

# BANDAI NAMCO Holdings Inc.

## Notice of the Fifteenth Ordinary General Meeting of Shareholders to be held on June 22, 2020

An English translation of the original notice in Japanese

### DISCLAIMER

The following is an English translation of the Japanese original “Notice of the Fifteenth Ordinary General Meeting of Shareholders of BANDAI NAMCO Holdings Inc.” which meeting is to be held on June 22, 2020.

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.

\* The English version of this Notice of the Fifteenth Ordinary General Meeting of Shareholders reflects the revisions announced in “Notice Regarding Partial Revision to the Notice of the Fifteenth Ordinary General Meeting of Shareholders” (in Japanese only) released on June 1, 2020 and June 10, 2020.

June 5, 2020

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

Dear Shareholders,

## NOTICE OF THE FIFTEENTH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to inform you that the Fifteenth Ordinary General Meeting of Shareholders of BANDAI NAMCO Holdings Inc. (“the Company”) will be held as set forth below. Although we will hold the General Meeting of Shareholders while being as thorough as possible in taking measures to prevent infection, for this fiscal year, we encourage you to exercise your voting rights in writing or via the Internet in advance instead of attending the meeting in order to prevent the spread of COVID-19. Please review the enclosed “Reference Documents for the General Meeting of Shareholders” for the exercise of voting rights in writing or via the Internet, and exercise your voting rights as per the instructions on the next page by 5:30 p.m., Saturday, June 20, 2020.

If you would like to attend the meeting in person, we ask you to register in advance. We will hold a lottery from those who have registered to select a number of participants who may attend the meeting within the seat limits we have prepared. Please note beforehand that those of you who have not registered in advance, who have not been selected by the lottery, or who cannot be confirmed to have been selected by the lottery when entering the venue may not enter the venue of the General Meeting of Shareholders.

### Meeting Details

1. **Date and Time:** June 22, 2020 (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 Fifteenth Fiscal Year (from April 1, 2019 to March 31, 2020)
2. Report on the Contents of the Non-Consolidated Financial Statements for the Fifteenth Fiscal Year (from April 1, 2019 to March 31, 2020)

#### **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 20.

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

**How to exercise your voting rights in writing (via postal mail):**

Please indicate, on the 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 20, 2020.

**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 20, 2020.

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

**\* Shareholders must register in advance to attend in person, and only a limited number will be selected by the lottery.**

When attending the meeting in person, please hand in the Voting Rights Exercise Form and your confirmation letter for attending the meeting in person (two documents) at the reception desk at the place of the shareholders' meeting.

Date and time of the General Meeting of Shareholders:

June 22, 2020 (Monday) at 10:00 a.m.

If you exercise your voting rights more than once both in writing (via postal mail) and via 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: (<a href="https://www.bandainamco.co.jp/ir/stock/meeting.html">https://www.bandainamco.co.jp/ir/stock/meeting.html</a>)</p>
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## **[Information on Exercise of Voting Rights via the Internet]**

### **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:

##### Fiscal year-end dividends

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 ¥112 per share, which consists of a base dividend of ¥20 per share and a performance-based dividend of ¥92 per share.

Since the Company paid an interim dividend of ¥20 per share on December 6, 2019, the total annual dividend for the fiscal year will be ¥132 per share.

1. Type of dividend assets:  
Cash
2. Allocation of dividend assets to be paid to shareholders and total amount of dividend:  
Dividend per share of common stock of the Company .....¥112  
Total amount of dividends..... ¥24,635,251,760
3. Effective date of distribution of surplus (dividend):  
June 23, 2020

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

Since the terms of office of the twelve Directors of the Company will expire as of the close of this General Meeting of Shareholders, the Company requests the election of twelve Directors. 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 the chair and 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 based on the respective candidate's achievements and knowledge, and the independent Outside Directors conduct interviews with new candidates 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 80,100 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>June 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>June 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	Masaru Kawaguchi (November 2, 1960)  Number of the Company's Shares Owned 49,100 Shares	Executive Vice President and Director in charge of Toys and Hobby Unit	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)
			June 2016:	Executive Officer of the Company
			June 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
Apr. 2020:	Executive Vice President and Director in charge of Toys and Hobby Unit of the Company (current position)			
(Major concurrent positions)				
President and Representative Director of BANDAI CO., LTD.				
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. In addition to these factors, he is proposed as a candidate for Director as the Company considers him capable of enhancing collaboration in Group management.				



Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary	
3	Shuji Ohtsu (August 6, 1959)  Number of the Company's Shares Owned 39,100 Shares	Director and Division General Manager of the Group Administrative Headquarters	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
			June 2008:	Director in charge of Overseas Operations, Group Administrative Headquarters, Corporate Legal Affairs Department and Internal Auditing Division of the Company
			June 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)			
		(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.		
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.				

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary	
4	Yuji Asako (January 18, 1966)	Director and Division General Manager of the Corporate Planning Division	Apr. 1986:	Joined BANDAI CO., LTD.
	Number of the Company's Shares Owned 41,100 Shares		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
			June 2010:	Director in charge of Corporate Planning and Division General Manager of the Corporate Planning Division of the Company
			June 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>Reasons for proposing Mr. Yuji Asako as a candidate for Director:</p> <p>Mr. Yuji Asako possesses extensive experience, achievements, and knowledge relating to management and administration, including business planning and accounting, and also has experience in roles where he was responsible for internal and external communications, such as IR, PR and SR. He is proposed as a candidate for Director as the Company considers him capable of implementing the Group's management strategies and seeking a sustained increase in corporate value.</p>			

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary	
5	Yasuo Miyakawa (June 8, 1956)  Number of the Company’s Shares Owned 17,050 Shares	Director in charge of Network Entertainment Unit	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
			June 2018:	Director in charge of IP Creation Unit of the Company
			Mar. 2019:	President and Representative Director of Evolving GUNDAM Inc.
			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)				
(Major concurrent positions)				
President and Representative Director of BANDAI NAMCO Entertainment Inc.				
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.				

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary	
6	Hitoshi Hagiwara (April 8, 1959)  Number of the Company's Shares Owned 20,100 Shares	Director in charge of Real Entertainment Unit	Apr. 1978:	Joined NAMCO LIMITED (currently BANDAI NAMCO Entertainment Inc.)
			May 2002:	Leader of AM Manufacturing Group, AM Company of NAMCO LIMITED
			Apr. 2005:	Executive Officer and Head of AM Control Division, AM Company of NAMCO LIMITED
			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.)
			Apr. 2011:	Director in charge and General Manager of Amusement Sales Headquarters of NAMCO BANDAI Games Inc.
			Apr. 2013:	Managing Director in charge of Business Management and General Manager of Amusement Machine Business Management Group of NAMCO BANDAI Games Inc.
			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.)
			June 2014:	Director in charge of Amusement Facility SBU of the Company
			Apr. 2015:	Vice President and Director of BANDAI NAMCO Entertainment Inc.
			Apr. 2018:	Executive Officer in charge of Real Entertainment Unit of the Company
			June 2018:	Director in charge of Real Entertainment Unit of the Company (current position)
			Oct. 2018:	President and Representative Director of BANDAI NAMCO Amusement Lab Inc.
			(Major concurrent position) President and Representative Director of BANDAI NAMCO Amusement Inc.	
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.				

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary	
7	Kazumi Kawashiro (November 4, 1959)  Number of the Company's Shares Owned 28,700 Shares	Director in charge of Visual and Music Production Unit	Apr. 1982:	Joined CANYON RECORDS INC. (currently PONY CANYON INC.)
			Jul. 1989:	Joined BANDAI CO., LTD.
			Apr. 1994:	Joined BANDAI VISUAL CO., LTD. (currently BANDAI NAMCO Arts Inc.)
7	Kazumi Kawashiro (November 4, 1959)  Number of the Company's Shares Owned 28,700 Shares	Director in charge of Visual and Music Production Unit	Sep. 1997:	General Manager of Production at Production Headquarters of BANDAI VISUAL CO., LTD.
			May 1999:	Director, Deputy Division Head of Visual Business Division and General Manager of Visual Planning Department of BANDAI VISUAL CO., LTD.
			May 2003:	President and Representative Director of BANDAI VISUAL CO., LTD.
			June 2007:	Director in charge of Visual and Music Content SBU of the Company
			Apr. 2010:	Vice President and Director of BANDAI VISUAL CO., LTD.
			Apr. 2012:	President and Representative Director of BANDAI VISUAL CO., LTD. (current position)
			Apr. 2015:	Executive Officer in charge of Visual and Music Production SBU of the Company
			June 2015:	Director in charge of Visual and Music Production SBU of the Company
			Apr. 2018:	Director in charge of Visual and Music Production Unit of the Company (current position)
			(Major concurrent position) President and Representative Director of BANDAI NAMCO Arts Inc.	
			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.	

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
8	Makoto Asanuma (April 23, 1963)  Number of the Company's Shares Owned 14,400 Shares	Director in charge of IP Creation Unit	<p>Apr. 1986: Joined Kabushiki Kaisha Network</p> <p>Oct. 2000: Joined Bandai Networks Co., Ltd.</p> <p>Apr. 2004: General Manager of Mobile Business Department of Bandai Networks Co., Ltd.</p> <p>June 2005: Director, Deputy Division Head of Business Division and General Manager of Content Business Department of Bandai Networks Co., Ltd.</p> <p>Apr. 2009: Executive Officer and Deputy Division Head of NE Business Division of NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.)</p> <p>Oct. 2010: President and Representative Director of BANDAI NAMCO Online Inc.</p> <p>Apr. 2014: Director, Division Head of Business Division I of BANDAI NAMCO Entertainment Inc.</p> <p>Apr. 2015: Managing Director in charge of Global Business Promotion Unit / Media Unit of BANDAI NAMCO Entertainment Inc.</p> <p>Apr. 2018: Senior Managing Director of SUNRISE INC.</p> <p>Mar. 2019: Chairman of SUNRISE SHANGHAI CO., LTD. (current position)</p> <p>Apr. 2019: Executive Officer in charge of IP Creation Unit of the Company President and Representative Director of SUNRISE INC. (current position)</p> <p>June 2019: Director in charge of IP Creation Unit of the Company (current position)</p> <p>(Major concurrent positions) President and Representative Director of SUNRISE INC. Chairman of SUNRISE SHANGHAI CO., LTD.</p>
<p>Reasons for proposing Mr. Makoto Asanuma as a candidate for Director: 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>			

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

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary	
10	<u>Outside Director</u>	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	
	June 2016:		Outside Director of the Company (current position)	
	Mar. 2020:		Outside Auditor of Unicafe Inc. (current position)	
	Apr. 2020:		Partner of GAIEN PARTNERS (current position)	
	Number of the Company's Shares Owned --- Shares		(Major concurrent position) Attorney-at-Law Partner of GAIEN PARTNERS Outside Auditor of Unicafe Inc.	
	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 officer, 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, Faculty of Economics and Business Administration of Yokohama City University Oct. 2003: Assistant Professor, Faculty of Economics and Business Administration of Yokohama City University Oct. 2004: Assistant Professor, Graduate School of International Corporate Strategy (ICS) of Hitotsubashi University Apr. 2007: Associate Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University June 2016: Outside Director of the Company (current position) Apr. 2019: Professor, Graduate School of Business Administration, Hitotsubashi University Business School (current position) June 2019: Outside Auditor of Nice Holdings, Inc. (currently Nice Corporation) (current position) Dec. 2019: Outside Audit & Supervisory Board Member of DarWin Capital Partners Ltd. (current position) (Major concurrent position) Professor, Graduate School of Business Administration, Hitotsubashi University Business School Outside Auditor of Nice Corporation Outside Audit & Supervisory Board Member of DarWin Capital Partners Ltd.
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 officer, 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	<u>Outside Director</u>  Koichi Kawana (April 23, 1958)  Number of the Company's Shares Owned --- Shares	Director	Apr. 1982: Joined JGC CORPORATION (Currently JGC HOLDINGS CORPORATION) Jul. 1997: General Manager, Abu Dhabi Office and General Manager, Kuwait Office of JGC CORPORATION Jul. 2001: General Manager, London Office and JGC UK Managing Director of JGC CORPORATION May 2004: General Manager, Project Business Investment Promotion Department, Project Business Promotion Division, Global Marketing Division of JGC CORPORATION Aug. 2007: Executive Officer, Senior General Manager, New Business Promotion Division, Global Marketing Division of JGC CORPORATION Jul. 2009: Managing Director, Senior General Manager, Global Marketing Division of JGC CORPORATION June 2010: Representative Director, Senior Executive Vice President of JGC CORPORATION Jul. 2011: Representative Director and President of JGC CORPORATION June 2017: Director, Vice Chairman of JGC CORPORATION June 2018: Vice Chairman of JGC CORPORATION (current position) June 2019: Outside Director of the Company (current position) Outside Director (Audit & Supervisory Committee Member) of COMSYS Holdings Corporation (current position) Outside Director of TOKYO ELECTRON DEVICE LIMITED (current position) (Major concurrent positions) Vice Chairman of JGC HOLDINGS CORPORATION Outside Director (Audit & Supervisory Committee Member) of COMSYS Holdings Corporation Outside Director of TOKYO ELECTRON DEVICE LIMITED
Reasons for proposing Mr. Koichi Kawana as a candidate for Outside Director and his suitability as Outside Director: 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.			

- (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, Mr. Mikiharu Noma, and Mr. Koichi Kawana 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 six years, Ms. Satoko Kuwabara and Mr. Mikiharu Noma will have served for approximately four years, and Mr. Koichi Kawana will have served for approximately one year.
  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 20) 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, 2019 to March 31, 2020)*

**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, 2020, the economy continued to moderately recover until the third quarter in Japan. However, overseas economies were showing a slowdown trend. In addition, the global economy as a whole was significantly affected by the spread of COVID-19 in the fourth quarter.

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, although there were effects from the spread of COVID-19 in the fourth quarter, the Toys and Hobby Business performed favorably, gaining in popularity in products for the mature fan base in Japan and overseas, and key IP products and services in each business segment also performed stably.

Consequently, the Group’s consolidated results for the fiscal year ended March 31, 2020 were net sales of 723,989 million yen (year-on-year decrease of 1.1%), operating profit of 78,775 million yen (year-on-year decrease of 6.3%), recurring profit of 79,797 million yen (year-on-year decrease of 8.1%), and profit attributable to owners of parent of 57,665 million yen (year-on-year decrease of 9.0%).

## (ii) Outline of Business by Business Segment

(Millions of yen)

Business Segment	Net Sales			Operating Profit (Loss)		
	Year Ended March 31, 2019	Year Ended March 31, 2020	Change	Year Ended March 31, 2019	Year Ended March 31, 2020	Change
Toys and Hobby	242,865	253,714	Increase of 10,849	21,710	26,733	Increase of 5,023
Network Entertainment	340,927	328,079	Decrease of 12,848	47,534	43,879	Decrease of 3,655
Real Entertainment	101,493	91,753	Decrease of 9,740	4,264	(1,502)	Decrease of 5,766
Visual and Music Production	45,518	46,951	Increase of 1,433	8,797	8,032	Decrease of 765
IP Creation	22,464	19,750	Decrease of 2,714	5,020	5,758	Increase of 738
Other	29,764	35,752	Increase of 5,988	1,197	1,864	Increase of 667
Eliminations and Corporate	(50,687)	(52,012)	Decrease of 1,325	(4,480)	(5,991)	Decrease of 1,511
Consolidated	732,347	723,989	Decrease of 8,358	84,045	78,775	Decrease of 5,270

### Toys and Hobby Business

As for the Toys and Hobby Business, in Japan, products for the mature fan base such as plastic models of the *Mobile Suit Gundam* series and collectible figures performed favorably along with long-established IP toys and peripheral products, such as the *DRAGON BALL* series, the *KAMEN RIDER* series, the *Super Sentai* series, and *ONE PIECE*. Overseas, in the Asian region, products for the mature fan base and products such as the *ULTRAMAN* series gained in popularity. In the Americas and Europe, the Group promoted efforts to strengthen sales and marketing of products for the mature fan base.

As a result, net sales in the Toys and Hobby Business were 253,714 million yen (year-on-year increase of 4.5%), and operating profit was 26,733 million yen (year-on-year increase of 23.1%).

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 stably due to ongoing measures targeting users. In home video games, new titles such as *DRAGON BALL Z KAKAROT* and *CODE VEIN* gained in popularity, and repeat sales of existing titles such as the *DRAGON BALL* series, *TEKKEN 7*, and the *DARK SOULS* series enjoyed popularity, primarily overseas, due to ongoing measures targeting users.

As a result, net sales in the Network Entertainment Business were 328,079 million yen (year-on-year decrease of 3.8%), and operating profit was 43,879 million yen (year-on-year decrease of 7.7%).

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

### Real Entertainment Business

As for the Real Entertainment Business, in amusement facilities, net sales in existing facilities in Japan continued to perform stably, and we promoted the development of new business formats that provide venues where customers are able to enjoy experiences that only BANDAI NAMCO can offer. However, the business was affected by the closure of facilities both in Japan and overseas due to the spread of COVID-19 in the fourth quarter. Performance of amusement machines did not reach the level seen in the previous fiscal year when a new major title and a new version of a popular title were launched, owing to factors including the postponement of the launch of new products. In light of the current market environment, we recorded a loss on valuation such as works in process for amusement machines and a loss on impairment of fixed assets related to certain facilities as extraordinary loss.

As a result, net sales in the Real Entertainment Business were 91,753 million yen (year-on-year decrease of 9.6%), and operating loss was 1,502 million yen (operating profit for the previous fiscal year was 4,264 million yen).

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, we stirred up public attention through the development of IP productions, such as the sales of visual and music package software and the holding of live events of *The iDOLM@STER* series, *LoveLive! Sunshine!!* and *IDOLiSH 7*, and the cinematic release of a new *GIRLS und PANZER* movie, leading to those series gaining popularity. However, profits did not reach the level seen in the previous fiscal year when the Company launched several high-added-value package software products, due to differences in the product mix and the postponement or cancellation of events in response to the spread of COVID-19 in the fourth quarter.

As a result, net sales in the Visual and Music Production Business were 46,951 million yen (year-on-year increase of 3.1%), and operating profit was 8,032 million yen (year-on-year decrease of 8.7%).

Description of Business
Planning, production, and management of visual and music content; artist discovery and development; and live entertainment operations

### IP Creation Business

As for the IP Creation Business, in visual production, we stirred up public attention around IP by releasing a new movie and disseminating various information for the *Mobile Suit Gundam* series, which marked its 40th anniversary, and other series, which brought greater popularity to those series. We also took steps such as those to strengthen our Group-wide initiatives and animation production structure with a view to enhancing IP creation. Profits were up year on year due to factors including differences in the product mix.

As a result, net sales in the IP Creation Business were 19,750 million yen (year-on-year decrease of 12.1%), and operating profit was 5,758 million yen (year-on-year increase of 14.7%).

Description of Business
Planning and production of animations; management and administration of copyrights and other rights; production of music related to animations; and management and administration 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 have been making efforts to manage such operations related to group support in an efficient manner.

As a result, net sales in the Other Businesses were 35,752 million yen (year-on-year increase of 20.1%), and operating profit was 1,864 million yen (year-on-year increase of 55.7%).

Description of Business
Businesses supporting the Units in such areas as distribution, logistics, printing, and administrative services

#### (iii) Capital Expenditures

In this fiscal year, the Group carried out 27,342 million yen in capital expenditures; the funds were primarily used for investments in the manufacturing of molds associated with the production of new products and in amusement facilities and machines.

#### (iv) Financing

Not applicable.

#### (v) Status of Significant Corporate Restructuring

The Company acquired 8,683,500 additional shares of SOTSU CO., LTD., an affiliate of the Company to which the equity method was applied, by way of a public tender, making it a consolidated subsidiary on December 2, 2019. Through a subsequent acquisition of fractional shares resulting from a consolidation of shares conducted by SOTSU CO., LTD., it became a wholly owned subsidiary on May 15, 2020.

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

Fiscal Year Classification	12th Fiscal Year (Year Ended March 31, 2017)	13th Fiscal Year (Year Ended March 31, 2018)	14th Fiscal Year (Year Ended March 31, 2019)	15th Fiscal Year (Year Ended March 31, 2020) (This Fiscal Year)
Net sales (Millions of yen)	620,061	678,312	732,347	723,989
Operating profit (Millions of yen)	63,238	75,024	84,045	78,775
Recurring profit (Millions of yen)	63,290	75,380	86,863	79,797
Profit attributable to owners of parent (Millions of yen)	44,159	54,109	63,383	57,665
Basic earnings per share	¥201.03	¥246.29	¥288.40	¥262.39
Total assets (Millions of yen)	488,032	540,490	612,955	619,819
Net assets (Millions of yen)	348,784	387,354	429,644	454,684
Net assets per share	¥1,584.71	¥1,758.99	¥1,952.00	¥2,045.25

(3) Important Parent Company and Subsidiaries (As of March 31, 2020)

(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

(Note) There are no special wholly owned subsidiaries at the end of this fiscal year.

#### (4) Issues to be Addressed

Based on the Group's Corporate Philosophy to provide "Dreams, Fun and Inspiration" to people around the world through its products and services as a member of society, the Group will respond to demand from society and customers while continuing to take measures to prevent the spread of COVID-19. If the spread of COVID-19 continues throughout the world, it may cause an impact on consumption due to factors including the closure of sales outlets, as well as the postponement or cancellation of events and an associated impact on promotion both in Japan and overseas, an impact on the development schedule of products and services and on operation systems, an impact on the production schedule of the Group's factories and other cooperating factories, the closure of amusement facilities, and an impact on the schedules or releases of visual productions. The Group gives the highest priority to the safety of its various stakeholders such as employees, their families and the Group's customers and will continue to take measures to prevent the spread of COVID-19, such as thorough hygiene management and the introduction of working systems and business operations based on the requirements issued by the national governments and local governments of each country and region. With regard to business operations, we will continue to gather information and take flexible measures to minimize the impact of COVID-19.

Furthermore, the Group will apply the main strategies defined in its Mid-term Plan from April 2018 to March 2021 to address the issues it faces together under the ALL BANDAI NAMCO concept for continued medium- and long-term growth. With regard to the results and challenges of each strategy defined in the Mid-term Plan, we are formulating strategies for the next Mid-term Plan scheduled to start from April 2021 to further expand possibilities in the results, overcome challenges, and construct a solid foundation for continued medium- and long-term growth.

##### (i) Issues to be Addressed Group-wide

##### To Fulfill our Corporate Social Responsibility (CSR)

Guided by our vision of becoming "The Leading Innovator in Global Entertainment," the Group's mission is to continue to provide "Dreams, Fun and Inspiration" to people around the world through its various products and services that utilize IP. We believe that the Group's *raison d'être* is to contribute to the creation of a world where people throughout the world can communicate in ways that transcend the barriers of national borders and languages through IP.

To continue to provide "Dreams, Fun and Inspiration" through entertainment to people throughout 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 with 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 such as educational activities inside the Group with the aim of raising awareness in the Group. In addition, by the executives of the Group themselves taking various opportunities to deliver messages on the Group's Corporate Philosophy and the responsibility and pride of being involved in entertainment, the Group has been striving to deepen understanding within the Group itself.

##### 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, increasingly diverse platforms, and technological improvements. Specifically, we will strengthen our capability for new IP creation in various ways including the creation of product and service-originated IP and visual product-originated IP, the utilization of the "BANDAI NAMCO Content Fund," which invests with a medium- and long-term

perspective and a focus on overall optimization, and collaboration with partner companies and creators through the “BANDAI NAMCO Accelerator Program” and “DREAM SUPPORT PROJECT,” which supports next-generation creators. 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. To promote the initiatives to create IP and maximize IP value, the Group will make strategic investments in IP with a medium- and long-term perspective in addition to ordinary investments. Furthermore, we will ensure that the IP Strategy Division, an organization 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 such as the worldwide distribution of long-established IP products such as the *Mobile Suit Gundam* series and the *DRAGON BALL* series, and new IP creation projects. In addition to these, in promoting the IP axis strategy, in order to conduct business activities that respect IP itself and the worldviews of each IP, the Group will coordinate with partner companies and government administrations to take measures such as the elimination of counterfeit products to protect intellectual properties.

#### 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 order to conduct businesses in the Americas, Europe, and Asia according to the characteristics of each region, we have built a system in which regional headquarters companies and each regional company address issues together under the ALL BANDAI NAMCO concept. By doing so, the Group has been strengthening its IP portfolio by developing IP originating in each region in addition to the overseas distribution of IP products and services originating in Japan while also expanding business categories.

Furthermore, with regard to the Chinese market, a key region in the Mid-term Plan, the Group has built foundations to address issues together under the ALL BANDAI NAMCO concept while also initiating work for a full-scale business expansion by coordinating closely with local partner companies instead of working alone.

#### (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,” “increasingly diverse customer needs” and “geographic concentration of product manufacturing.” 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. This Unit is also taking extensive steps to ensure compliance with the applicable laws and regulations and the quality and safety standards set by the industry by enhancing quality and safety through various initiatives including the establishment of our own stricter quality standards and the implementation of periodic C.O.C. (Code of Conduct) audits on the factories of contracted manufactures. This Unit has established its own product manufacturing operations in multiple countries, including Japan, Thailand, the Philippines, and Vietnam, and in addition, it strives for a wide distribution of geographic locations for contracted manufacturing on the strict precondition of never compromising quality standards.

##### Network Entertainment Unit

This Unit’s industry is facing issues that include “increasingly diverse platforms,” “technological improvements of networks, etc.,” “increasingly diverse customer needs” and “soaring costs for

development investment.” To address these issues, in the development of products and services, it will target long-term development of products/services through continuous customer-oriented measures, including the development of titles carefully selected with a strong emphasis on quality, the offering of value even after release through updates and additional content, and the holding of events. In addition, it will offer titles suited to the characteristics of each platform and use new platform launches as opportunities to capture new customers. It will also endeavor 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 operate facilities 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 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 respond rapidly to diversification and changes in the environment. The Real Entertainment Unit will also fulfill the role of promoting IP and collecting information on customer needs as the Group’s point of contact with customers.

#### 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 by actively coordinating with external partner companies and the like and will create and produce new entertainment and IP that fuse visuals, music, and live events.

#### 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 strengthen the creation of IP by producing IP that is closely linked to each of the Group’s 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 make creators permanent employees and nurture their talents.

We ask for our shareholders’ further assistance and guidance.

(4) Principal Business Offices of the Group (As of March 31, 2020)

(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

(5) Outline of Employees (As of March 31, 2020)

(i) Employees of the Group

Business Segment	Number of Employees		Change from the End of Previous Fiscal Year	
Toys and Hobby Business	3,059	(2,742)	Increase of 201	(Increase of 332)
Network Entertainment Business	2,657	(585)	Increase of 107	(Increase of 51)
Real Entertainment Business	1,631	(6,306)	Increase of 29	(Decrease of 94)
Visual and Music Production Business	375	(15)	Increase of 36	(Decrease of 1)
IP Creation Business	375	(2)	Increase of 219	(–)
Other Businesses	872	(867)	Increase of 94	(Increase of 69)
Corporate (Common)	83	(–)	Increase of 6	(Decrease of 1)
Total	9,052	(10,517)	Increase of 692	(Increase of 356)

- (Notes) 1. The number of employees refers to the employees actually at work.  
2. The average numbers of temporary personnel employed for this fiscal year are presented separately in parentheses.  
3. The increase in the number of employees in the IP Creation Business is mainly reflective of making creators permanent employees to strengthen production capabilities.  
4. 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
24 (–)	Increase of 1 (–)	45.4	16.5

- (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.

(6) Principal Lenders (As of March 31, 2020)

Lenders	Amount
Mizuho Bank, Ltd.	¥554 million
MUFG Bank, Ltd.	¥294 million
Sumitomo Mitsui Banking Corporation	¥200 million

(7) Other Important Matters of the Group

Not applicable.



## 2. Current Status of the Company

### (1) Status of Shares (As of March 31, 2020)

- (i) Total Number of Shares Issuable: 1,000,000,000 shares
- (ii) Total Number of Issued Shares: 222,000,000 shares
- (iii) Number of Shareholders: 34,563 (Increase of 1,660 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)	34,715,300	15.78
Japan Trustee Services Bank, Ltd. (Trust account)	18,310,400	8.32
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	2.08
MAL Ltd.	4,400,100	2.00
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,211,200	1.91
Nintendo Co., Ltd.	3,845,700	1.75
JP MORGAN CHASE BANK 385151	3,419,832	1.55
Japan Trustee Services Bank, Ltd. (Trust account 7)	3,363,700	1.53

- (Notes) 1. The shareholding ratio is calculated after reduction of the number of treasury stocks (2,042,395 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)  | 33,029,000 shares |
| Japan Trustee Services Bank, Ltd. (Trust account)   | 17,684,000 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)   | 4,211,200 shares  |
| Japan Trustee Services Bank, Ltd. (Trust account 7)   | 3,363,700 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, 2020)

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.
Director	Yasuo Miyakawa	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	Makoto Asanuma	Responsible for IP Creation Unit President and Representative Director of SUNRISE INC. Chairman of SUNRISE SHANGHAI CO., LTD.
Director	Yuzuru Matsuda	Outside Director of KUBOTA Corporation Outside Director of JSR Corporation
Director	Satoko Kuwabara	Attorney-at-Law Partner of Mori Hamada & Matsumoto Outside Auditor of Unicafe Inc.
Director	Mikiharu Noma	Professor at Graduate School of Business Administration, Hitotsubashi University Business School Outside Auditor of Nice Corporation Outside Audit & Supervisory Board Member of DarWin Capital Partners Ltd.
Director	Koichi Kawana	Vice Chairman of JGC HOLDINGS CORPORATION Outside Director (Audit and Supervisory Committee Member) of COMSYS Holdings Corporation Outside Director of TOKYO ELECTRON DEVICE LIMITED
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

Title	Name	Responsibilities in the Company and Major Concurrent Positions
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, Mikiharu Noma and Koichi Kawana 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, Mikiharu Noma and Koichi Kawana 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.

(ii) Summary of Contracts Concerning Limited Liability

Not applicable.

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

Not applicable.

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

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

	Number of People	Amount of Remuneration, etc.
Directors	8	¥530 million
Audit & Supervisory Board Members	4	¥67 million
Total	12	¥598 million
(Outside Directors and Outside Audit & Supervisory Board Members)	(7)	(¥91 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 31, 2020, 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) and which is chaired by an Outside Director (independent Outside Director), 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 pages 34 to 35.

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

- b. Main Activities in This Fiscal Year

(Directors)

	Board of Directors Meetings (Held 19 times)		Statements Made at Board of Directors Meetings
	Number of Meetings Attended	Attendance Rate	
Yuzuru Matsuda	19	100.0%	Provided advice and proposals by giving opinions, etc. reflecting his broad view on overall management based on his wealth of experience and position as a corporate officer to ensure the appropriateness and validity of decisions of the Board of Directors.
Satoko Kuwabara	19	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	19	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.

	Board of Directors Meetings (Held 19 times)		Statements Made at Board of Directors Meetings
	Number of Meetings Attended	Attendance Rate	
Koichi Kawana	15	100.0%	Provided advice and proposals by giving opinions, etc. reflecting his broad view on overall management based on his wealth of experience and position as a corporate officer to ensure the appropriateness and validity of decisions of the Board of Directors.

(Note) Mr. Koichi Kawana was elected at the Fourteenth Ordinary General Meeting of Shareholders held on June 24, 2019, and thus, the number of Board of Directors Meetings on which his attendance rate is based differs from that of other Outside Directors. There have been 15 Board of Directors Meetings since he assumed the office of Director.

(Audit & Supervisory Board Members)

	Board of Directors Meetings (Held 19 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	19	100.0%	14	100.0%	Provided advice and proposals by giving opinions, etc. primarily from his position as a certified public accountant to ensure the appropriateness and validity of decisions of the Board of Directors and the Audit & Supervisory Board.
Osamu Sudoh	19	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	19	100.0%	14	100.0%	Provided advice and proposals by giving opinions, etc. based on his wealth of experience dealing with tax affairs and from his profound scholarly knowledge via his teaching activities in tax affairs to ensure the appropriateness and validity of decisions of the Board of Directors and the Audit & Supervisory Board.

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

Not applicable.

(3) Accounting Auditors

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

	Amount of Remuneration, etc.
Amount of Remuneration, etc. for Accounting Auditors for This Fiscal Year	¥101 million
Total in Money and Other Financial Benefits to Be Paid by the Company and Its Subsidiaries to Accounting Auditors	¥333 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 has analyzed and evaluated the audit report for the previous fiscal year, and reviewed the sufficiency of the audit plan for this fiscal year as well as the appropriateness of the time for audit planning, the staffing plan, and the hourly rate. As a result, the Audit & Supervisory Board concluded that the Accounting Auditor remuneration is appropriate and gave its consent to the remuneration in accordance with Article 399, Paragraph 1 of the Companies Act.

(iii) Non-Auditing Operations

The Company paid the Accounting Auditor consideration for advisory services concerning preparations for the adoption of the Accounting Standard for Revenue Recognition, which is outside the scope of the services prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act.

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

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

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

(v) Summary of Contracts Concerning Limited Liability

Not applicable.

(4) Systems for Ensuring the Properness of Operations and Operating Status of the Systems  
(As of March 31, 2020)

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, etc., 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 enhance compliance awareness 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. In addition, as part of the measures to prevent the spread of COVID-19, the Company established a crisis management committee dedicated to preventing the spread of COVID-19, whose participating members include persons in charge of the related departments and the Company's Directors, and the committee is regularly sharing information and holding discussions on future policies. The committee disseminates the results of its meetings throughout the Group, and each company is promoting initiatives in line with policies decided by the committee.

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 four 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 discussions relating to various issues. 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 19 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 four 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 provide explanations directly to individual investors and to both Japanese and foreign institutional investors, stock analysts, etc. in order to deepen their understanding of the Group.

- 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.

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



**Consolidated Balance Sheet**  
(As of March 31, 2020)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	189,856
Trade receivables	83,754
Finished goods and merchandise	22,282
Work in process	51,098
Raw materials and supplies	3,409
Other current assets	34,658
Allowance for doubtful receivables	(1,398)
<b>Total current assets</b>	<b>383,662</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings and structures	15,399
Amusement facilities and machines	16,081
Land	43,156
Construction in progress	7,720
Other property, plant and equipment	14,548
<b>Total property, plant and equipment</b>	<b>96,906</b>
<b>Intangible assets</b>	
Goodwill	15,704
Other intangible assets	11,718
<b>Total intangible assets</b>	<b>27,423</b>
<b>Investments and other assets</b>	
Investment securities	66,453
Net defined benefit asset	223
Deferred tax assets	27,313
Other investments and assets	18,270
Allowance for doubtful receivables	(432)
<b>Total investments and other assets</b>	<b>111,827</b>
<b>Total fixed assets</b>	<b>236,157</b>
<b>TOTAL ASSETS</b>	<b>619,819</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade payables	70,169
Provision for directors' bonuses	1,891
Other provision	2,001
Other current liabilities	68,444
<b>Total current liabilities</b>	<b>142,506</b>
<b>Long-term liabilities</b>	
Net defined benefit liability	9,840
Deferred tax liabilities for land revaluation	249
Other long-term liabilities	12,538
<b>Total long-term liabilities</b>	<b>22,628</b>
<b>TOTAL LIABILITIES</b>	<b>165,135</b>
<b>NET ASSETS</b>	
<b>Stockholders' equity</b>	
Common stock	10,000
Capital surplus	52,004
Retained earnings	394,699
Treasury stock	(3,634)
<b>Total stockholders' equity</b>	<b>453,069</b>
<b>Accumulated other comprehensive income</b>	
Valuation difference on available-for-sale securities, net of tax	16,837
Deferred gains or losses on hedges, net of tax	250
Revaluation reserve for land, net of tax	(3,902)
Foreign currency translation adjustments	(12,321)
Remeasurements of defined benefit plans, net of tax	(4,639)
<b>Total accumulated other comprehensive income</b>	<b>(3,776)</b>
<b>Non-controlling interests</b>	<b>5,392</b>
<b>TOTAL NET ASSETS</b>	<b>454,684</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>619,819</b>

**Consolidated Statements of Operations**  
(From April 1, 2019 to March 31, 2020)

	(Millions of yen)	
	Amount	
<b>Net sales</b>		<b>723,989</b>
<b>Cost of sales</b>		<b>463,041</b>
<b>Gross profit</b>		<b>260,948</b>
Selling, general and administrative expenses		182,172
<b>Operating profit</b>		<b>78,775</b>
<b>Non-operating income</b>		
Interest income	692	
Dividend income	821	
Rent income	304	
Other non-operating income	643	2,461
<b>Non-operating expenses</b>		
Interest expense	124	
Share of loss of entities accounted for using equity method	182	
Foreign exchange losses	1,008	
Other non-operating expenses	123	1,440
<b>Recurring profit</b>		<b>79,797</b>
<b>Extraordinary income</b>		
Gain on sales of fixed assets	1,931	
Gain on step acquisitions	1,722	
Other extraordinary income	30	3,683
<b>Extraordinary loss</b>		
Loss on impairment of fixed assets	3,596	
Other extraordinary loss	1,131	4,728
<b>Profit before income taxes</b>		<b>78,753</b>
Corporate income, inhabitant and enterprise taxes	22,541	
Adjustment for income taxes	(1,695)	20,845
<b>Profit</b>		<b>57,908</b>
Profit attributable to non-controlling interests		242
<b>Profit attributable to owners of parent</b>		<b>57,665</b>

**Consolidated Statement of Changes in Net Assets (From April 1, 2019 to March 31, 2020)**

(Millions of yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	10,000	52,308	369,315	(2,298)	429,326
Cumulative effects of changes in accounting policies			948		948
Restated balance	10,000	52,308	370,264	(2,298)	430,275
Changes during the period					
Cash dividends			(32,328)		(32,328)
Profit attributable to owners of parent			57,665		57,665
Change of scope of consolidation			433	(1,370)	(937)
Capital increase of consolidated subsidiaries		1			1
Change of scope of consolidation - foreign currency translation adjustment					–
Change in ownership interest of parent due to transactions with non-controlling interests		(715)			(715)
Purchase of treasury stock				(8)	(8)
Disposal of treasury stock		409		42	451
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			(1,335)		(1,335)
Net changes of items other than stockholders' equity					
Total changes during the period	–	(304)	24,434	(1,336)	22,794
Balance at end of year	10,000	52,004	394,699	(3,634)	453,069

	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	20,190	5	(5,920)	(8,864)	(5,705)	(294)	612	429,644
Cumulative effects of changes in accounting policies								948
Restated balance	20,190	5	(5,920)	(8,864)	(5,705)	(294)	612	430,593
Changes during the period								
Cash dividends								(32,328)
Profit attributable to owners of parent								57,665
Change of scope of consolidation							4,032	3,095
Capital increase of consolidated subsidiaries							28	30
Change of scope of consolidation - foreign currency translation adjustment				15		15		15
Change in ownership interest of parent due to transactions with non-controlling interests							274	(441)
Purchase of treasury stock								(8)
Disposal of treasury stock								451
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied								0
Reversal of revaluation reserve for land			1,335			1,335		—
Net changes of items other than stockholders' equity	(3,353)	244	682	(3,472)	1,065	(4,832)	444	(4,388)
Total changes during the period	(3,353)	244	2,017	(3,456)	1,065	(3,482)	4,779	24,091
Balance at end of year	16,837	250	(3,902)	(12,321)	(4,639)	(3,776)	5,392	454,684

## **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:**

88 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.

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

Because BANDAI NAMCO Sevens Inc., BANDAI NAMCO Research Inc., SUNRISE SHANGHAI CO., LTD., BANDAI NAMCO Amusement (SHANGHAI) CO., LTD., and BANDAI NAMCO Mobile S.L. were newly established in this fiscal year ; HEART CORPORATION became a subsidiary of the Company through stock acquisition in this fiscal year; and BANDAI CORPORACION MEXICO, S.A. de C.V. was reclassified from a non-consolidated subsidiary to a consolidated subsidiary in this fiscal year, these companies are now included in the scope of consolidation.

Since SOTSU CO., LTD., which was an affiliated company to which the equity method was applied in the previous fiscal year, became a subsidiary of the Company through additional stock acquisition, SOTSU CO., LTD. and its subsidiary, J-Broad Co., LTD. are included in the scope of consolidation from this fiscal year.

Since BANPRESTO CO., LTD. and WiZ CO., LTD., which were consolidated subsidiaries of the Company in the previous fiscal year, were merged into consolidated subsidiaries of the Company by absorption-type mergers, 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:**

5 companies

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

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

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

Since SOTSU CO., LTD. became a consolidated subsidiary of the Company through additional stock acquisition, this company is excluded from the scope of application of the equity method from this fiscal year.

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

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

BANDAI LOGIPAL (H.K.) LTD.

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

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

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

If any of the companies to which the equity method is applied has a closing date that differs from the consolidated closing date, then the financial statements for the fiscal year of that company are used.

3. Information Concerning the Fiscal Year, etc. for Consolidated Subsidiaries

The closing date for BANDAI (SHENZHEN) CO., LTD., BANDAI NAMCO (SHANGHAI) CO., LTD., BANDAI NAMCO Holdings CHINA CO., LTD., BANDAI NAMCO Entertainment (SHANGHAI) CO., LTD., BANDAI NAMCO Toys & Hobby (SHANGHAI) CO., LTD., SUNRISE SHANGHAI CO., LTD, and BANDAI NAMCO Amusement (SHANGHAI) CO., LTD. is December 31, and their financial data as of that closing date is used.

The 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. The closing date for J-Broad Co., LTD. is August 31, and its financial data is based on a provisional closing as of February 29 pursuant to procedures for the fiscal year-end closing. The closing date for BANDAI CORPORACION MEXICO, S.A. de C.V. is December 31, and its financial data is based on a provisional closing as of March 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.

SOTSU CO., LTD., which was converted into a consolidated subsidiary from an affiliated company to which the equity method was applied in this fiscal year, has changed its closing date from August 31 to March 31, and HEART CORPORATION, which newly became a consolidated subsidiary in this fiscal year, has changed its closing date from May 31 to March 31. In addition, since their deemed acquisition date is November 30, 2019, the Company used the statement of operations of each company for the period starting from December 1, 2019 and ending on March 31, 2020 for the Company's consolidated accounting.

#### 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 and right-of-use 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 and right-of-use 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.

(iv) Right-of-use assets:

Stated using the straight-line method over the shorter of the useful life or the lease period of assets.

(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:

Some overseas consolidated subsidiaries recognized revenue in accordance with IFRS 15 "Revenue from Contracts with Customers" and US GAAP Accounting Standards Update (ASU) No. 2014-09 "Revenue from Contracts with Customers." In particular, for video game software with online functions, estimated sales value is calculated for undelivered elements and an amount equivalent to that value is recognized as the revenue over the reasonably estimated period for which performance obligations are expected to be satisfied.

(ii) Video Game Software Production Costs:

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

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

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

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

(5) Significant Accounting Policies for Hedging:

(i) Accounting for Hedging:

The Company used deferred hedge accounting.

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

(ii) Hedging Instruments and Hedged Items:

Hedging instruments:	Forward foreign exchange 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

The Company reasonably estimates the period for which the effects of goodwill are expected to emerge and amortizes the goodwill on a straight-line basis over the estimated period.

(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 (7 to 14 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.

(iv) Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

For the transition to the group tax sharing system established by the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020) and the items for which the non-consolidated taxation system was reviewed in accordance with the transition to the group tax sharing system, the Company and certain domestic consolidated

subsidiaries do not apply the provision of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, issued on February 16, 2018), and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws before the revision, pursuant to Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, issued on March 31, 2020).

## II. Notes to Changes in Accounting Policy

### (Application of US GAAP Accounting Standards Update (ASU) No. 2014-09 “Revenue from Contracts with Customers”)

Effective from this fiscal year, the Company’s consolidated subsidiaries in the United States have applied the US GAAP ASU No. 2014-09 “Revenue from Contracts with Customers.”

With the application of ASU No. 2014-09, it is required that, at the time of transfer of the promised goods or services to customers, the Company recognizes revenue in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. In applying this ASU, the Company used the method in which it recognizes the cumulative effect of retrospective adjustments as of the commencement date of application.

As a result of this change, in the consolidated statements of operations for this fiscal year, net sales increased by 537 million yen, cost of sales increased by 328 million yen, and operating profit, recurring profit, and profit before income taxes each increased by 208 million yen. In addition, the balance at beginning of year of retained earnings in the consolidated statement of changes in net assets increased by 936 million yen.

### (Application of IFRS 16 Leases)

Effective from this fiscal year, some overseas consolidated subsidiaries have applied IFRS 16 Leases.

IFRS 16 requires the lessee to recognize both the right-of-use assets, which is the right to use the underlying assets, and the lease liabilities, which is the obligation to make lease payments, for all leases in principle. In applying this standard, the Company used the method in which it recognizes the cumulative effect of retrospective adjustments as of the commencement date of application.

As a result of this change, in the consolidated balance sheets of this fiscal year, current assets increased by 23 million yen, property, plant and equipment increased by 4,794 million yen, current liabilities increased by 1,197 million yen, and long-term liabilities increased by 3,492 million yen, while investments and other assets decreased by 149 million yen. The impact of this change on the consolidated statements of operations is immaterial. In addition, the balance at beginning of year of retained earnings in the consolidated statement of changes in net assets increased by 12 million yen.

## III. Notes to Changes in Method of Presentation

### (Consolidated Balance Sheet)

- (1) “Construction in progress,” which had been included in “Other property, plant and equipment” under “Property, plant and equipment” in the previous fiscal year, is stated separately from this fiscal year since it is at or above 1 percent of the total assets.  
The total of “Construction in progress” for the previous fiscal year was 3,175 million yen.
- (2) “Goodwill,” which had been included in “Intangible assets” in the previous fiscal year, is stated separately from this fiscal year since it is at or above 1 percent of the total assets.  
The total of “Goodwill” for the previous fiscal year was 933 million yen.
- (3) “Accrued income taxes” (the balance of which at the end of this fiscal year is 5,571 million yen), which had been stated separately in the previous fiscal year, is included in “Other current liabilities” under “Current liabilities” in this fiscal year since it is at or below 1 percent of the total liabilities and net assets.

(Consolidated Statements of Operations)

- (1) “Loss on cancellation of rental contracts” (the balance of which at the end of this fiscal year is 2 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.
- (2) “Loss on disposal of fixed assets” (the balance of which at the end of this fiscal year is 268 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.

IV. Notes to Consolidated Balance Sheet

1. Assets Pledged as Collateral

Cash and time deposits	¥27 million
Land	¥300 million
Total	¥327 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” ¥1,937 million

2. Amount of Accumulated Depreciation of Property, Plant and Equipment: ¥185,232 million

3. Guarantee Obligation:

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

BANDAI NAMCO Will Inc. ¥20 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

## V. 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 24, 2019, Ordinary General Meeting of Shareholders	Common stock	27,929	127	March 31, 2019	June 25, 2019
November 7, 2019, Board of Directors Meeting	Common stock	4,399	20	September 30, 2019	December 6, 2019

#### (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 22, 2020, Ordinary General Meeting of Shareholders	Common stock	24,635	Retained earnings	112	March 31, 2020	June 23, 2020

## VI. Notes Concerning Financial Instruments

### 1. Financial Instruments

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

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

Shares, which are investment securities, are exposed to the risk of market price fluctuations; their 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 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, 2020, 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	189,856	189,856	—
(2) Trade receivables	83,754	83,754	—
(3) Short-term investments and investment securities			
1. Available-for-sale Securities	47,623	47,623	—
2. Stock of affiliated companies	11,113	9,638	(1,474)
Total assets	332,347	330,872	(1,474)
Trade payables	70,169	70,169	—
Total liabilities	70,169	70,169	—
Derivative transactions (*)	337	337	—

(\*) 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

Stocks and others are stated at the price on the stock exchange or the price as presented by counterparty financial institutions and others.

### Liabilities

#### Trade payables

Since these are readily convertible into cash, their 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 3,784 million yen in the consolidated balance sheet), stocks of affiliated companies (unlisted stocks) (stated as 3,486 million yen in the consolidated balance sheet), and contributions to investment partnerships (stated as 506 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.”

## VII. 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)
33,960	38,578

- (Notes) 1. The book value stated in the consolidated balance sheet is calculated by deducting accumulated depreciation 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.).

## VIII. Notes Concerning Per-Share Data

- |                             |           |
|-----------------------------|-----------|
| 1. Net assets per share     | ¥2,045.25 |
| 2. Basic earnings per share | ¥262.39   |

## IX. Notes Concerning Significant Subsequent Events

### (Additional Acquisition of Stock of a Subsidiary)

The Company acquired court permission and implemented an acquisition of fractional shares pursuant to the provisions of Article 234, Paragraph 2 of the Companies Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same act with respect to fractional shares that arose from the share consolidation that SOTSU CO., LTD. carried out with an effective date of March 1, 2020. As a result, SOTSU CO., LTD. became a wholly owned subsidiary of the Company.

### 1. Overview of Business Combination

- (1) Name and Description of Business of the Company Involved in the Combination
- Name: SOTSU CO., LTD.
- Description of business: Media business, rights business and sport business
- (2) Date of Business Combination
- May 15, 2020
- (3) Legal Form of Business Combination
- Acquisition of shares in consideration for cash
- (4) Company Name After Combination
- No change

### 2. Overview of Accounting Process

The additional acquisition is treated as part of a single transaction together with the acquisition of shares by public tender conducted on December 2, 2019, in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), and the goodwill on equity interests that were additionally acquired after controlling interest acquisition is calculated on the assumption that the goodwill was recognized at the time of controlling interest acquisition.

3. Acquisition cost of the acquired company, and consideration for the acquisition and breakdown thereof by consideration type

Consideration for the acquisition:	Cash	8,154 million yen
Acquisition Cost:		8,154 million yen



**Non-Consolidated Balance Sheet**  
(As of March 31, 2020)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	40,743
Trade receivables	1,264
Accounts receivable-other	13,644
Other current assets	3,324
<b>Total current assets</b>	<b>58,975</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings	915
Structures	161
Machinery and equipment	21
Tools, furniture and fixtures	485
Land	32,914
Construction in progress	4,142
<b>Total property, plant and equipment</b>	<b>38,640</b>
<b>Intangible assets</b>	
Software	1,842
Other intangible assets	15
<b>Total intangible assets</b>	<b>1,858</b>
<b>Investments and other assets</b>	
Investment securities	48,159
Investments in affiliated companies	259,923
Other investments and assets	6,930
<b>Total investments and other assets</b>	<b>315,014</b>
<b>Total fixed assets</b>	<b>355,512</b>
<b>TOTAL ASSETS</b>	<b>414,488</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Short-term borrowings from affiliated companies	153,107
Accounts payable-other	2,632
Accrued income taxes	312
Provision for directors' bonuses	224
Provision for stock-based compensation	69
Other current liabilities	870
<b>Total current liabilities</b>	<b>157,216</b>
<b>Long-term liabilities</b>	
Deferred tax liabilities	6,442
Accrued retirement and severance benefits	20
Guarantee deposits of affiliated companies	2,686
Other long-term liabilities	2,201
<b>Total long-term liabilities</b>	<b>11,350</b>
<b>TOTAL LIABILITIES</b>	<b>168,566</b>
<b>NET ASSETS</b>	
<b>Stockholders' equity</b>	
<b>Common stock</b>	<b>10,000</b>
<b>Capital surplus</b>	<b>174,695</b>
Capital reserve	2,500
Other capital surplus	172,195
<b>Retained earnings</b>	<b>47,007</b>
Legal reserve	1,645
Other retained earnings	45,361
General reserve	10,000
Retained earnings carried forward	35,361
<b>Treasury stock</b>	<b>(2,167)</b>
<b>Total stockholders' equity</b>	<b>229,535</b>
<b>Valuation difference and foreign currency translation adjustments</b>	
Valuation difference on available-for-sale securities, net of tax	16,386
<b>Total valuation difference and foreign currency translation adjustments</b>	<b>16,386</b>
<b>TOTAL NET ASSETS</b>	<b>245,921</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>414,488</b>

**Non-Consolidated Statements of Operations**  
(From April 1, 2019 to March 31, 2020)

		(Millions of yen)
		Amount
<b>Operating revenue</b>		
Dividend income from affiliated companies	26,410	
Business management income from affiliated companies	5,802	
Other operating revenue	206	32,419
<b>Operating expenses</b>		
General and administrative expenses		5,671
<b>Operating profit</b>		<b>26,747</b>
<b>Non-operating income</b>		
Dividend income	511	
Rent income	3,025	
Other non-operating income	139	3,676
<b>Non-operating expenses</b>		
Interest expense	38	
Expenses related to rental assets	2,787	
Other non-operating expenses	43	2,869
<b>Recurring profit</b>		<b>27,554</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	21	21
<b>Extraordinary loss</b>		
Loss on valuation of stocks of affiliated companies	30	
Loss on disposal of fixed assets	7	
Loss on sales of investment securities	1	39
<b>Profit before income taxes</b>		<b>27,537</b>
Corporate income, inhabitant and enterprise taxes	416	
Adjustment for income taxes	(56)	360
<b>Profit</b>		<b>27,177</b>

# Non-Consolidated Statement of Changes in Net Assets (From April 1, 2019 to March 31, 2020)

(Millions of yen)

(in 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	172,027	174,527	1,645	26,104	24,618	52,368	(2,201)	234,694
Changes during the period										
Reversal of general reserve						(16,104)	16,104	—		—
Cash dividends							(32,328)	(32,328)		(32,328)
Profit							27,177	27,177		27,177
Purchase of treasury stock									(8)	(8)
Disposal of treasury stock			167	167					42	210
Decrease by corporate division							(210)	(210)		(210)
Net changes of items other than stockholders' equity										
Total changes during the period	—	—	167	167	—	(16,104)	10,742	(5,361)	34	(5,159)
Balance at end of year	10,000	2,500	172,195	174,695	1,645	10,000	35,361	47,007	(2,167)	229,535

	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	19,433	19,433	254,128
Changes during the period			
Reversal of general reserve			—
Cash dividends			(32,328)
Profit			27,177
Purchase of treasury stock			(8)
Disposal of treasury stock			210
Decrease by corporate division			(210)
Net changes of items other than stockholders' equity	(3,047)	(3,047)	(3,047)
Total changes during the period	(3,047)	(3,047)	(8,206)
Balance at end of year	16,386	16,386	245,921

## **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
----------------------------	---------

#### **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.
  - (3) Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System  
For the transition to the group tax sharing system established by the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020) and the items for which the non-consolidated taxation system was reviewed in accordance with the transition to the group tax sharing system, the Company does not apply the provision of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, issued on February 16, 2018), and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws before the revision, pursuant to Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, issued on March 31, 2020).

## II. Notes to Changes in Method of Presentation

### (Non-Consolidated Balance Sheet)

“Prepaid expenses” (the balance of which at the end of this fiscal year is 468 million yen), which had been stated separately in the previous fiscal year, is included in “Other current assets” under “Current assets” due to the immateriality for this fiscal year.

“Construction in progress,” which had been included in “Other property, plant and equipment” under “Property, plant and equipment” until the previous fiscal year, is stated separately from this fiscal year due to the increased materiality.

## III. Notes to Non-Consolidated Balance Sheet

1. Amount of Accumulated Depreciation of Property, Plant and Equipment: ¥2,340 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. ¥20 million
3. Monetary Claims and Obligations with respect to Affiliated Companies (excluding Amounts Given in Specific Categories)
 

Short-term monetary claims on affiliated companies:	¥14,917 million
Short-term monetary obligations to affiliated companies:	¥1,815 million
Long-term monetary obligations to affiliated companies:	¥1,711 million

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

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

### Operating Transactions:

Other operating revenue	¥206 million
Advertising expenses	¥1,403 million

### Non-operating Transactions:

Non-operating income	¥2,893 million
Non-operating expenses	¥68 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 2,042,395 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, 2020
Subsidiary	BANDAI CO., LTD.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	27,190	Short-term borrowings from affiliated companies	33,913
				Payment of interest	8	—	—
Subsidiary	BANDAI NAMCO Entertainment Inc.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	31,203	Short-term borrowings from affiliated companies	34,823
				Payment of interest	9	—	—
Subsidiary	BANDAI NAMCO Amusement Inc.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	2,644	Short-term borrowings from affiliated companies	871
				Payment of interest	0	—	—
Subsidiary	BANDAI NAMCO Arts Inc.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	10,802	Short-term borrowings from affiliated companies	15,359
				Payment of interest	3	—	—
Subsidiary	SUNRISE INC.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	13,909	Short-term borrowings from affiliated companies	15,604
				Payment of interest	4	—	—
Subsidiary	BANDAI SPIRITS CO., LTD.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	26,812	Short-term borrowings from affiliated companies	37,955
				Payment of interest	8	—	—
				Payment of advertising expenses (Note 2)	1,050	Accounts payable-other	698
Subsidiary	BANDAI NAMCO Studios Inc.	Holding indirectly 100.0%	—	Borrowings (Note 1)	7,903	Short-term borrowings from affiliated companies	7,320
				Payment of interest	2	—	—
Subsidiary	BANDAI NAMCO Business Arc Inc.	Holding directly 100.0%	Interlocking directorate	Payment of administrative services fees (Note 3)	689	Accounts payable-other	57

Conditions of transactions and policies for determining the conditions of transactions

(Notes) 1. The borrowings are transactions made by the cash management system (CMS); the amount stated is the average balance during this fiscal year. To clearly disclose the actual conditions of CMS transactions, the transaction net amount is shown. The interest rate on these borrowings

is, based on intra-Group regulations, determined reasonably, taking into account market interest rates.

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

## 2. Officers and Major Individual Shareholders, etc.

(Millions of yen)

Type	Name	Ratio of voting rights ownership	Relationship with related parties	Content	Amount	Account items	Balance as of March 31, 2020
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)	17	—	—
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)	14	—	—
Person equivalent to Officer	Satoshi Oshita	Ownership directly 0.0%	Adviser of the Company	Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (Note 1)	15	—	—
				Payment of advisory fees (Note 2)	12	—	—
Officer	Kazumi Kawashiro	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 21, 2019 (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: ¥1,118.04
2. Basic earnings per share: ¥123.56

## IX. Notes Concerning Significant Subsequent Events

### (Additional Stock Acquisition of a Subsidiary)

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



## **Independent Auditor's Report**

May 25, 2020

The Board of Directors  
BANDAI NAMCO Holdings Inc.

Tokyo Office, KPMG AZSA LLC

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

Mayuka Katsuki (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Yasuko Kawamata (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Audit Opinion**

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements of BANDAI NAMCO Holdings Inc., which comprise the consolidated balance sheet, the consolidated statements of operations, the consolidated statement of changes in net assets and the notes to the consolidated financial statements applicable to the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of BANDAI NAMCO Holdings Inc. and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2020 in accordance with accounting principles generally accepted in Japan.

### **Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board 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; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit

findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

### **Conflicts of Interest**

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be stated in compliance with the Certified Public Accountants Act.

### **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 25, 2020

The Board of Directors  
BANDAI NAMCO Holdings Inc.

Tokyo Office, KPMG AZSA LLC

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

Mayuka Katsuki (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Yasuko Kawamata (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Audit Opinion**

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the financial statements of BANDAI NAMCO Holdings Inc., which comprise the non-consolidated balance sheet, the non-consolidated statements of operations, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements and the supplementary schedules (the "Financial Statements and Others") applicable to the 15th fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the Financial Statements and Others referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2020 in accordance with accounting principles generally accepted in Japan.

### **Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and Others section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements and Others in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the Financial Statements and Others in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the Financial Statements and Others that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements and Others, management is responsible for assessing whether it is appropriate to prepare the Financial Statements and Others with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements and Others**

Our responsibilities are to obtain reasonable assurance about whether the Financial Statements and Others as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the Financial Statements and Others based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these Financial Statements and Others.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the Financial Statements and Others, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the Financial Statements and Others with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the Financial Statements and Others or, if the notes to the Financial Statements and Others on material uncertainty are inadequate, to express a qualified opinion with exceptions on the Financial Statements and Others. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the Financial Statements and Others and notes to the Financial Statements and Others are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the Financial Statements and Others, including the related notes thereto, and whether the Financial Statements and Others fairly present the underlying transactions and accounting events.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably

be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

**Conflicts of Interest**

We or engagement partners have no interests in the Company, which should be stated in compliance with the Certified Public Accountants Act.

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## **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 15th fiscal year from April 1, 2019 to March 31, 2020, 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 15th 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 26, 2020

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**