representative Director of BANDAI CO., LTD. </p>
<p data-bbox="312 1010 1430 1227"> 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 the 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	<p data-bbox="320 651 523 712">Yasuo Miyakawa (June 8, 1956)</p> <p data-bbox="320 779 523 902">Number of the Company's Shares Owned 13,550 Shares</p>	<p data-bbox="564 685 737 837">Director in charge of Network Entertainment Unit</p>	<p data-bbox="775 226 1445 1137"> Apr. 1981: Joined BANDAI CO., LTD. Jan. 1996: Director of Bandai Digital Entertainment Apr. 2000: Joined SUNRISE INC., as General Manager of Network Development Department Apr. 2004: Director of SUNRISE INC. Apr. 2008: Managing Director of SUNRISE INC. Apr. 2011: Senior Managing Director of SUNRISE INC. Apr. 2013: Vice President and Director of SUNRISE INC. Apr. 2014: President and Representative Director of SUNRISE INC. Apr. 2015: President and Representative Director of BANDAI NAMCO Pictures Inc. Apr. 2018: Executive Officer in charge of IP Creation Unit of the Company Jun. 2018: Director in charge of IP Creation Unit of the Company Mar. 2019: President and Representative Director of Evolving GUNDAM Inc. (current position) Apr. 2019: Director in charge of Network Entertainment Unit of the Company (current position) President and Representative Director of BANDAI NAMCO Entertainment Inc. (current position) </p> <p data-bbox="775 1144 1382 1294">(Major concurrent positions) President and Representative Director of BANDAI NAMCO Entertainment Inc. President and Representative Director of Evolving GUNDAM Inc. </p>
<p data-bbox="312 1308 1449 1518"> Reasons for proposing Mr. Yasuo Miyakawa as a candidate for Director: Mr. Yasuo Miyakawa possesses extensive experience, achievements, and knowledge from his wide-ranging involvement in multiple 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 2019. 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>Hitoshi Hagiwara (April 8, 1959)</p> <p>Number of the Company's Shares Owned 17,200 Shares</p>	<p>Director in charge of Real Entertainment Unit</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. 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. 2018: Executive Officer in charge of Real Entertainment Unit of the Company</p> <p>Jun. 2018: Director in charge of Real Entertainment Unit of the Company (current position)</p> <p>Oct. 2018: President and Representative Director of BANDAI NAMCO Amusement Lab Inc. (current position)</p> <p>(Major concurrent position) President and Representative Director of BANDAI NAMCO Amusement Inc. President and Representative Director of BANDAI NAMCO Amusement Lab 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 the Real Entertainment 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 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 25,100 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>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 data-bbox="325 631 513 694">New Candidate for Director</p> <p data-bbox="316 730 523 792">Makoto Asanuma (April 23, 1963)</p> <p data-bbox="331 855 507 981">Number of the Company's Shares Owned 12,700 Shares</p>	-	<p data-bbox="772 228 903 255">Apr. 1986:</p> <p data-bbox="772 264 903 291">Oct. 2000:</p> <p data-bbox="772 300 903 327">Apr. 2004:</p> <p data-bbox="772 394 903 421">Jun. 2005:</p> <p data-bbox="772 524 903 551">Apr. 2009:</p> <p data-bbox="772 685 903 712">Oct. 2010:</p> <p data-bbox="772 748 903 775">Apr. 2014:</p> <p data-bbox="772 842 903 869">Apr. 2015:</p> <p data-bbox="772 949 903 976">Apr. 2018:</p> <p data-bbox="772 1012 903 1039">Mar. 2019:</p> <p data-bbox="772 1075 903 1102">Apr. 2019:</p> <p data-bbox="772 1236 1114 1263">(Major concurrent positions)</p>
<p data-bbox="312 1397 1171 1424">Reasons for proposing Mr. Makoto Asanuma as a candidate for Director:</p> <p data-bbox="312 1429 1423 1603">Mr. Makoto Asanuma possesses extensive experience, achievements, and knowledge from his wide-ranging involvement in multiple businesses in the Group. 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 2019. 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>			<p data-bbox="798 228 1362 255">Joined Kabushiki Kaisha Network</p> <p data-bbox="798 264 1362 291">Joined Bandai Networks Co., Ltd.</p> <p data-bbox="798 300 1394 389">General Manager of Mobile Business Department of Bandai Networks Co., Ltd.</p> <p data-bbox="798 398 1433 524">Director, Deputy Division Head of Business Division and General Manager of Content Business Department of Bandai Networks Co., Ltd.</p> <p data-bbox="798 533 1420 680">Executive Officer and Deputy Division Head of NE Business Division of NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.)</p> <p data-bbox="798 689 1436 748">President and Representative Director of BANDAI NAMCO Online Inc.</p> <p data-bbox="798 757 1378 846">Director, Division Head of Business Division I of BANDAI NAMCO Entertainment Inc.</p> <p data-bbox="798 855 1442 945">Managing Director in charge of Global Business Promotion Unit / Media Unit of BANDAI NAMCO Entertainment Inc.</p> <p data-bbox="798 954 1426 1012">Senior Managing Director of SUNRISE INC.</p> <p data-bbox="798 1021 1394 1079">Chairman of SUNRISE SHANGHAI CO., LTD. (current position)</p> <p data-bbox="798 1088 1420 1227">Executive Officer in charge of IP Creation Unit of the Company (current position) President and Representative Director of SUNRISE INC. (current position)</p> <p data-bbox="772 1263 1388 1321">President and Representative Director of SUNRISE INC.</p> <p data-bbox="772 1330 1410 1388">President and CEO of SUNRISE SHANGHAI CO., LTD.</p>

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
9	<p><u>Outside Director</u></p> <p>Yuzuru Matsuda (June 25, 1948)</p> <p>Number of the Company's Shares Owned --- Shares</p>	Director	<p>Apr. 1977: Joined Kyowa Hakko Kogyo Co., Ltd. (currently Kyowa Hakko Kirin Co., Ltd.)</p> <p>Jun. 2000: Executive Officer and Head of Pharmaceutical Research Institute of Kyowa Hakko Kogyo Co., Ltd.</p> <p>Jun. 2002: Managing Director and General Manager of Comprehensive Planning Office of Kyowa Hakko Kogyo Co., Ltd.</p> <p>Jun. 2003: President and Representative Director of Kyowa Hakko Kogyo Co., Ltd.</p> <p>Oct. 2008: Executive Director of the Board, President and Chief Executive Officer of Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2012: Advisor of Kyowa Hakko Kirin Co., Ltd.</p> <p>Jun. 2012: Head of Kato Memorial Bioscience Foundation (current position)</p> <p>Jun. 2014: Outside Director of KUBOTA Corporation (current position) Outside Director of the Company (current position)</p> <p>Jun. 2015: Outside Director of JSR Corporation (current position)</p> <p>(Major concurrent positions) Head of Kato Memorial Bioscience Foundation Outside Director of KUBOTA Corporation Outside Director of JSR Corporation</p>
<p>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.</p>			

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
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. 2019: Professor, Graduate School of Business Administration, Hitotsubashi University Business School (current position) (Major concurrent position) 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, especially accounting and financial affairs, 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.			

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
12	<p>New Candidate for Director</p> <p><u>Outside Director</u></p> <p>Koichi Kawana (April 23, 1958)</p> <p>Number of the Company's Shares Owned --- Shares</p>	—	<p>Apr. 1982: Joined JGC CORPORATION</p> <p>Jul. 1997: General Manager, Abu Dhabi Office and General Manager, Kuwait Office of JGC CORPORATION</p> <p>Jul. 2001: General Manager, London Office and JGC UK Managing Director of JGC CORPORATION</p> <p>May 2004: General Manager, Project Business Investment Promotion Department, Project Business Promotion Division, Global Marketing Division of JGC CORPORATION</p> <p>Aug. 2007: Executive Officer, Senior General Manager, New Business Promotion Division, Global Marketing Division of JGC CORPORATION</p> <p>Jul. 2009: Managing Director, Senior General Manager, Global Marketing Division of JGC CORPORATION</p> <p>Jun. 2010: Representative Director, Senior Executive Vice President of JGC CORPORATION</p> <p>Jul. 2011: Representative Director and President of JGC CORPORATION</p> <p>Jun. 2017: Director, Vice Chairman of JGC CORPORATION</p> <p>Jun. 2018: Vice Chairman of JGC CORPORATION (current position)</p>
<p>Reasons for proposing Mr. Koichi Kawana as a candidate for Outside Director and his suitability as Outside Director:</p> <p>Given his extensive knowledge and experience in corporate management, the Company anticipates that he will be able to further strengthen management oversight and checking functions, and introduce a global managerial perspective based on his extensive experience working overseas, and thus believes that he will be able to perform the duties of an Outside Director appropriately.</p>			

- (Notes) 1. Each of Mr. Yuzuru Matsuda, Ms. Satoko Kuwabara, Mr. Mikiharu Noma, and Mr. Koichi Kawana is a candidate for Outside Director of the Company. Each of Mr. Yuzuru Matsuda, Ms. Satoko Kuwabara, and Mr. Mikiharu Noma 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 five years, and Ms. Satoko Kuwabara and Mr. Mikiharu Noma will have served for approximately three years.
2. Independence as Outside Director
The Company believes that Mr. Yuzuru Matsuda, Ms. Satoko Kuwabara, Mr. Mikiharu Noma, and Mr. Koichi Kawana, 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 19) and thus have no risk of conflicts of interest with general shareholders and have a high degree of independence. The Company has filed a notification with the Tokyo Stock Exchange that each of the candidates would be Independent Directors/Audit & Supervisory Board Members as defined in the rules of the Tokyo Stock Exchange and would be the Independent Directors/Audit & Supervisory Board Members of the Company after the election at this Ordinary General Meeting of Shareholders.
3. The Company does not intend to conclude a Liability Limitation Agreement under Article 427, Paragraph 1 of the Companies Act with each of the candidates for Outside Director.
4. There are no special interests between each of the candidates for Director and the Company.

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

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

BUSINESS REPORTS*(From April 1, 2018 to March 31, 2019)***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, 2019, the economy continued to moderately recover both in Japan and overseas. However, the outlook for the overall economy remained uncertain.

In this environment, the Group started a three-year Mid-term Plan in April 2018, under the Mid-term Vision of “CHANGE for the NEXT: Empower, Gain Momentum, and Accelerate Evolution,” which reflects our aspiration to achieve changes in all aspects to progress to a next stage without being bound by previous business models and established ideas. Aiming for medium- and long-term growth, the Group has been promoting a range of measures. As one of these initiatives, we have been taking advantage of the worldview and unique characteristics of IP (Intellectual Property: meaning characters and other intellectual property) to further evolve the “IP Axis Strategy” that aims to maximize IP value through the provision of the optimal products and services at the optimal possible times. The measures also include an initiative to strengthen development in regions and businesses with high growth potential and an initiative to realize the total capabilities of the Group in regions around the world under the ALL BANDAI NAMCO concept.

During this fiscal year, the key IP and products and services in each business segment performed favorably, and business collaboration across the Group was highly effective.

Consequently, the Group’s consolidated results for the fiscal year ended March 31, 2019 were net sales of 732,347 million yen (year-on-year increase of 8.0%), operating profit of 84,045 million yen (year-on-year increase of 12.0%), recurring profit of 86,863 million yen (year-on-year increase of 15.2%), and profit attributable to owners of parent of 63,383 million yen (year-on-year increase of 17.1%). As in the previous fiscal year, we were again able to achieve our highest ever business results.

(ii) Outline of Business by Business Segment

(Millions of yen)

Business Segment	Net Sales			Operating Profit		
	Year Ended March 31, 2018	Year Ended March 31, 2019	Change	Year Ended March 31, 2018	Year Ended March 31, 2019	Change
Toys and Hobby	222,417	242,865	Increase of 20,448	14,476	21,710	Increase of 7,234
Network Entertainment	326,537	340,927	Increase of 14,389	50,150	47,534	Decrease of 2,615
Real Entertainment	90,549	101,493	Increase of 10,944	3,168	4,264	Increase of 1,095
Visual and Music Production	40,691	45,518	Increase of 4,827	6,618	8,797	Increase of 2,179
IP Creation	16,970	22,464	Increase of 5,494	5,264	5,020	Decrease of 243
Other	27,640	29,764	Increase of 2,124	767	1,197	Increase of 430
Eliminations and Corporate	(46,493)	(50,687)	Decrease of 4,193	(5,421)	(4,480)	Increase of 940
Consolidated	678,312	732,347	Increase of 54,034	75,024	84,045	Increase of 9,020

(Note) As the Group changed its classification of business segments on April 1, 2018, the figures for the previous fiscal year have been restated according to the current classifications.

Toys and Hobby Business

As for the Toys and Hobby Business, in Japan and overseas, products for the mature fan base such as plastic models of the *Mobile Suit Gundam* series and collectible figures and card related products for *DRAGON BALL* series gained in popularity. In Japan, products for the mature fan base performed favorably, along with long-established IP products such as the *DRAGON BALL* series, the *KAMEN RIDER* series, and the *PRETTY CURE!* series. Overseas, in the Asian region, products such as the *Mobile Suit Gundam* series and *ULTRAMAN* series gained in popularity, and we took steps aimed at strengthening business development in the Chinese market. In Americas and Europe, we continued with the roll-out of products for the mature fan base, such as collectible figures and *DRAGON BALL* series card products.

As a result, net sales in the Toys and Hobby Business were 242,865 million yen (year-on-year increase of 9.2%), and operating profit was 21,710 million yen (year-on-year increase of 50.0%).

Description of Business
Planning, development, production, and sales of 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, key titles being distributed worldwide such as the *DRAGON BALL* series and *ONE PIECE*, and key titles in Japan such as *The iDOLM@STER* series, continued to perform favorably due to ongoing measures targeting users. We also undertook initiatives to create new services, such as launching a new platform. In home video games, in addition to sales of new titles such as *SOULCALIBUR VI*, *ACE COMBAT 7: SKIES UNKNOWN*, and *JUMP FORCE* for worldwide distribution, repeat sales of existing titles and sales of mainly new Japanese titles were favorable.

As a result, net sales in the Network Entertainment Business were 340,927 million yen (year-on-year increase of 4.4%), and operating profit was 47,534 million yen (year-on-year decrease of 5.2%).

Description of Business
Planning, development, and distribution of network content; planning, development, and distribution of home video games, etc.

Real Entertainment Business

As for the Real Entertainment Business, in regard to arcade games, sales of *MOBILE SUIT GUNDAM EXTREME VS. 2* and other games were favorable. In amusement facilities, net sales in existing facilities in Japan did not reach the level seen in the previous fiscal year; however, new business formats that provide spaces where customers are able to enjoy experiences that only BANDAI NAMCO can offer, among other initiatives, performed favorably.

As a result, net sales in the Real Entertainment Business were 101,493 million yen (year-on-year increase of 12.1%), and operating profit was 4,264 million yen (year-on-year increase of 34.6%).

Description of Business
Real entertainment business, including planning, development, production, and sales of amusement machines, and planning and operation of amusement facilities, etc.

Visual and Music Production Business

As for the Visual and Music Production Business, products such as visual and music package software of *LoveLive! Sunshine!!* and *The iDOLM@STER* series gained in popularity. Meanwhile, IP live events such as *IDOLiSH 7* and associated product sales and sales of live visual package software performed favorably.

As a result, net sales in the Visual and Music Production Business were 45,518 million yen (year-on-year increase of 11.9%), and operating profit was 8,797 million yen (year-on-year increase of 32.9%).

Description of Business
Planning, production, and marketing of visual and music content and package software; conducting live entertainment operations

IP Creation Business

As for the IP Creation Business, we stirred up public attention through releases of new movies such as the *Mobile Suit Gundam* series, *LoveLive! Sunshine!!*, and the *Aikatsu!* series, leading to those series gaining popularity. In other initiatives, we took steps to strengthen our structure and create new products with a view to enhancing IP creation.

As a result, net sales in the IP Creation Business were 22,464 million yen (year-on-year increase of 32.4%), and operating profit was 5,020 million yen (year-on-year decrease of 4.6%).

Description of Business
Planning and development of animations; management and administration of copyrights and other rights; production of music related to animations; administration and use of music and masters related to animations

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 companies. 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 29,764 million yen (year-on-year increase of 7.7%), and operating profit was 1,197 million yen (year-on-year increase of 56.1%).

Description of Business
Businesses supporting respective Units such as distribution, logistics, printing, and administrative services

(iii) Capital Expenditures

In this fiscal year, the Group carried out 22,083 million yen in capital expenditures; the funds were primarily used for investments in the manufacturing of molds associated with the development of new products and in amusement facilities and machines.

(iv) Financing

Not applicable.

(v) Status of Significant Corporate Restructuring

- BANDAI CO., LTD., a subsidiary of the Company, conducted an absorption-type company split on April 1, 2018, whereby part of its Toys and Hobby Business (business for the mature fan base such as figures and plastic models) was transferred to BANDAI SPIRITS CO., LTD, which is a subsidiary of the Company.
- BANDAI NAMCO Entertainment Inc., a subsidiary of the Company, conducted an absorption-type company split on April 1, 2018, whereby its business of planning, development, and marketing of arcade games, etc. was transferred to BANDAI NAMCO Amusement Inc. (the name changed from NAMCO LIMITED on April 1, 2018), which is a subsidiary of the Company.
- BANDAI VISUAL CO., LTD., a subsidiary of the Company, conducted an absorption-type merger on April 1, 2018, with BANDAI VISUAL CO., LTD. as the surviving company and Lantis Co., Ltd., which is a subsidiary of the company, as the disappearing company. BANDAI VISUAL CO., LTD. changed its name to BANDAI NAMCO Arts Inc. on the same date.

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

Fiscal Year Classification	11th Fiscal Year (Year Ended March 31, 2016)	12th Fiscal Year (Year Ended March 31, 2017)	13th Fiscal Year (Year Ended March 31, 2018)	14th Fiscal Year (Year Ended March 31, 2019) (This Fiscal Year)
Net sales (Millions of yen)	575,504	620,061	678,312	732,347
Operating profit (Millions of yen)	49,641	63,238	75,024	84,045
Recurring profit (Millions of yen)	50,774	63,290	75,380	86,863
Profit attributable to owners of parent (Millions of yen)	34,583	44,159	54,109	63,383
Basic earnings per share	¥157.43	¥201.03	¥246.29	¥288.40
Total assets (Millions of yen)	448,336	488,032	540,490	612,955
Net assets (Millions of yen)	317,304	348,784	387,354	429,644
Net assets per share	¥1,441.49	¥1,584.71	¥1,758.99	¥1,952.00

(3) Important Parent Company and Subsidiaries (As of March 31, 2019)

(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%	Planning, development, production, and sales of toys, etc.
BANDAI NAMCO Entertainment Inc.	¥10,000 million	100.0%	Planning, development, and distribution of network content; planning, development, and distribution of home video games, etc.
BANDAI NAMCO Amusement Inc.	¥10,000 million	100.0%	Planning, development, production, and sales of amusement machines, and planning and operation of amusement facilities, etc.
BANDAI NAMCO Arts Inc.	¥2,182 million	100.0%	Planning, production, and marketing of visual and music content and package software; conducting live entertainment operations
SUNRISE INC.	¥49 million	100.0%	Planning and development of animations; management and administration of copyrights and other rights, etc.
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 189,964 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) was 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 marketing of arcade games, etc. was 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 the same date.
4. BANDAI NAMCO Holdings CHINA CO., LTD. implemented a capital increase of 125,852 thousand yuan on April 4, 2018.
5. There are no special wholly owned subsidiaries at the end of this fiscal year.

(4) Issues to be Addressed

The Group and this industry must address many important, long-term issues, including (i) 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.

(i) Common Issues Faced by All Units

To Further Strengthen the IP Axis Strategy

The Group will strive to further accelerate the evolution of its IP axis strategy in order to respond to changes in the environment such as the emergence of oligopolies in the distribution and media fields, the widespread penetration of networks, and technological improvements. Specifically, we will strengthen our capability for new IP creation in various ways including creation of product and service-originated IP and visual product-originated IP, utilization of an internal and external idea posting system, collaboration with partner companies, and making strategic investments. In addition, to maximize IP value, we will promote collaboration among businesses and cross-functional projects in the Group, create and develop new businesses, expand the regions for product and service roll-out, and respond swiftly to new platforms. Furthermore, we will ensure that the IP Strategy Division, a unit of the Company, 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 our 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 the 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 the IP lineup of products and services offered and the business categories. The Group also plans to initiate work for a full-scale business expansion in 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 in each region, moving ahead with the above efforts under the ALL BANDAI NAMCO concept.

To Fulfill our 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 not only 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)—but also the Group Compliance Charter as a code of conduct to be complied by all Group employees. In accordance with these 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 Unit

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 a dominant position as No. 1 in the industry 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, for which there is high demand in each region, and implementing initiatives for making a full-scale business expansion in the Chinese market. In addition, on the development and production side, through improvements in the value chain, this

Unit will work to make its product development more competitive in terms of speed and quality, along with price competitiveness.

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 target long-term development of products and services through continuous customer-oriented measures, along with endeavoring to create new entertainment and business models that respond to technological improvements of networks, etc., over and above the boundaries of existing operations and products/services. In addition, it will further strengthen technological research to enable a swift response to technological advances, environmental changes, and new platforms.

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 its strength in having a value chain that extends from machine development to provision to customers, it 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 strengthen the IP creation structure along with creating and producing new entertainment and IP that fuse visuals, music, and live events. 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 offers unique experiences only the Group can offer.

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 IP that is 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 human resources such as creators within the Group.

We ask for our shareholders' further assistance and guidance.

(5) Principal Business Offices of the Group (As of March 31, 2019)

(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 NAMCO Amusement Inc.	Minato-ku, Tokyo
BANDAI NAMCO Arts Inc.	Shibuya-ku, Tokyo
SUNRISE INC.	Suginami-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

(6) Outline of Employees (As of March 31, 2019)

(i) Employees of the Group

Business Segment	Number of Employees		Change from the End of Previous Fiscal Year	
Toys and Hobby Business	2,858	(2,410)	Increase of 185	(Decrease of 46)
Network Entertainment Business	2,550	(534)	Decrease of 59	(Increase of 14)
Real Entertainment Business	1,602	(6,400)	Increase of 247	(Increase of 991)
Visual and Music Production Business	339	(16)	Increase of 28	(Increase of 7)
IP Creation Business	156	(2)	Increase of 10	(-)
Other Businesses	778	(798)	Increase of 38	(Increase of 91)
Corporate (Common)	77	(1)	Increase of 40	(Increase of 1)
Total	8,360	(10,161)	Increase of 489	(Increase of 1,058)

- (Notes) 1. The number of employees refers to the employees actually at work.
2. The average numbers of temporary personnel employed for this fiscal year are presented separately in parentheses.
3. As the Group changed its classification of business segments in 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 business segments.
4. The increase in the number of employees in the Real Entertainment Business is mainly reflective of a strengthening of personnel accompanying the opening of facilities in new business formats and reorganization of the segment. The increase in the number of employees listed for "Corporate (Common)" is mainly reflective of a strengthening of personnel accompanying initiatives to make a full-scale business expansion in the Chinese market.
5. The number of employees listed for "Corporate (Common)" is the number of employees in the administration sectors, etc. of the Company, BANDAI NAMCO Holdings USA Inc., BANDAI NAMCO Holdings France S.A.S., BANDAI NAMCO Holdings UK LTD., BANDAI NAMCO Holdings ASIA CO., LTD., and BANDAI NAMCO Holdings CHINA CO., LTD.

(ii) Employees of the Company

Number of Employees	Change from the End of Previous Fiscal Year	Average Age	Average Years of Service
23 (-)	Increase of 1 (-)	46.6	17.9

- (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, 2019)

Lenders	Amount
Mizuho Bank, Ltd.	¥441 million
MUFG Bank, Ltd.	¥277 million
Sumitomo Mitsui Banking Corporation	¥100 million

(8) Other Important Matters of the Group

Not applicable.

2. Current Status of the Company

(1) Status of Shares (As of March 31, 2019)

- (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: 32,903 (decrease of 3,546 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)	14,752,600	6.71
Japan Trustee Services Bank, Ltd. (Trust account)	14,658,200	6.67
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. MUFG Bank, Ltd. account)	4,586,100	2.09
MAL Ltd.	4,400,100	2.00
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,057,000	1.84
Nintendo Co., Ltd.	3,845,700	1.75
STATE STREET BANK AND TRUST COMPANY 505001	3,160,210	1.44
STATE STREET BANK WEST CLIENT – TREATY 505234	3,151,452	1.43

- (Notes) 1. The shareholding ratio is calculated after reduction of the number of treasury stocks (2,081,304 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) | 12,879,000 shares |
| Japan Trustee Services Bank, Ltd. (Trust account) | 14,034,600 shares |
| The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. MUFG Bank, Ltd. account) | 4,586,100 shares |
| Japan Trustee Services Bank, Ltd. (Trust account 5) | 4,057,000 shares |
3. The 4,586,100 shares owned by The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. MUFG Bank, Ltd. 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 & Supervisory Board Members of the Company

(i) Directors and Audit & Supervisory Board Members (As of March 31, 2019)

Title	Name	Responsibilities in the Company and Major Concurrent Positions
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 Toys and Hobby Unit President and Representative Director of BANDAI CO., LTD. President and Representative Director of BANDAI SPIRITS CO., LTD.
Director	Satoshi Oshita	Responsible for Network Entertainment Unit President and Representative Director of BANDAI NAMCO Entertainment Inc.
Director	Hitoshi Hagiwara	Responsible for Real Entertainment Unit President and Representative Director of BANDAI NAMCO Amusement Inc. President and Representative Director of BANDAI NAMCO Amusement Lab Inc.
Director	Kazumi Kawashiro	Responsible for Visual and Music Production Unit President and Representative Director of BANDAI NAMCO Arts Inc.
Director	Yasuo Miyakawa	Responsible for IP Creation Unit President and Representative Director of SUNRISE INC. President and Representative Director of BANDAI NAMCO Pictures Inc. President and Representative Director of Evolving GUNDAM Inc.
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 Business Administration, Hitotsubashi University Business School
Full Time Audit & Supervisory Board Member	Masataka Nagaike	
Full Time Audit & Supervisory Board Member	Toru Shinoda	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 Toru Shinoda and Audit & Supervisory Board Members Osamu Sudoh and Katsuhiko Kamijo are Outside Audit & Supervisory Board Members.
3. Full Time Audit & Supervisory Board Member Toru Shinoda 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 Toru Shinoda, 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. Director Masaru Kawaguchi retired from office as President and Representative Director of BANDAI SPIRITS CO., LTD. on March 31, 2019.
8. Director Satoshi Oshita retired from office as President and Representative Director of BANDAI NAMCO Entertainment Inc. on March 31, 2019.
9. Director Yasuo Miyakawa has retired from office as President and Representative Director of SUNRISE INC. and President and Representative Director of BANDAI NAMCO Pictures Inc. on March 31, 2019, and took office as President and Representative Director of BANDAI NAMCO Entertainment Inc. on April 1, 2019.

(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	7	¥525 million
Audit & Supervisory Board Members	6	¥67 million
Total	13	¥593 million
(Outside Directors and Outside Audit & Supervisory Board Members)	(7)	(¥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 at the Thirteenth Ordinary General Meeting of Shareholders held on June 18, 2018 that, in addition to that remuneration limit, the Company will provide monetary compensation claims and cash for delivering common stock of the Company as performance-based stock compensation, with an upper limit that is the amount obtained by multiplying 45,000 shares by the share price at the time of delivery (the "Delivery Share Price") per year. The 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 performance-based stock compensation plan to be held within two months from the date of the Ordinary General Meeting of Shareholders pertaining to each evaluation fiscal year (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).

3. The performance-based stock compensation portion of the above-mentioned amount of remuneration etc. shall be calculated based on the closing price of the common stock of the Company on the Tokyo Stock Exchange on March 29, 2019, and when making actual payment, the Delivery Share Price will be applied.
4. At the Ordinary General Meetings of Shareholders for BANDAI CO., LTD. and NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.) held on June 23, 2005 and on June 25, 2005 respectively, it was resolved that the remuneration limit for Audit & Supervisory Board Members shall 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 slightly more than 20%, comprising the sum of the contribution of a fixed proportion of the base remuneration to the shareholding association for directors and officers, and performance-based stock compensation.

- 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 31.

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	
Toru Shinoda	14	100.0%	9	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.

(Note) Mr. Toru Shinoda was elected at the Thirteenth Ordinary General Meeting of Shareholders held on June 18, 2018, and thus, the number of Board of Directors Meetings and Audit & Supervisory Board Meetings on which his attendance rate is based differs from that of other Outside Audit & Supervisory Board Members. There have been 14 Board of Directors Meetings and 9 Audit & Supervisory Board Meetings since he assumed the office of Audit & Supervisory Board Member.

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	¥84 million
Total in Money and Other Financial Benefits to Be Paid by the Company and Its Subsidiaries to Accounting Auditors	¥273 million

- (Notes) 1. BANDAI NAMCO Holdings USA Inc., BANDAI NAMCO Holdings France S.A.S., BANDAI NAMCO Holdings UK LTD., BANDAI NAMCO Holdings ASIA CO., LTD., and BANDAI NAMCO Holdings CHINA 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, 2019)

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 Units categorized by business segment, and appoint a Director and core company in charge of each Unit 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 Unit, 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 Group Business 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

In order to ensure abidance of laws, respect of ethical behavior, and compliance with internal regulations, 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, and is working to ensure that they are familiar with the Charter, through putting up posters and distributing a Compliance Book. In addition, the Director in charge of compliance of the Company strives to strengthen the compliance systems by carrying out management of the overall compliance of the Group and periodical training using e-learning tools and other programs. The Company also investigates the degree of actual awareness through distributing surveys on compliance awareness to all employees of the Company and its major subsidiaries and strives to strengthen the compliance system by sharing the results of the survey with each subsidiary director in charge of compliance. Furthermore, the Company has established and operates 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 operate 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 five Units categorized by business segment, and appoints a Director and core company in charge of each Unit 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 Group Business Report Meetings (held three times this fiscal year) and the Group Management Meetings (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 Unit. 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 Group Business Report Meetings, 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 managerial resources, such as human resources and 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 aims to evolve the IP axis strategy further and achieve penetration and expansion in global markets. At the same time, we are also pursuing 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.

• 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, as a corporate group delivering “Dreams, Fun, and Inspiration,” aspires to be “a group centered on human resource management, particularly on entertainment and imagination,” where companies and employees of various individual characteristics can work energetically with peace of mind. We have been working on global human resource development, proactive personnel exchanges, establishment of systems to enable diverse human resources to play active roles, and establishment of various systems to enable employees to work in good mental and physical health. Under the Mid-term Plan, in addition to these systems, we are promoting measures such as systems for receiving proposals for better enabling employees to take on new challenges, systems to support their endeavors, and initiatives to increase the Group’s productivity.

- Reinforcing CSR (Corporate Social Responsibilities) Activities

The Group, as a corporate group delivering “Dreams, Fun, and Inspiration,” has defined the Group-wide “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 our stakeholders, in particular our 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 aims 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. Specifically, the Company follows 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 dividends 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.

(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, 2019)

	(Millions of yen)
	Amount
ASSETS	
Current assets	
Cash and time deposits	213,851
Trade receivables	93,083
Finished goods and merchandise	19,062
Work in process	42,428
Raw materials and supplies	3,580
Other current assets	26,836
Allowance for doubtful receivables	(890)
Total current assets	397,951
Fixed assets	
Property, plant and equipment	
Buildings and structures	15,067
Amusement facilities and machines	17,606
Land	42,677
Other property, plant and equipment	12,242
Total property, plant and equipment	87,593
Intangible assets	11,845
Investments and other assets	
Investment securities	74,023
Net defined benefit asset	147
Deferred tax assets	24,819
Other investments and assets	16,941
Allowance for doubtful receivables	(366)
Total investments and other assets	115,564
Total fixed assets	215,003
TOTAL ASSETS	612,955

	(Millions of yen)
	Amount
LIABILITIES	
Current liabilities	
Trade payables	74,804
Accrued income taxes	17,495
Provision for directors' bonuses	1,835
Other provision	1,669
Other current liabilities	68,087
Total current liabilities	163,893
Long-term liabilities	
Net defined benefit liability	10,383
Deferred tax liabilities for land revaluation	333
Other long-term liabilities	8,700
Total long-term liabilities	19,417
TOTAL LIABILITIES	183,311
NET ASSETS	
Stockholders' equity	
Common stock	10,000
Capital surplus	52,308
Retained earnings	369,315
Treasury stock	(2,298)
Total stockholders' equity	429,326
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities, net of tax	20,190
Deferred gains or losses on hedges, net of tax	5
Revaluation reserve for land, net of tax	(5,920)
Foreign currency translation adjustments	(8,864)
Remeasurements of defined benefit plans, net of tax	(5,705)
Total accumulated other comprehensive income	(294)
Non-controlling interests	612
TOTAL NET ASSETS	429,644
TOTAL LIABILITIES AND NET ASSETS	612,955

Consolidated Statements of Operations
(From April 1, 2018 to March 31, 2019)

	(Millions of yen)	
	Amount	
Net sales		732,347
Cost of sales		469,791
Gross profit		262,555
Selling, general and administrative expenses		178,510
Operating profit		84,045
Non-operating income		
Interest income	536	
Dividend income	584	
Rent income	398	
Gain on valuation of derivatives	753	
Other non-operating income	701	2,973
Non-operating expenses		
Interest expense	36	
Loss on cancellation of rental contracts	25	
Other non-operating expenses	93	155
Recurring profit		86,863
Extraordinary income		
Gain on sales of fixed assets	2,109	
Other extraordinary income	228	2,338
Extraordinary loss		
Loss on impairment of fixed assets	954	
Loss on disposal of fixed assets	325	
Loss on disposal of receivables on affiliated companies	781	
Other extraordinary loss	302	2,362
Profit before income taxes		86,838
Corporate income, inhabitant and enterprise taxes	29,566	
Adjustment for income taxes	(5,361)	24,205
Profit		62,632
Loss attributable to non-controlling interests		(751)
Profit attributable to owners of parent		63,383

Consolidated Statement of Changes in Net Assets (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	10,000	52,196	334,264	(2,326)	394,133
Changes during the period					
Cash dividends			(28,366)		(28,366)
Profit attributable to owners of parent			63,383		63,383
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		112		33	145
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			33		33
Net changes of items other than stockholders' equity					
Total changes during the period	–	112	35,051	28	35,192
Balance at end of year	10,000	52,308	369,315	(2,298)	429,326

	Accumulated other comprehensive income						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	11,696	(300)	(5,887)	(8,330)	(4,756)	(7,577)	797	387,354
Changes during the period								
Cash dividends								(28,366)
Profit attributable to owners of parent								63,383
Purchase of treasury stock								(5)
Disposal of treasury stock								145
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied								0
Reversal of revaluation reserve for land			(33)			(33)		–
Net changes of items other than stockholders' equity	8,494	305	–	(534)	(948)	7,316	(185)	7,131
Total changes during the period	8,494	305	(33)	(534)	(948)	7,282	(185)	42,289
Balance at end of year	20,190	5	(5,920)	(8,864)	(5,705)	(294)	612	429,644

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:

81 companies

(ii) Names of Principal Consolidated Subsidiaries:

BANDAI CO., LTD., BANDAI NAMCO Entertainment Inc., BANDAI NAMCO Amusement Inc., BANDAI NAMCO Arts Inc., SUNRISE INC., BANDAI NAMCO Holdings USA Inc., BANDAI NAMCO Holdings France S.A.S., BANDAI NAMCO Holdings UK LTD., BANDAI NAMCO Holdings ASIA CO., LTD., and BANDAI NAMCO Holdings CHINA CO., LTD.

BANDAI VISUAL CO., LTD. has changed its name to BANDAI NAMCO Arts Inc.

(iii) Changes in the Scope of Consolidation:

Because BANDAI NAMCO Collectibles LLC, BANDAI NAMCO Network Services Inc., BANDAI NAMCO Amusement Lab Inc., BANDAI NAMCO Content Fund LLP, BANDAI NAMCO Toys & Hobby (SHANGHAI) CO., LTD., SUNRISE BEYOND INC., and Evolving GUNDAM Inc. were newly established in the fiscal year ended March 31, 2019, these companies are now included in the scope of consolidation.

Since Lantis Co., Ltd. and Grand-Slam Ltd., which were consolidated subsidiaries in the fiscal year ended March 31, 2018, were merged into consolidated subsidiaries of the Company by an absorption-type merger, they have been excluded from the scope of consolidation.

(2) Status of Non-Consolidated Subsidiaries:

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

BANDAI LOGIPAL (H.K.) LTD.

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

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

2. Information Concerning Application of the Equity Method

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

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

6 companies

(ii) Names of the Principal Affiliated Companies to Which the Equity Method Was Applied:

Happinet Corporation, Sotsu Co., Ltd., People Co., Ltd., and Drecom Co., Ltd.

(iii) Changes in the Scope of Application of the Equity Method:

Because Drecom Co., Ltd. became an affiliated company as a result of the acquisition of its shares in the fiscal year ended March 31, 2019, the company is now included in the scope of application of the equity method.

(2) Status of Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Not Applied:

(i) Name of the Principal Companies, etc.:

BANDAI LOGIPAL (H.K.) LTD.

(ii) Reason the Equity Method Was Not Applied to the Company:

The equity method was not applied to this company, because it was deemed that the exclusion of the company from the application of the equity method would have little, and no material impact on the consolidated financial statements of the Company and it seemed unimportant as a whole in consideration of the company's profit or loss and retained earnings, etc. corresponding to the Company's equity share in it.

(iii) Special Notes Regarding Procedures for Applying the Equity Method:

If any of the companies to which the equity method is applied has a 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., BANDAI NAMCO Entertainment (SHANGHAI) CO., LTD., and BANDAI NAMCO Toys & Hobby (SHANGHAI) CO., LTD. are December 31, and their financial data as of their respective closing dates are used. The fiscal year closing date for Sun-Star Stationery Co., Ltd. is June 30 and its financial data is based on a provisional closing as of December 31 pursuant to procedures for the fiscal year-end closing.

Necessary adjustments on a consolidated basis are made when transactions of material importance occur between the reported closing date and the consolidated closing date.

4. Accounting Policies

(1) Valuation Basis and Methods for Significant Assets:

(i) Valuation Basis and Methods for Securities:

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.

(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. Recording of revenue attributable to video game software is deferred until the undelivered elements are recognized as 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 sales returns” (the balance of which at the end of this fiscal year is 475 million yen), which had been stated separately in the previous fiscal year, is included in “Other provision” under “Current liabilities” due to the immateriality for this fiscal year.

(Consolidated Statements of Operations)

(1) “Equity in gain of affiliated companies” (the balance of which at the end of this fiscal year is 242 million yen), which had been stated separately in the previous fiscal year, is included in “Other non-operating income” under “Non-operating income” in this fiscal year since it is at or below 10 percent of the total non-operating income.

(2) “Provision of allowance for doubtful accounts” (the balance of which at the end of this fiscal year is 0 million yen), which had been stated separately in the previous fiscal year, is 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) “Loss on valuation of stocks of affiliated companies” (the balance of which at the end of this fiscal year is 129 million yen), which had been stated separately in the previous fiscal year, is included in “Other extraordinary loss” under “Extraordinary loss” in this fiscal year since it is at or below 10 percent of the total extraordinary loss.

(Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting” and relevant Guidances)

The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of this fiscal year. Accordingly, deferred tax assets were presented under “Investments and other assets” and deferred tax liabilities were presented under “Long-term liabilities.”

III. Notes to Consolidated Balance Sheet

1. Assets Pledged as Collateral

Cash and time deposits ¥44 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 and assets” under “Investments and other assets” ¥1,553 million

2. Amount of Accumulated Depreciation of Property, Plant and Equipment: ¥165,778 million

3. Guarantee Obligation:

The Company has guarantee obligations concerning obligations in leasing contracts of companies other than consolidated companies.

BANDAI NAMCO Will Inc. ¥6 million

4. Land Revaluation

A revaluation of land for business-use was implemented pursuant to the “Land Revaluation Act” (Act No. 34 of 1998; enacted on March 31 of that year) 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 the Land Value Tax Act (Act No. 69 of 1991; enacted on May 2 of that year), as stipulated in Article 2, Item (iv) of the Order for Enforcement of the Land Revaluation Act (Cabinet Order No. 119 of 1998; enacted on March 31 of that year). 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 book value after the revaluation: negative 374 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 ¥169 million

Notes payable ¥582 million

IV. Notes to Consolidated Statement of Changes in Net Assets

1. Type and Total Number of Shares Issued as of the End of This Fiscal Year

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 18, 2018, Ordinary General Meeting of Shareholders	Common stock	24,407	111	March 31, 2018	June 19, 2018
November 7, 2018, Board of Directors Meeting	Common stock	3,958	18	September 30, 2018	December 7, 2018

(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 24, 2019, Ordinary General Meeting of Shareholders	Common stock	27,929	Retained earnings	127	March 31, 2019	June 25, 2019

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, 2019, 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	213,851	213,851	—
(2) Trade receivables	93,083	93,083	—
(3) Short-term investments and investment securities			
1. Available-for-sale Securities	52,231	52,231	—
2. Stock of affiliated companies	16,330	19,214	2,884
Total assets	375,497	378,381	2,884
(1) Trade payables	74,804	74,804	—
(2) Accrued income taxes	17,495	17,495	—
Total liabilities	92,300	92,300	—
Derivative transactions (*)	12	12	—

(*) 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 2,815 million yen in the consolidated balance sheet), stocks of affiliated companies (unlisted stocks) (stated as 2,984 million yen in the consolidated balance sheet), and contributions to investment partnerships (stated as 400 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)
34,506	39,033

(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.).

VII. Notes Concerning Per-Share Data

1. Net assets per share	¥1,952.00
2. Basic earnings per share	¥288.40

Non-Consolidated Balance Sheet
(As of March 31, 2019)

	(Millions of yen)
	Amount
ASSETS	
Current assets	
Cash and time deposits	62,513
Trade receivables	768
Prepaid expenses	481
Accounts receivable-other	19,333
Other current assets	37
Total current assets	83,135
Fixed assets	
Property, plant and equipment	
Buildings	1,049
Structures	202
Machinery and equipment	28
Tools, furniture and fixtures	451
Land	32,914
Other property, plant and equipment	69
Total property, plant and equipment	34,714
Intangible assets	
Software	1,661
Other intangible assets	277
Total intangible assets	1,938
Investments and other assets	
Investment securities	52,158
Investments in affiliated companies	232,917
Other investments and assets	6,680
Total investments and other assets	291,756
Total fixed assets	328,409
TOTAL ASSETS	411,545

	(Millions of yen)
	Amount
LIABILITIES	
Current liabilities	
Short-term borrowings from affiliated companies	132,157
Accounts payable-other	2,608
Accrued income taxes	10,571
Provision for directors' bonuses	224
Provision for stock-based compensation	68
Other current liabilities	697
Total current liabilities	146,327
Long-term liabilities	
Deferred tax liabilities	7,953
Accrued retirement and severance benefits	21
Guarantee deposits of affiliated companies	2,516
Other long-term liabilities	596
Total long-term liabilities	11,088
TOTAL LIABILITIES	157,416
NET ASSETS	
Stockholders' equity	
Common stock	10,000
Capital surplus	174,527
Capital reserve	2,500
Other capital surplus	172,027
Retained earnings	52,368
Legal reserve	1,645
Other retained earnings	50,723
General reserve	26,104
Retained earnings carried forward	24,618
Treasury stock	(2,201)
Total stockholders' equity	234,694
Valuation difference and foreign currency translation adjustments	
Valuation difference on available-for-sale securities, net of tax	19,433
Total valuation difference and foreign currency translation adjustments	19,433
TOTAL NET ASSETS	254,128
TOTAL LIABILITIES AND NET ASSETS	411,545

Non-Consolidated Statements of Operations

(From April 1, 2018 to March 31, 2019)

		(Millions of yen)
		Amount
Operating revenue		
Dividend income from affiliated companies	21,425	
Business management income from affiliated companies	3,649	
Other operating revenue	529	25,604
Operating expenses		
General and administrative expenses		4,987
Operating profit		20,616
Non-operating income		
Dividend income	440	
Rent income	2,513	
Other non-operating income	84	3,038
Non-operating expenses		
Interest expense	32	
Expenses related to rental assets	2,276	
Other non-operating expenses	5	2,313
Recurring profit		21,341
Extraordinary income		
Gain on sales of investment securities	231	231
Extraordinary loss		
Loss on valuation of stocks of affiliated companies	243	
Loss on disposal of fixed assets	6	
Loss on impairment of fixed assets	2	
Loss on sales of investment securities	5	
Loss on valuation of investment securities	3	260
Profit before income taxes		21,312
Corporate income, inhabitant and enterprise taxes	171	
Adjustment for income taxes	(40)	130
Profit		21,181

Non-Consolidated Statement of Changes in Net Assets (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Stockholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total stockholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings carried forward			
Balance at beginning of year	10,000	2,500	171,915	174,415	1,645	26,104	31,802	59,552	(2,230)	241,738
Changes during the period										
Cash dividends							(28,366)	(28,366)		(28,366)
Profit							21,181	21,181		21,181
Purchase of treasury stock									(5)	(5)
Disposal of treasury stock			112	112					33	145
Net changes of items other than stockholders' equity										
Total changes during the period	-	-	112	112	-	-	(7,184)	(7,184)	28	(7,043)
Balance at end of year	10,000	2,500	172,027	174,527	1,645	26,104	24,618	52,368	(2,201)	234,694

	Valuation difference and foreign currency translation adjustments		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	11,437	11,437	253,175
Changes during the period			
Cash dividends			(28,366)
Profit			21,181
Purchase of treasury stock			(5)
Disposal of treasury stock			145
Net changes of items other than stockholders' equity	7,996	7,996	7,996
Total changes during the period	7,996	7,996	953
Balance at end of year	19,433	19,433	254,128

Notes to Non-Consolidated Financial Statements

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

I. Notes Concerning Significant Accounting Policies

1. Valuation Basis and Methods for Assets:

Valuation basis and methods for securities:

(1) Shares of Subsidiaries and Affiliated Companies:

Stated using cost method based on the moving average method.

(2) 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:

(1) 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

(2) Intangible Assets:

Stated using the straight-line method.

The general useful life of software is as follows:

Software (used internally)	5 years
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3. Basis of Recognition for Provision:

(1) Provision for Directors' Bonuses:

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

(2) 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.

(3) 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:

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

II. Notes to Changes in Method of Presentation

(Non-Consolidated Balance Sheet)

“Long-term accounts payable-other” (the balance of which at the end of this fiscal year is 106 million yen), which had been stated separately in the previous fiscal year, is included in “Other long-term liabilities” under “Long-term liabilities” due to the immateriality for this fiscal year.

(Non-Consolidated Statements of Operations)

“Dividend income,” which had been included in “Other non-operating income” under “Non-operating income” in the previous fiscal year, is stated separately due to the increased materiality from this fiscal year. “Dividend income” for the previous fiscal year was 211 million yen.

(Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting” and relevant Guidances)

The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from this fiscal year. Accordingly, deferred tax assets were presented under “Investments and other assets” and deferred tax liabilities were presented under “Long-term liabilities.”

III. Notes to Non-Consolidated Balance Sheet

1. Amount of Accumulated Depreciation of Property, Plant and Equipment: ¥2,284 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. ¥6 million
3. Monetary Claims and Obligations with respect to Affiliated Companies (excluding Amounts Given in Specific Categories)
Short-term monetary claims on affiliated companies: ¥20,101 million
Short-term monetary obligations to affiliated companies: ¥1,241 million
Long-term monetary obligations to affiliated companies: ¥106 million

IV. Notes to Non-Consolidated Statements of Operations

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

Operating Transactions:

Other operating revenue ¥529 million
Advertising expenses ¥1,140 million

Non-operating Transactions:

Non-operating income ¥2,381 million
Non-operating expenses ¥40 million

V. 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 2,081,304 shares

VI. Notes Concerning Tax Effect Accounting

The main factors in the occurrence of deferred tax assets are, among others, denial of loss on valuation of stocks of affiliated companies and loss on valuation of investment securities, and they were recorded net of valuation allowance. The main factor in the occurrence of deferred tax liabilities is valuation difference on available-for-sale securities, net of tax.

VII. 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, 2019
Subsidiary	BANDAI CO., LTD.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest	27,428 8	Short-term borrowings from affiliated companies -	29,896 -
Subsidiary	BANDAI NAMCO Entertainment Inc.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest Amount collected due to application of consolidated taxation system	27,152 8 3,758	Short-term borrowings from affiliated companies - Accounts receivable-other	39,009 - 7,950
Subsidiary	BANDAI NAMCO Amusement Inc.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest	4,806 1	Short-term borrowings from affiliated companies -	6,145 -
Subsidiary	BANDAI NAMCO Arts Inc.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest	6,855 2	Short-term borrowings from affiliated companies -	6,856 -
Subsidiary	SUNRISE INC.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest	12,278 3	Short-term borrowings from affiliated companies -	12,266 -
Subsidiary	BANDAI SPIRITS CO., LTD.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest	9,997 2	Short-term borrowings from affiliated companies -	17,312 -
Subsidiary	BANPRESTO CO., LTD.	Holding directly 100.0%	-	Borrowings (Note 1) Payment of interest	7,949 2	Short-term borrowings from affiliated companies -	8,373 -
Subsidiary	BANDAI NAMCO Studios Inc.	Holding indirectly 100.0%	Interlocking directorate	Borrowings (Note 1) Payment of interest	7,088 2	Short-term borrowings from affiliated companies -	11,075 -
Subsidiary	BANDAI NAMCO Business Arc Inc.	Holding directly 100.0%	Interlocking directorate	Payment of administrative services fees (Note 2)	623	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 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, 2019
Person equivalent to Officer	Shukuo Ishikawa	Ownership directly 0.0%	Adviser of the Company	Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note 1)	13	–	–
				Payment of advisory fees (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 1)	13	–	–
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 1)	12	–	–
Officer	Yusuke Fukuda	Ownership directly 0.0%	Director of a subsidiary of the Company	Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note 1)	10	–	–
Officer	Satoshi Oshita	Ownership directly 0.0%	Director of the Company	Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note 1)	12	–	–

(Notes) 1. 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 15, 2018 (the business day immediately preceding the date of the resolution at the Board of Directors Meeting).

2. Advisory fees are determined through negotiations between both parties.

VIII. Notes Concerning Per-Share Data

1. Net assets per share: ¥1,155.56
2. Basic earnings per share: ¥96.32

IX. Notes Concerning Significant Subsequent Events

Reorganization through Company Split

At the Board of Directors Meeting held on February 6, 2019, the Company passed a resolution to conduct a company split, whereby the shares of WiZ Co., Ltd., a wholly-owned subsidiary of the Company, would be transferred to BANDAI CO., LTD., another wholly-owned subsidiary of the Company, through an absorption-type company split, and on April 1, 2019, the company split was carried out.

(1) Purpose

With the aim of promoting “Accelerate evolution in IP axis strategy,” one of the main strategies under the Group’s Mid-term Plan, the company split was carried out as part of reorganization in the Group to further strengthen the planning and development functions in the Toys and Hobby Business.

After the company split took effect, WiZ Co., Ltd. conducted an absorption-type merger with Plex Co., Ltd., a company performing planning and development functions in the Toys and Hobby Business and subsidiary of BANDAI CO., LTD, and is striving to boost its functions through the integration with planning and development functions and become more efficient in its management.

(2) Transactions conducted by commonly controlled entities

(i) Overview of transaction

a. Name and description of business to be transferred

Shares in WiZ Co., Ltd. owned by the Company

b. Date of business combination

April 1, 2019

c. Legal form of business combination

Absorption-type company split with the Company as the splitting company and BANDAI CO., LTD. as the succeeding 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 the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.

Independent Auditor's Report

May 20, 2019

The Board of Directors
BANDAI NAMCO Holdings Inc.

KPMG AZSA LLC

Naoki Matsumoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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

Mayuka Katsuki (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, 2019 and for the year from April 1, 2018 to March 31, 2019 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 20, 2019

The Board of Directors
BANDAI NAMCO Holdings Inc.

KPMG AZSA LLC

Naoki Matsumoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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

Mayuka Katsuki (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 for 14th fiscal year of BANDAI NAMCO Holdings Inc. starting from April 1, 2018 and ending on March 31, 2019 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 14th fiscal year from April 1, 2018 to March 31, 2019, 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 14th 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 22, 2019

Audit & Supervisory Board BANDAI NAMCO Holdings Inc. Full Time Audit & Supervisory Board Member	Masataka Nagaike	(Seal)
Full Time Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Toru Shinoda	(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