

FACT BOOK

(7552/ TSE 1st Section)
HAPPINET CORPORATION

For the Fiscal Year Ended March 31, 2014

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Group Vision, Management Stance, Principle of Conduct

▶ Group Vision

We will further develop Happiness Networking, inspire individuals by creating Entertainment Style, and build a future full of dreams.

▶ Management Stance

We constantly lead changes and advance self-improvement, and blaze trails to new business opportunities.

For Customers

We strengthen cooperation with partners and provide satisfaction to people.

For Employees

We respect each individual, create opportunities for growth and challenge, and foster a rewarding job environment.

For Society

We contribute to the realization of a fun and vibrant society by performing business activities based on our Business Ethics.

For Shareholders

We increase business transparency by actively disclosing information, and engage in activities that earn the trust and expectations of shareholders.

▶ Principles of Conduct

We act while constantly considering what is important and what is right.

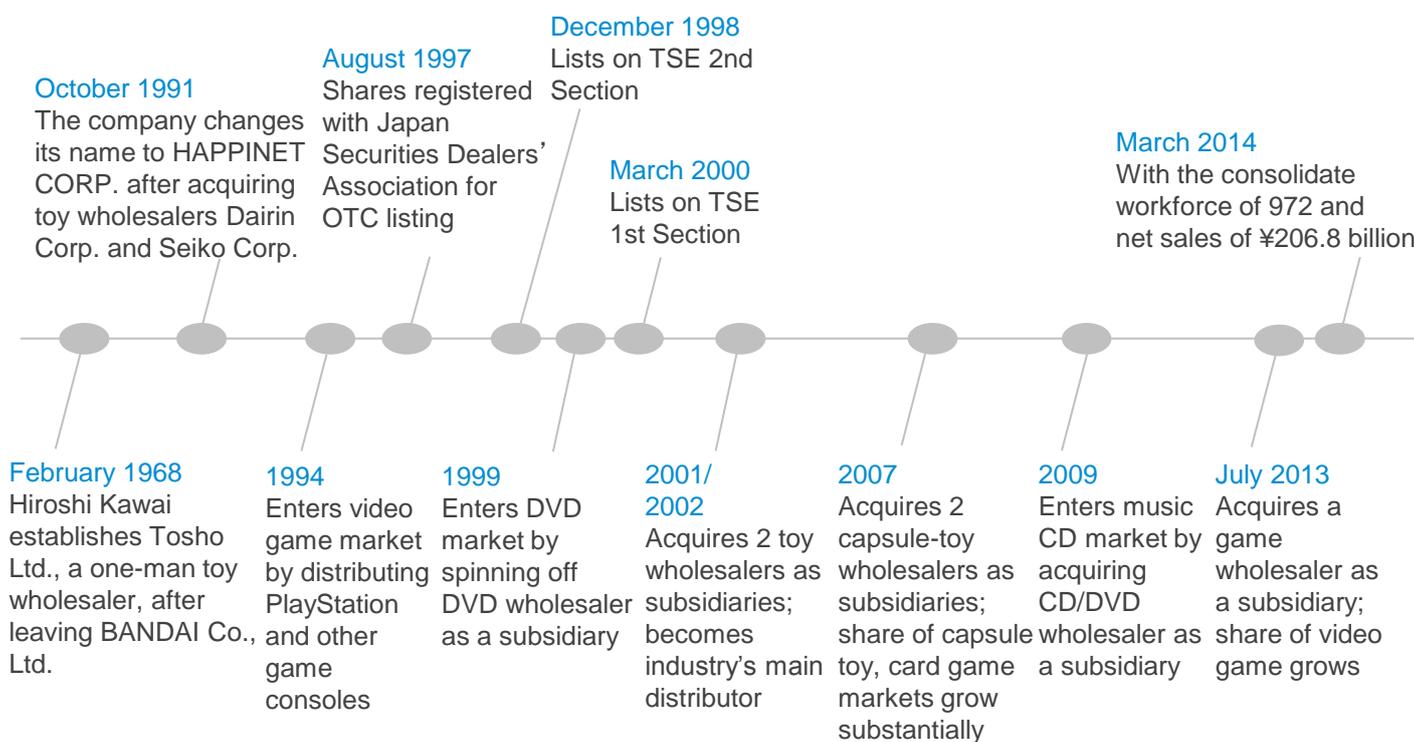
The overriding objective of the HAPPINET Group is to create added value to enrich the lifestyle of our customers, which we provide through entertainment business activities developed with a broad array of partners — a “Networking” contributing to the “Happiness” of others.

To create meaningful social value by providing people with excitement and entertainment: That is the HAPPINET Group’s raison d’être.

Corporate Profile

▶ Registered Name	HAPPINET CORPORATION
▶ URL	http://www.happinet.co.jp/english/
▶ Head Office	Komagata CA Bldg., 2-4-5 Komagata, Taito-ku, Tokyo 111-0043 Japan
▶ Established	June 7, 1969
▶ Representatives	Kazuhiko Note, President & COO
▶ Main Business	Planning, manufacture and sales of toys; Planning, development and marketing of audio-visual software; Sales of video game hardware and software; Sales of arcade game equipment; Operation of toy vending machines

Major Milestones



Business Segments and Group

Our operations can be divided into the following four segments: the Toy Business; Visual and Music Business; Video-Game Business; and the Amusement Business. For the fiscal year ended in March 2014, sales from each business respectively accounted for 37.1%, 20.8%, 30.7% and 11.4% of our Group total, reflecting a fairly balanced sales mix. Meanwhile, a breakdown in sales by channel shows that 29.6% of our products were sold through specialty stores, which include consumer electronics and camera stores, 21.7% through general merchandise store, 17.9% through e-commerce, 10.6% through convenience stores, 10.2% through suburban stores, and 10.0% sold through other outlets.

The Happinet Group is comprised of the parent company, six consolidated subsidiaries and one unconsolidated subsidiary.

Business Lines	Core Operating Companies	Key Characteristics
Toy Business	HAPPINET CORPORATION Hapoinet Marketing Corp.	One of the largest wholesalers in Japan, our Group handles some 80% of the toys produced by blue-chip toy maker Bandai (which, in turn, comprise 50% plus of our Group's product lineup)
Visual and Music Business	HAPPINET CORPORATION Happinet Pictures & Music Corp. (*1)	We have achieved parity with the wholesaling industry's largest firms. Visual software accounts for 70% plus of total sales, of which slightly less than 15% represents products that were developed and made in-house (the remaining less than 30% comes from our music product operation centered on CDs).
Video-Game Business	HAPPINET CORPORATION TOYS UNION CO., LTD. (*2) Mori Games Co. Ltd. (*2)	We are the only wholesaler in Japan that handles every domestic home game console. The PlayStation series (PS4, PSP,PSVita) account for approx. 15% of all game consoles we handle, while Nintendo products (Wii U, 3DS) account for approx. 80% and the rest, approx. 5%.
Amusement Business	HAPPINET CORPORATION Happinet Vending Service Corp.	We operate toy vending machines and sell arcade game machines. With a market share of 60%, we are also the largest arcade game vendor in Japan.

(*1) Happinet Pictures & Music Corp. was absorbed by HAPPINET CORPORATION on April 1, 2014.

(*2) TOYS UNION CO., LTD. and Mori Games Co. Ltd. merged on July 1, 2014, and was renamed MAXGAMES Corporation.

Strengths

Robust Management Base

Happinet is the leading wholesaler of toys, DVDs, CDs, capsule toys and card games, with some 60% share of a market that spans the operation and sales of capsule toys and card games. It is also the Japanese only wholesaler that handles every home game console available in Japan. Today, with the increasing “graying” of Japanese society, manufacturers and retailers are striving to improve management efficiency, while upgrading products and services, in their respective business fields. Yet Happinet, as an industry powerhouse, maintains strong connections with both fields by capitalizing on an abundant information-gathering base and the marketing capability that leverages this information.

Optimal Distribution System

The basis of Happinet’s information-gathering ability is its Optimal Distribution System, which links manufacturers and retailers through such media as EDI (Electronic Data Interchange), POS, the Internet and so forth. At the core of the ODS are four logistics centers, with a combined floor space of 77,134 square meters. The system allows for advanced inventory management on a real-time basis, as well as rapid and reliable shipping operations, with a delivery failure rate of less than one in 100,000 items shipped. Through its advanced supply chain management, ODS also supports the optimization of volume production and contributes to the rationalization of logistics operations by streamlining inventory. It should be noted that Happinet Logistics Service, our consolidated subsidiary, operates the four logistics centers.



Logistics Center-West Japan



Second Logistics Center-West Japan



Logistics Center-East Japan



Second Logistics Center-East Japan

Logistics Center-East Japan

Launched in April 2001

Located in Ichikawa City, Chiba Prefecture
Floor Space: 24,741m²

Second Logistics Center-East Japan

Launched in February 2006

Located in Funabashi City, Chiba Prefecture
Floor Space: 28,151m²

Logistics Center-West Japan

Launched in January 2008

Located in Amagasaki City, Hyogo Prefecture
Floor Space: 11,774m²

Second Logistics Center-West Japan

Launched in July 2011

Located in Amagasaki City, Hyogo Prefecture
Floor Space: 12,468m²

Consolidated Balance Sheet (Assets)



(¥ million)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Assets					
Total assets	49,050	48,507	54,323	53,003	53,879
Current assets	40,140	41,039	48,269	47,930	47,025
Cash and deposits	6,312	8,220	12,359	10,155	9,996
Notes and accounts receivable - trade	22,937	23,206	26,755	27,234	24,104
Inventories	6,750	6,436	6,168	6,529	7,404
Advance payments - trade	1,858	1,016	634	1,389	1,818
Deferred tax assets	1,153	939	926	910	980
Accounts receivable - other	930	1,000	1,174	978	1,774
Other	348	296	319	796	959
Allowance for doubtful accounts	(149)	(76)	(69)	(63)	(12)
Non-current assets	8,910	7,468	6,054	5,072	6,854
Property, plant and equipment	1,668	1,555	1,392	1,110	1,342
Buildings and structures	1,590	1,634	1,584	1,159	750
Accumulated depreciation	(1,118)	(1,170)	(1,175)	(845)	(460)
Buildings and structures, net	472	463	408	314	289
Machinery, equipment and vehicles	942	965	968	965	964
Accumulated depreciation	(744)	(784)	(817)	(844)	(860)
Machinery, equipment and vehicles, net	198	181	150	121	104
Tools, furniture and fixtures	1,676	1,473	1,240	1,164	1,354
Accumulated depreciation	(1,323)	(1,201)	(1,028)	(958)	(1,042)
Tools, furniture and fixtures, net	353	272	212	206	311
Land	638	633	617	464	632
Leased assets	7	7	7	10	15
Accumulated depreciation	(1)	(3)	(4)	(6)	(11)
Leased assets, net	5	4	2	3	4
Intangible assets	3,836	3,132	1,715	985	446
Goodwill	1,322	876	539	246	-
Leased assets	46	-	-	-	-
Other	2,467	2,255	1,176	738	446
Investments and other assets	3,405	2,780	2,946	2,976	5,065
Investment securities	2,083	1,548	1,419	1,439	1,925
Guarantee deposits	834	663	678	684	2,249
Membership	41	36	26	23	24
Long-term loans receivable	-	50	25	55	30
Deferred tax assets	360	416	711	688	749
Other	353	240	258	103	183
Allowance for doubtful accounts	(267)	(175)	(173)	(17)	(97)

(¥ million)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Liabilities					
Total liabilities	30,088	28,704	32,527	29,713	28,185
Current liabilities	27,436	25,837	29,617	26,883	25,036
Notes and accounts payable - trade	19,832	20,204	23,042	22,672	20,099
Short-term loans payable	2,350	-	-	-	-
Current portion of long-term loans payable	110	-	-	-	-
Lease obligations	16	1	1	2	6
Accounts payable - other	2,586	3,225	3,351	2,656	2,545
Income taxes payable	443	1,038	1,605	678	1,104
Accrued consumption taxes	448	286	404	65	362
Provision for bonuses	603	314	472	378	477
Provision for point card certificates	4	5	6	7	7
Provision for business structure improvement	177	11	-	-	-
Provision for sales returns	40	21	30	16	13
Other	823	729	702	406	419
Non-current liabilities	2,651	2,867	2,909	2,829	3,148
Long-term loans payable	30	-	-	-	-
Lease obligations	35	2	1	1	22
Provision for retirement benefits	1,424	1,630	1,780	1,830	-
Net defined benefit liability	-	-	-	-	2,103
Long-term guarantee deposited	896	1,034	1,008	893	840
Deferred tax liabilities	19	5	3	5	60
Asset retirement obligations	-	45	46	49	50
Negative goodwill	89	51	19	1	-
Other	154	95	48	47	70
Net assets					
Total net assets	18,962	19,802	21,795	23,289	25,694
Shareholders' equity	18,580	19,611	21,649	23,078	25,141
Capital stock	2,751	2,751	2,751	2,751	2,751
Capital surplus	2,776	2,775	2,775	2,775	2,775
Retained earnings	14,169	15,175	17,213	18,607	20,562
Treasury shares	(1,117)	(1,091)	(1,091)	(1,055)	(948)
Accumulated other comprehensive income	381	185	128	191	378
Valuation difference on available-for-sale securities	381	185	128	189	378
Deferred gains or losses on hedges	0	0	0	1	(0)
Subscription rights to shares	-	5	17	17	175
Minority interests	0	0	1	1	-
Total liabilities and net assets	49,050	48,507	54,323	53,003	53,879

Consolidated Statement of Income



(¥ million)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Net sales	194,246	190,891	198,021	176,757	206,867
Cost of sales	171,779	168,564	173,013	154,256	182,828
Gross profit	22,467	22,326	25,007	22,501	24,039
Selling, general and administrative expenses	20,140	19,471	20,151	19,527	20,150
Warehouse deposit expenses	1,636	1,647	1,927	1,530	1,472
Freightage expenses	2,610	2,161	2,219	2,379	2,497
Promotion expenses	731	832	915	943	1,111
Directors' compensations, salaries and allowances	7,291	7,546	7,496	7,566	7,575
Bonuses	437	222	237	228	266
Provision for bonuses	594	288	472	375	462
Retirement benefit expenses	355	495	309	500	488
Traveling and transportation expenses	472	463	487	492	488
Communication expenses	193	151	120	128	130
Supplies expenses	710	667	1,057	1,059	1,060
Rents	1,429	1,351	1,254	1,270	1,313
Rent expenses	348	128	105	78	74
Depreciation	825	781	688	629	573
Amortization of goodwill	446	445	337	292	246
Provision for point card certificates	4	5	10	7	7
Other	2,051	2,279	2,508	2,046	2,379
Operating income	2,327	2,855	4,855	2,973	3,888
Non-operating income	275	190	186	119	77
Interest income	4	2	2	2	1
Dividend income	47	40	25	21	28
Land and house rent received	8	9	22	16	6
Amortization of negative goodwill	38	37	32	17	1
Other	175	100	103	60	38
Non-operating expenses	89	33	9	10	49
Interest expenses	55	19	5	5	21
Loss on cancellation of leases	-	-	2	3	1
Provision of allowance for doubtful accounts	-	-	-	-	24
Other	33	13	1	1	1
Ordinary income	2,513	3,013	5,032	3,081	3,917
Extraordinary income	138	148	3	73	417
Gain on sales of non-current assets	5	3	2	67	8
Gain on sales of investment securities	11	93	-	6	0
Gain on sales of memberships	-	-	1	-	-
Gain on bargain purchase	-	-	-	-	409
Reversal of allowance for doubtful accounts	121	50	-	-	-
Extraordinary losses	576	341	724	182	628
Loss on sales of non-current assets	16	1	8	21	1
Loss on retirement of non-current assets	72	57	8	24	6
Loss on sales of investment securities	1	24	1	7	-
Loss on valuation of investment securities	0	129	1	31	53
Impairment loss	49	9	669	89	154
Loss on cancellation of leases	-	9	-	-	-
Loss on liquidation of subsidiaries	-	22	-	-	-
Loss on disaster	-	61	29	-	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	27	-	-	-
Loss on valuation of membership	6	-	5	7	-
Loss on sales of membership	-	-	1	-	-
Directors' retirement benefits	-	-	-	-	110
Special retirement expenses	-	-	-	-	120
Loss on withdrawal from employees' pension fund	-	-	-	-	166
Loss on prior period adjustment	363	-	-	-	-
Other	-	-	-	-	13
Income before income taxes and minority interests	2,074	2,820	4,311	2,972	3,706
Total income taxes	895	1,443	1,852	960	1,238
Income taxes - current	463	1,168	2,062	952	1,322
Income taxes - deferred	432	275	(209)	7	(83)
Income before minority interests	1,179	1,376	2,458	2,012	2,467
Minority interests in income (loss)	(0)	(0)	0	0	0
Net income	1,179	1,376	2,458	2,011	2,466

Consolidated Statement of Comprehensive Income



(¥ million)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Income before minority interests	-	1,376	2,458	2,012	2,467
Other comprehensive income	-	(196)	(56)	62	187
Valuation difference on available-for-sale securities	-	(196)	(56)	61	189
Deferred gains or losses on hedges	-	(0)	0	1	(2)
Comprehensive income	-	1,179	2,402	2,075	2,654
Comprehensive income attributable to					
Comprehensive income attributable to owners of parent	-	1,180	2,401	2,074	2,653
Comprehensive income attributable to minority interests	-	(0)	0	0	0

Consolidated Statement of Cash Flows



(¥ million)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Cash flows from operating activities					
Net cash provided by (used in) operating activities	6,232	5,083	4,609	(1,505)	2,547
Income before income taxes and minority interests	2,074	2,820	4,311	2,972	3,706
Depreciation	825	781	688	644	615
Impairment loss	49	9	669	89	154
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	27	-	-	-
Amortization of goodwill	408	408	305	274	245
Gain on bargain purchase	-	-	-	-	(409)
Increase (decrease) in allowance for doubtful accounts	(238)	(63)	(4)	(15)	(4)
Share-based compensation expenses	-	5	11	5	173
Increase (decrease) in provision for bonuses	158	(289)	158	(94)	52
Increase (decrease) in provision for retirement benefits	67	205	149	49	-
Increase (decrease) in net defined benefit liability	-	-	-	-	119
Increase (decrease) in provision for directors' retirement benefits	-	-	-	-	2
Increase (decrease) in provision for business structure improvement	(1,012)	(166)	(11)	-	-
Interest and dividend income	(52)	(43)	(28)	(24)	(30)
Interest expenses	55	19	5	5	21
Foreign exchange losses (gains)	(7)	7	(1)	0	(1)
Loss (gain) on sales and retirement of non-current assets	83	54	14	(21)	0
Loss (gain) on sales of investment securities	(9)	(69)	1	1	(0)
Loss (gain) on valuation of investment securities	0	129	1	31	53
Loss on liquidation of subsidiaries	-	22	-	-	-
Loss (gain) on sales of membership	-	-	(0)	-	-
Loss on valuation of membership	6	-	5	7	-
Loss (gain) on prior period adjustment	363	-	-	-	-
Decrease (increase) in notes and accounts receivable - trade	2,178	(296)	(3,551)	(477)	5,028
Decrease (increase) in inventories	2,595	314	267	(360)	81
Decrease (increase) in advance payments	457	842	381	(1,124)	(644)
Increase (decrease) in notes and accounts payable - trade	(1,279)	371	2,838	(369)	(3,725)
Decrease (increase) in accounts receivable - other	2	(69)	(174)	195	(791)
Increase (decrease) in accounts payable - other	(692)	586	86	(657)	(182)
Increase (decrease) in accrued consumption taxes	219	(161)	118	(332)	284
Decrease (increase) in guarantee deposits	58	170	(14)	(5)	(1,249)
Decrease (increase) in other assets	158	52	(58)	(18)	(7)
Increase (decrease) in other liabilities	195	(32)	(83)	(427)	(53)
Subtotal	6,669	5,635	6,085	349	3,436
Interest and dividend income received	52	42	28	24	30
Interest expenses paid	(58)	(20)	(5)	(5)	(21)
Income taxes paid	(430)	(574)	(1,499)	(1,874)	(898)
Cash flows from investing activities					
Net cash provided by (used in) investing activities	(391)	(315)	(50)	(108)	(87)
Proceeds from withdrawal of time deposits	517	-	-	-	-
Purchase of property, plant and equipment	(188)	(139)	(50)	(121)	(308)
Proceeds from sales of property, plant and equipment	56	8	30	195	276
Purchase of intangible assets	(830)	(301)	(68)	(97)	(117)
Purchase of investment securities	(118)	(195)	(8)	(8)	(12)
Proceeds from sales of investment securities	55	341	3	48	0
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-	-	-	5
Purchase of shares of subsidiaries	-	-	-	-	(1)
Payments of long-term loans receivable	-	(50)	-	(30)	-
Collection of loans receivable	-	-	25	-	-
Other, net	115	20	18	(95)	69
Cash flows from financing activities					
Net cash provided by (used in) financing activities	(4,481)	(2,852)	(421)	(588)	(2,618)
Net increase (decrease) in short-term loans payable	(2,790)	(2,350)	-	-	(2,000)
Repayment of long-term loans payable	(670)	(140)	-	-	(194)
Proceeds from disposal of treasury shares	0	102	-	29	86
Purchase of treasury shares	(216)	(109)	(0)	(0)	(0)
Cash dividends paid	(338)	(338)	(419)	(615)	(506)
Other, net	(466)	(16)	(1)	(2)	(4)
Effect of exchange rate change on cash and cash equivalents	7	(7)	1	(0)	(0)
Net increase (decrease) in cash and cash equivalents	1,366	1,907	4,138	(2,203)	(159)
Cash and cash equivalents at beginning of period	4,945	6,312	8,220	12,359	10,155
Cash and cash equivalents at end of period	6,312	8,220	12,359	10,155	9,996

Consolidated Statement of Changes in Equity



FY3/13

(¥ million)	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income			
Balance at beginning of current period	2,751	2,775	17,213	(1,091)	21,649	128	0	128	17	1	21,795
Changes of items during period											
Dividends of surplus			(616)		(616)						(616)
Net income			2,011		2,011						2,011
Purchase of treasury shares				(0)	(0)						(0)
Disposal of treasury shares		(1)		36	34						34
Transfer of loss on disposal of treasury shares		1	(1)		-						-
Net changes of items other than shareholders' equity						61	1	62	0	0	63
Total changes of items during period	-	-	1,393	36	1,429	61	1	62	0	0	1,493
Balance at end of current period	2,751	2,775	18,607	(1,055)	23,078	189	1	191	17	1	23,289

FY3/14

(¥ million)	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income			
Balance at beginning of current period	2,751	2,775	18,607	(1,055)	23,078	189	1	191	17	1	23,289
Changes of items during period											
Dividends of surplus			(506)		(506)						(506)
Net income			2,466		2,466						2,466
Purchase of treasury shares				(0)	(0)						(0)
Disposal of treasury shares		(5)		107	102						102
Transfer of loss on disposal of treasury shares		5	(5)		-						-
Net changes of items other than shareholders' equity						189	(2)	187	157	(1)	343
Total changes of items during period	-	-	1,954	107	2,062	189	(2)	187	157	(1)	2,405
Balance at end of current period	2,751	2,775	20,562	(948)	25,141	378	(0)	378	175	-	25,694

Information by Segment



(¥ million)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Toy Business					
Net sales	65,653	69,104	77,313	74,660	76,821
To total net sales	33.8%	36.2%	39.0%	42.2%	37.1%
Operating income	1,865	2,321	3,009	2,055	2,710
Assets	16,011	16,192	16,614	17,063	16,675
Depreciation	542	506	356	318	319
Visual and Music Business					
Net sales	67,838	57,759	55,719	44,810	42,955
To total net sales	34.9%	30.3%	28.1%	25.4%	20.8%
Operating income (loss)	253	(656)	448	309	307
Assets	14,944	11,454	13,089	12,901	12,410
Depreciation	137	174	202	196	169
Video-Game Business					
Net sales	44,372	46,447	42,704	36,839	63,609
To total net sales	22.9%	24.3%	21.6%	20.8%	30.7%
Operating income	1,035	1,156	936	678	79
Assets	7,473	7,799	8,545	8,498	12,441
Depreciation	33	24	86	72	79
Amusement Business					
Net sales	16,381	17,579	22,282	20,447	23,481
To total net sales	8.4%	9.2%	11.3%	11.6%	11.4%
Operating income (loss)	544	1,340	1,801	1,265	2,053
Assets	3,962	4,470	4,419	4,625	3,714
Depreciation	82	47	24	18	19
Adjustments					
Net sales	-	-	-	-	-
Operating income (loss)	(1,371)	(1,307)	(1,341)	(1,335)	(1,263)
Assets	6,659	8,591	11,654	9,913	8,638
Depreciation	26	29	18	24	26
Consolidated Total					
Net sales	194,246	190,891	198,021	176,757	206,867
Operating income	2,327	2,855	4,855	2,973	3,888
Assets	49,050	48,507	54,323	53,003	53,879
Depreciation	822	781	688	629	615

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Stock Price at Term-end (¥)	1,142	1,094	958	777	862
Outstanding Shares Issued at Term-end (shares)	12,025,000	12,025,000	24,050,000	24,050,000	24,050,000
Treasury Shares at Term-end (shares)	823,385	823,705	1,647,990	1,593,370	1,431,310
Earnings per Share (¥)	104.60	122.56	109.73	89.75	109.40
Book-value per Share (¥)	1,692.76	1,767.34	972.13	1,036.23	1,128.25
Free Cash Flow per Share (¥)	485.74	396.51	189.56	(67.07)	102.29
Dividend per Share	30.00	30.00	38.75	22.50	24.75
EBITDA (¥ million)	3,153	3,637	5,543	3,602	4,461
PER (times)	10.9	8.9	8.7	8.7	7.9
PBR (times)	0.7	0.6	1.0	0.7	0.8
PCFR (times)	2.2	2.6	5.0	(12.4)	8.1
EV/EBITDA ratio (times)	3.1	1.4	1.9	2.4	2.4
Dividend Yield (%)	2.6	2.7	4.0	2.9	2.9

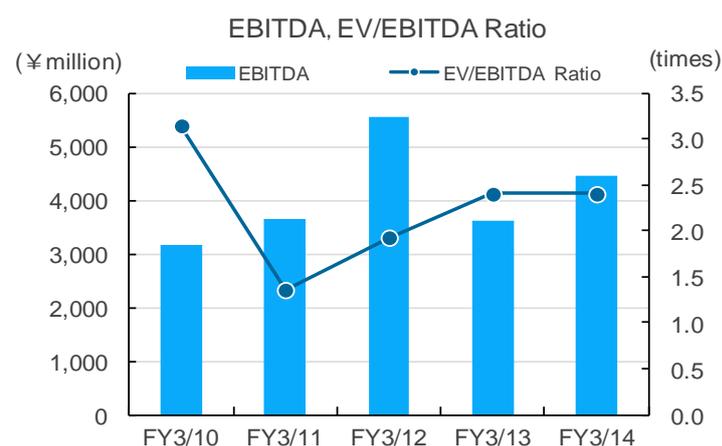
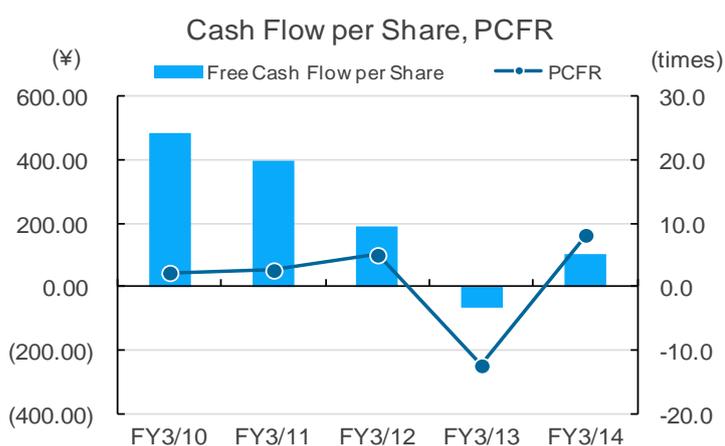
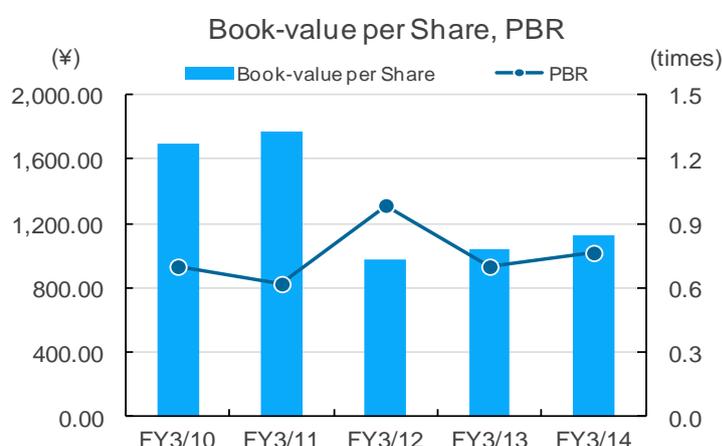
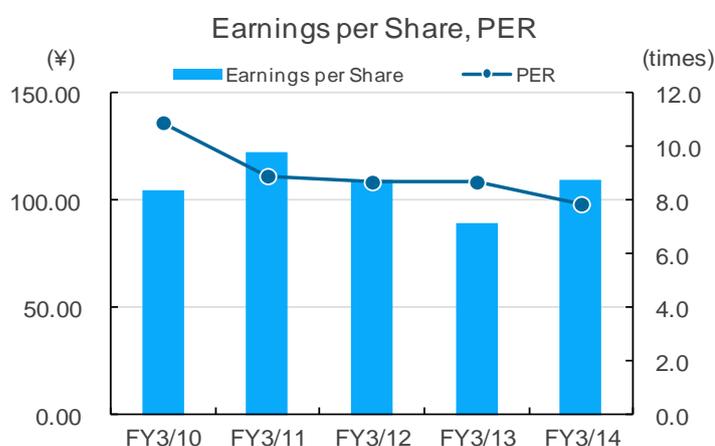
PCFR = Stock Price at Term-end/Cash Flows from Operating Activities per Share

EBITDA = Operating Income+Depreciation

EV/EBITDA Ratio = EV/EBITDA

EV = Market Value+Interest-bearing Debt—Liquidity in Hand (Cash & Deposits)

Note : Share splits (1 to 2) on Dec.1, 2011



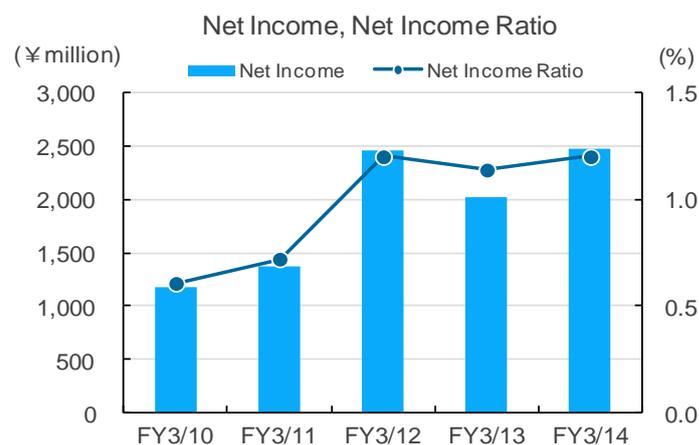
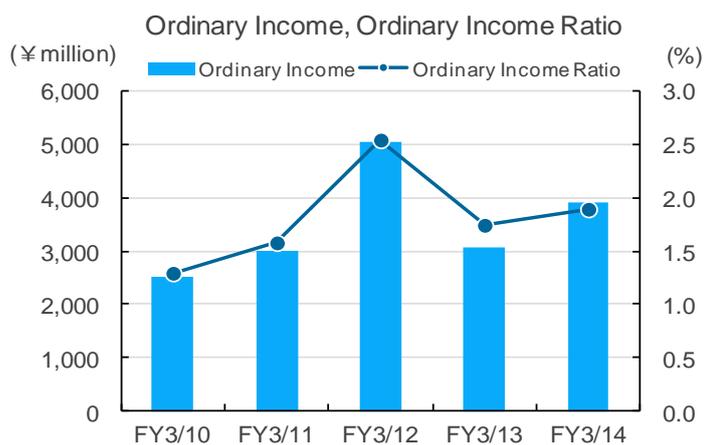
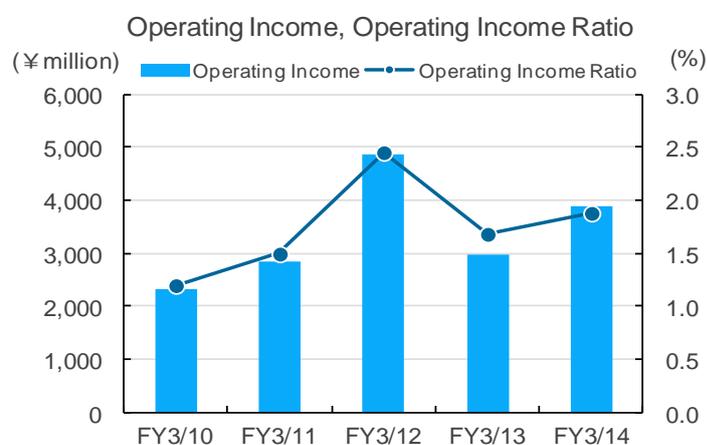
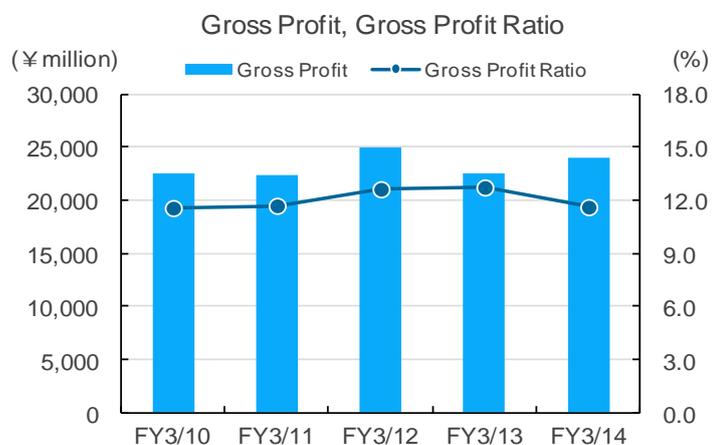
Consolidated Growth/Profitability Indicators



(¥ million)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Net Sales	194,246	190,891	198,021	176,757	206,867
Gross Profit	22,467	22,326	25,007	22,501	24,039
SG&A Expenses	20,140	19,471	20,151	19,527	20,150
Operating Income	2,327	2,855	4,855	2,973	3,888
Ordinary Income	2,513	3,013	5,032	3,081	3,917
Net Income	1,179	1,376	2,458	2,011	2,466

(%)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Gross Profit Ratio	11.6	11.7	12.6	12.7	11.6
SG&A Expenses Ratio	10.4	10.2	10.2	11.0	9.7
Operating Income Ratio	1.2	1.5	2.5	1.7	1.9
Ordinary Income Ratio	1.3	1.6	2.5	1.7	1.9
Net Income Ratio	0.6	0.7	1.2	1.1	1.2

Gross Profit Ratio = Gross Profit/Net Sales
 SG&A Expenses Ratio = SG&A Expenses/Net Sales
 Operating Income Ratio = Operating Income/Net Sales
 Ordinary Income Ratio = Ordinary Income/Net Sales
 Net Income Ratio = Net Income/Net Sales

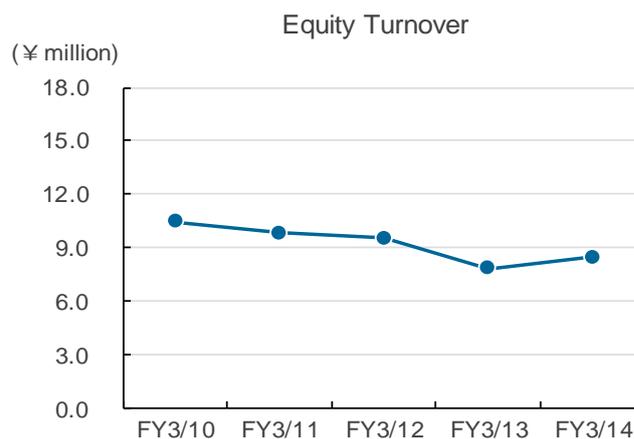
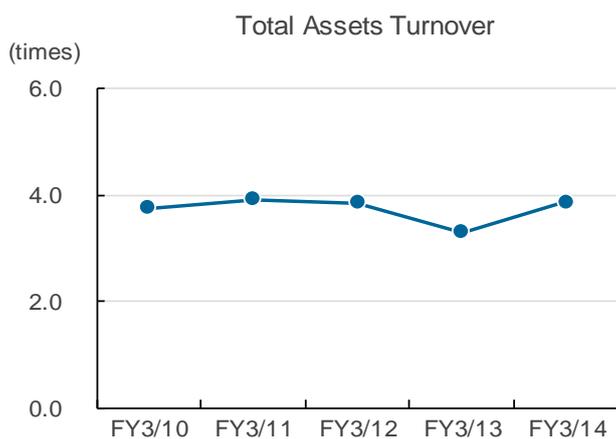
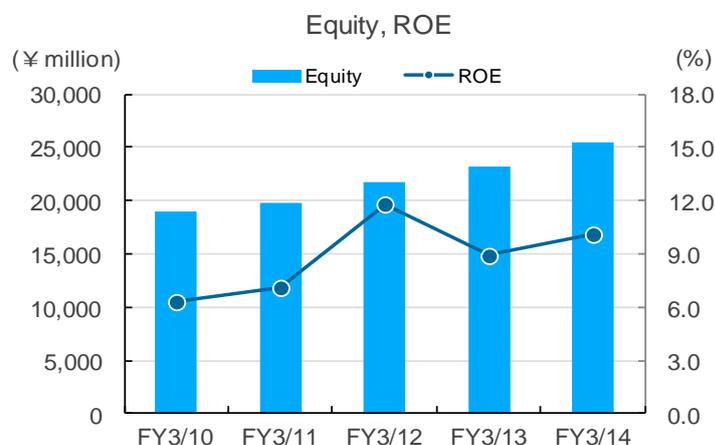
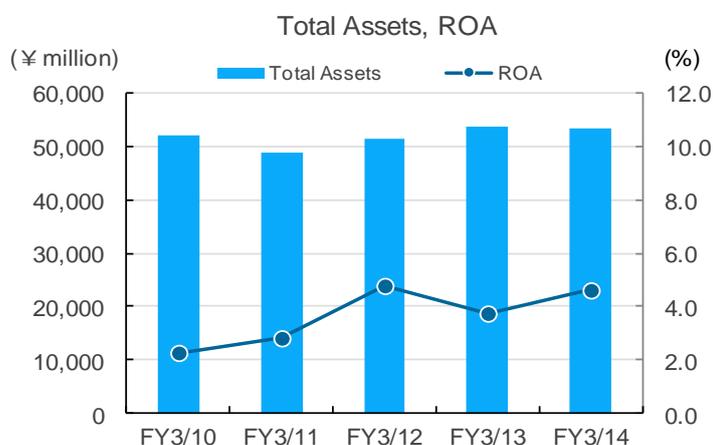


(times)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Total Assets Turnover	3.7	3.9	3.9	3.3	3.9
Equity Turnover	10.5	9.9	9.5	7.8	8.5
Non-current Assets Turnover	20.8	23.3	29.3	31.8	34.7
Current Assets Turnover	4.6	4.7	4.4	3.7	4.4

(%)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
ROA	2.3	2.8	4.8	3.7	4.6
ROE	6.3	7.1	11.8	8.9	10.1

Total Assets Turnover = Net Sales/Average Total Assets
 Equity Turnover = Net Sales/Average Equity
 Non-current Assets Turnover = Net Sales/Average Non-current Assets
 Current Assets Turnover = Net Sales/Average Current Assets

ROA = Net Income/Average Total Assets
 ROE = Net Income/Average Equity



Consolidated Efficiency/Stability Indicators



(¥ million)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Equity	18,961	19,796	21,777	23,269	25,519
Total Assets	49,050	48,507	54,323	53,003	53,879
Non-current Assets	8,910	7,468	6,054	5,072	6,854
Non-current Liabilities	2,651	2,867	2,909	2,829	3,148
Current Assets	40,140	41,039	48,269	47,930	47,025
Current Liabilities	27,436	25,837	29,617	26,883	25,036
Total Net Assets	18,962	19,802	21,795	23,289	25,694
Interest-bearing Debt	2,490	-	-	-	-

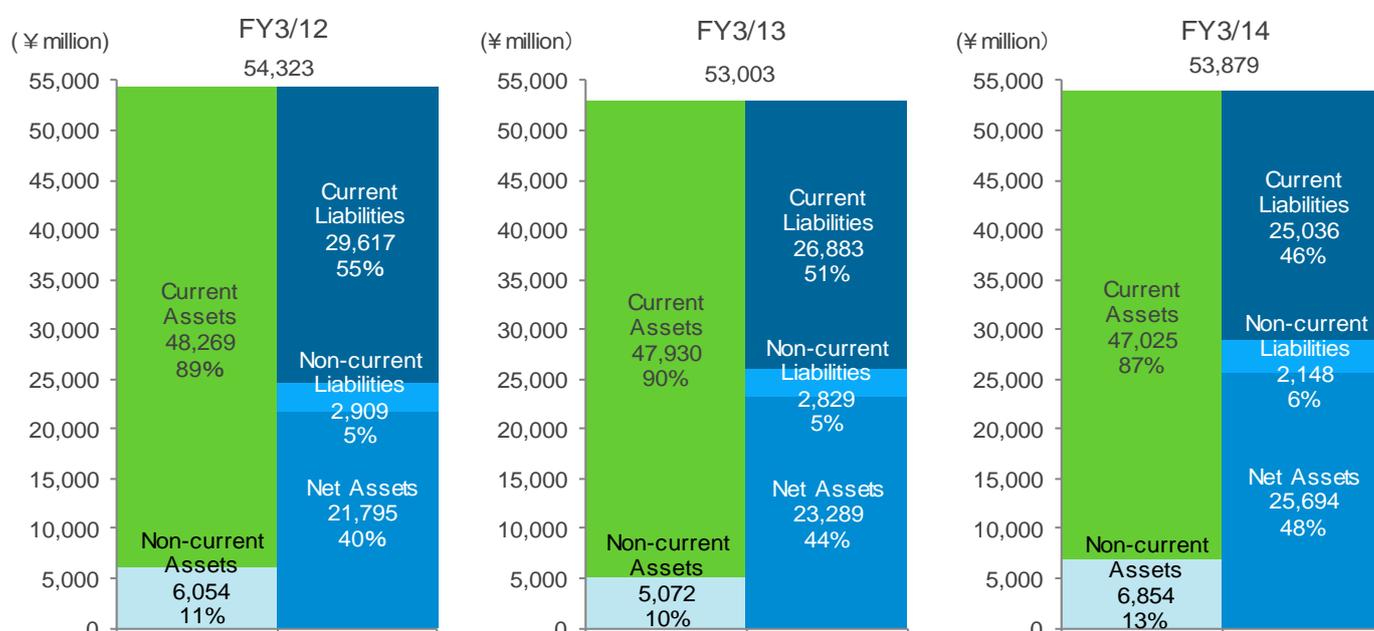
(%)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Equity Ratio	38.7	40.8	40.1	43.9	47.4
D/E Ratio	13.1	-	-	-	-
Non-current Ratio	47.0	37.7	27.8	21.8	26.9
Current Ratio	146.3	158.8	163.0	178.3	187.8

Equity Ratio = Equity/Total Assets

D/E Ratio = Interest-bearing Debt/Equity

Non-current Ratio = Non-current Assets/Equity

Current Ratio = Current Assets/Current Liabilities



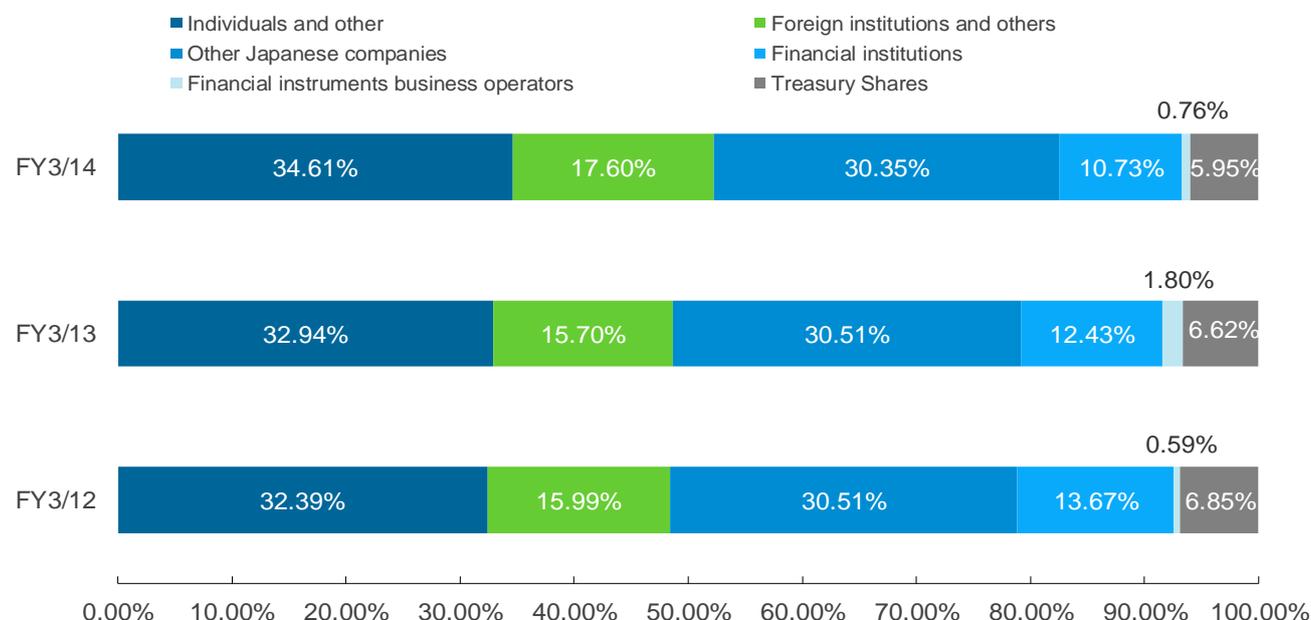
Major Shareholders

As of March 31, 2014

	Number of Shares	Shareholding Ratio (%)
NAMCO BANDAI Holdings Inc.	5,883,408	24.46
ICHIGO Trust	2,337,200	9.71
Yasuhiko Idaira	763,000	3.17
Hiroshi Kawai	701,000	2.91
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retrusted Portion/SMBC Employee Pension Trust)	676,000	2.81
Japan Trustee Services Bank, Ltd. (trust account)	637,100	2.64
Kayo Kawai	541,800	2.25
Happinet employee shareholders association	398,040	1.65
Orient Ltd.	345,500	1.43
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	337,100	1.40

Note: In addition to the above, HAPPINET CORPORATION holds 1,431 thousands shares

Breakdown of Type of Shareholder





HAPPINET CORPORATION

Corporate Management Division, Corporate Planning Department,
Corporate Communication Team
Komagata CA Bldg., 2-4-5 Komagata, Taito-ku, Tokyo
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E-mail: keiki_koho@HSN.happinet.co.jp