

FACT BOOK

(7552/ TSE 1st Section)
HAPPINET CORPORATION

For the Fiscal Year Ended March 31, 2013

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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.

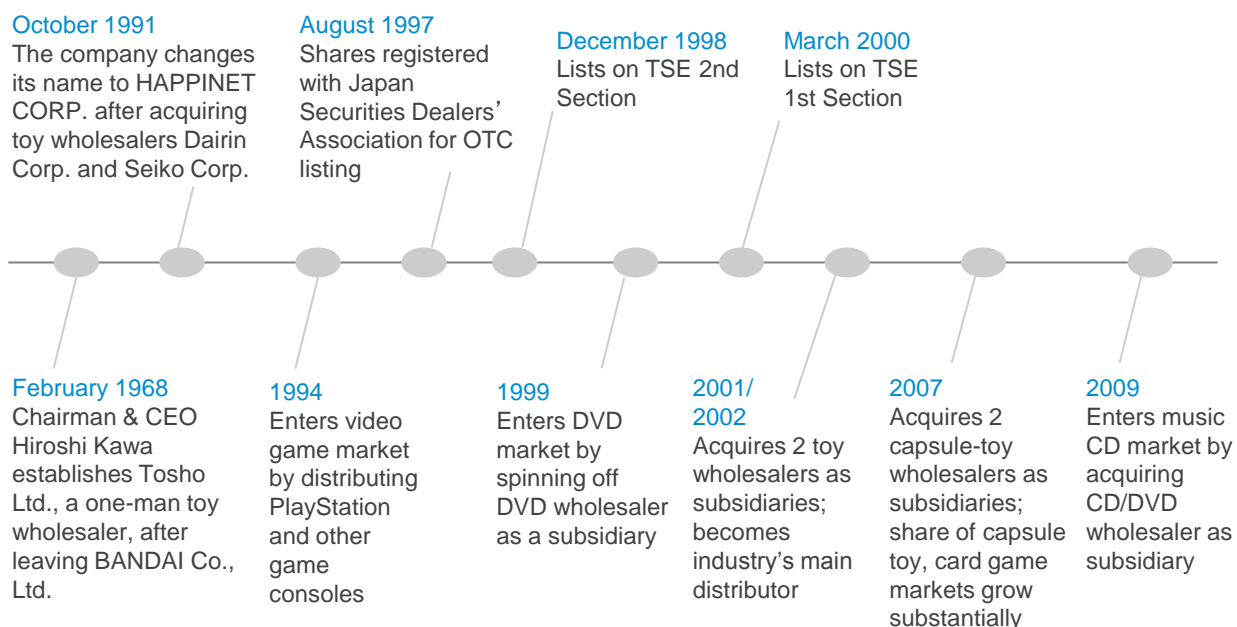


Corporate Profile

 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 and 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 2013, sales from each business respectively accounted for 42.2%, 25.4%, 20.8% and 11.6% of our Group total, reflecting a fairly balanced sales mix.

Meanwhile, a breakdown in sales by channel shows that 34.2% of our products were sold through specialty stores, which include consumer electronics and camera stores, 20.9% through general merchandise store, 12.9% through convenience stores, 10.9% through e-commerce, 9.8% through suburban stores, and 11.3% 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 about 50% of our Group's product lineup)
Visual and Music Business	HAPPINET CORPORATION Happinet Pictures & Music Corp.	We have achieved parity with the wholesaling industry's largest firms. Visual software accounts for slightly less than 70% of total sales, of which 10% plus represents products that were developed and made in-house (the remaining 30% comes from our music product operation centered on CDs).
Video-Game Business	HAPPINET CORPORATION Mori Games Co. Ltd.	We are the only wholesaler in Japan that handles every domestic home game console. The PlayStation series (PS3, PSP, PSVita) account for 34% of all game consoles we handle, while Nintendo products (Wii, Wii U, DS, 3DS) account for 50% and the rest, 16%.
Amusement Business	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.



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



Logistics Center-West Japan
Second 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: 24,741㎡
Second Logistics Center-East Japan	Launched in February 2006	Located in Funabashi City, Chiba Prefecture Floor Space: 28,151㎡
Logistics Center-West Japan	Launched in January 2008	Located in Amagasaki City, Hyogo Prefecture Floor Space: 11,774㎡
Second Logistics Center-West Japan	Launched in July 2011	Located in Amagasaki City, Hyogo Prefecture Floor Space: 12,468㎡

Consolidated Balance Sheets (Assets)



(¥ million)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Assets					
Total assets	54,661	49,050	48,507	54,323	53,003
Current assets	44,864	40,140	41,039	48,269	47,930
Cash and deposits	5,463	6,312	8,220	12,359	10,155
Notes and accounts receivable-trade	25,149	22,937	23,206	26,755	27,234
Merchandise	9,325	6,729	6,418	6,149	6,508
Supplies	20	20	17	19	21
Advance payments-trade	2,315	1,858	1,016	634	1,389
Deferred tax assets	1,502	1,153	939	926	910
Accounts receivable-other	932	930	1,000	1,174	978
Other	783	348	296	319	796
Allowance for doubtful accounts	(629)	(149)	(76)	(69)	(63)
Noncurrent assets	9,797	8,910	7,468	6,054	5,072
Property, plant and equipment	1,952	1,668	1,555	1,392	1,110
Buildings and structures	1,732	1,590	1,634	1,584	1,159
Accumulated depreciation	(1,163)	(1,118)	(1,170)	(1,175)	(845)
Buildings and structures, net	569	472	463	408	314
Machinery, equipment and vehicles	922	942	965	968	965
Accumulated depreciation	(707)	(744)	(784)	(817)	(844)
Machinery, equipment and vehicles, net	214	198	181	150	121
Tools, furniture and fixtures	2,695	1,676	1,473	1,240	1,164
Accumulated depreciation	(2,235)	(1,323)	(1,201)	(1,028)	(958)
Tools, furniture and fixtures, net	459	353	272	212	206
Land	701	638	633	617	464
Lease assets	7	7	7	7	10
Accumulated depreciation	(0)	(1)	(3)	(4)	(6)
Lease assets, net	7	5	4	2	3
Intangible assets	4,488	3,836	3,132	1,715	985
Goodwill	1,868	1,322	876	539	246
Lease assets	60	46	-	-	-
Other	2,559	2,467	2,255	1,176	738
Investments and other assets	3,355	3,405	2,780	2,946	2,976
Investment securities	1,742	2,083	1,548	1,419	1,439
Long-term prepaid expenses	9	19	5	5	6
Guarantee deposits	892	834	663	678	684
Membership	47	41	36	26	23
Long-term loans receivable	-	-	50	25	55
Deferred tax assets	542	360	416	711	688
Other	254	333	235	252	96
Allowance for doubtful accounts	(133)	(267)	(175)	(173)	(17)

Consolidated Balance Sheets (Liabilities and Net assets)

(¥ million)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Liabilities					
Total liabilities	36,476	30,088	28,704	32,527	29,713
Current liabilities	33,171	27,436	25,837	29,617	26,883
Notes and accounts payable-trade	20,748	19,832	20,204	23,042	22,672
Short-term loans payable	5,140	2,350	-	-	-
Current portion of long-term loans payable	380	110	-	-	-
Lease obligations	16	16	1	1	2
Accounts payable-other	3,640	2,586	3,225	3,351	2,656
Income taxes payable	433	443	1,038	1,605	678
Accrued consumption taxes	236	448	286	404	65
Provision for bonuses	445	603	314	472	378
Provision for point card certificates	6	4	5	6	7
Provision for business structure improvement	1,189	177	11	-	-
Provision for sales returns	49	40	21	30	16
Other	885	823	729	702	406
Noncurrent liabilities	3,305	2,651	2,867	2,909	2,829
Long-term loans payable	430	30	-	-	-
Lease obligations	51	35	2	1	1
Provision for retiree benefits	1,356	1,424	1,630	1,780	1,830
Long-term guarantee deposited	947	896	1,034	1,008	893
Deferred tax liabilities	1	19	5	3	5
Asset retirement obligations	-	-	45	46	49
Negative goodwill	128	89	51	19	1
Other	388	154	95	48	47
Net assets					
Total net assets	18,184	18,962	19,802	21,795	23,289
Shareholders' equity	17,955	18,580	19,611	21,649	23,078
Capital stock	2,751	2,751	2,751	2,751	2,751
Capital surplus	2,776	2,776	2,775	2,775	2,775
Retained earnings	13,328	14,169	15,175	17,213	18,607
Treasury stock	(900)	(1,117)	(1,091)	(1,091)	(1,055)
Accumulated other comprehensive income	229	381	185	128	191
Valuation difference on available-for-sale securities	228	381	185	128	189
Deferred gains or losses on hedges	0	0	0	0	1
Subscription rights to shares	-	-	5	17	17
Minority interests	-	0	0	1	1
Total liabilities and net assets	54,661	49,050	48,507	54,323	53,003

Consolidated Statements of Income



(¥ million)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Net sales	166,778	194,246	190,891	198,021	176,757
Cost of sales	146,787	171,779	168,564	173,013	154,256
Gross profit	19,990	22,467	22,326	25,007	22,501
Selling, general and administrative expenses	17,852	20,140	19,471	20,151	19,527
Warehouse deposit expenses	542	1,636	1,647	1,927	1,530
Freightage expenses	2,310	2,610	2,161	2,219	2,379
Promotion expenses	808	731	832	915	943
Directors' compensations, salaries and allowances	7,241	7,291	7,546	7,496	7,566
Bonuses	440	437	222	237	228
Provision for bonuses	408	594	288	472	375
Retirement benefit expenses	284	355	495	309	500
Traveling and transportation expenses	531	472	463	487	492
Communication expenses	179	193	151	120	128
Supplies expenses	456	710	667	1,057	1,059
Rents	1,326	1,429	1,351	1,254	1,270
Rent expenses	187	348	128	105	78
Depreciation	546	825	781	688	629
Amortization of goodwill	238	446	445	337	292
Provision of allowance for doubtful accounts	328	-	-	(4)	(15)
Provision for point card certificates	5	4	5	10	7
Other	2,015	2,051	2,279	2,513	2,062
Operating income	2,137	2,327	2,855	4,855	2,973
Non-operating income	265	275	190	186	119
Interest income	12	4	2	2	2
Dividends income	59	47	40	25	21
Land and house rent received	11	8	9	22	16
Amortization of negative goodwill	26	38	37	32	17
Other	156	175	100	103	60
Non-operating expenses	80	89	33	9	10
Interest expenses	11	55	19	5	5
Foreign exchange losses	28	-	7	-	0
Loss on cancel of lease contracts	15	-	-	2	3
Other	24	33	6	1	1
Ordinary income	2,322	2,513	3,013	5,032	3,081
Extraordinary income	41	138	148	3	73
Gain on sales of noncurrent assets	5	5	3	2	67
Gain on sales of investment securities	18	11	93	-	6
Gain on sales of memberships	-	-	-	1	-
Reversal of allowance for doubtful accounts	17	121	50	-	-
Extraordinary loss	381	576	341	724	182
Loss on sales of noncurrent assets	21	16	1	8	21
Loss on retirement of noncurrent assets	44	72	57	8	24
Loss on sales of investment securities	9	1	24	1	7
Loss on valuation of investment securities	115	0	129	1	31
Impairment loss	56	49	9	669	89
Loss on cancel of lease contracts	-	-	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	-
Loss on sales of subsidiaries' stocks	-	0	-	-	-
Office transfer expenses	-	66	-	-	-
Loss on prior period adjustment	-	363	-	-	-
Retirement benefit expenses	32	-	-	-	-
Extra retirement payments	101	-	-	-	-
Income before income taxes and minority interests	1,983	2,074	2,820	4,311	2,972
Total income taxes	833	895	1,443	1,852	960
Income taxes-current	568	463	1,168	2,062	952
Income taxes-deferred	264	432	275	(209)	7
Income before minority interests	1,150	1,179	1,376	2,458	2,012
Minority interests in income (loss)	14	(0)	(0)	0	0
Net income	1,135	1,179	1,376	2,458	2,011

Consolidated Comprehensive Income



(¥ million)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Income before minority interests	-	-	1,376	2,458	2,012
Total other comprehensive income	-	-	(196)	(56)	62
Valuation difference on available-for-sale securities	-	-	(196)	(56)	61
Deferred gains or losses on hedges	-	-	(0)	0	1
Comprehensive income	-	-	1,179	2,402	2,075
Comprehensive income attributable to					
Comprehensive income attributable to owners of the parent	-	-	1,180	2,401	2,074
Comprehensive income attributable to minority interests	-	-	(0)	0	0

Consolidated Statements of Cash Flows



(¥ million)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Net cash provided by (used in) operating activities					
Net cash provided by (used in) operating activities	951	6,232	5,083	4,609	(1,505)
Income before income taxes and minority interests	1,983	2,074	2,820	4,311	2,972
Depreciation and amortization	546	825	781	688	644
Impairment loss	56	49	9	669	89
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	-	27	-	-
Amortization of goodwill	212	408	408	305	274
Increase (decrease) in allowance for doubtful accounts	112	(238)	(63)	(4)	(15)
Share-based compensation expenses	-	-	5	11	5
Increase (decrease) in provision for bonuses	9	158	(289)	158	(94)
Increase (decrease) in provision for retirement benefits	84	67	205	149	49
Increase (decrease) in provision for business structure improvement	(1,409)	(1,012)	(166)	(11)	-
Interest and dividends income	(71)	(52)	(43)	(28)	(24)
Interest expenses	11	55	19	5	5
Foreign exchange losses (gains)	15	(7)	7	(1)	0
Loss (gain) on sales and retirement of noncurrent assets	60	83	54	14	(21)
Loss (gain) on sales of investment securities	(9)	(9)	(69)	1	1
Loss on liquidation of subsidiaries	-	-	22	-	-
Loss (gain) on valuation of investment securities	115	0	129	1	31
Loss (gain) on sales of membership	-	-	-	(0)	-
Loss on valuation of membership	-	6	-	5	7
Loss (gain) from prior period adjustment	-	363	-	-	-
Decrease (increase) in notes and accounts receivable-trade	1,478	2,178	(296)	(3,551)	(477)
Decrease (increase) in inventories	252	2,595	314	267	(360)
Decrease (increase) in advance payments	1,353	457	842	381	(754)
Increase (decrease) in notes and accounts payable-trade	(3,436)	(1,279)	371	2,838	(369)
Decrease (increase) in accounts receivable-other	(42)	2	(69)	(174)	195
Increase (decrease) in accounts payable-other	(142)	(692)	586	86	(657)
Increase (decrease) in accrued consumption taxes	(28)	219	(161)	118	(332)
Decrease (increase) in other assets	(91)	216	222	(73)	(392)
Increase (decrease) in other liabilities	25	195	(32)	(83)	(427)
Subtotal	1,085	6,669	5,635	6,085	349
Interest and dividends income received	71	52	42	28	24
Interest expenses paid	(11)	(58)	(20)	(5)	(5)
Income taxes paid	(193)	(430)	(574)	(1,499)	(1,874)
Net cash provided by (used in) investing activities					
Net cash provided by (used in) investing activities	(851)	(391)	(315)	(50)	(108)
Proceeds from withdrawal of time deposits	88	517	-	-	-
Purchase of property, plant and equipment	(276)	(188)	(139)	(50)	(121)
Proceeds from sales of property, plant and equipment	141	56	8	30	195
Purchase of intangible assets	(843)	(830)	(301)	(68)	(97)
Purchase of investment securities	(221)	(118)	(195)	(8)	(8)
Proceeds from sales of investment securities	169	55	341	3	48
Payments of long-term loans receivable	-	-	(50)	-	(30)
Collection of loans receivable	-	-	-	25	-
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	218	-	-	-	-
Purchase of investments in subsidiaries	(232)	-	-	-	-
Other, net	104	115	20	18	(95)
Net cash provided by (used in) financing activities					
Net cash provided by (used in) financing activities	(975)	(4,481)	(2,852)	(421)	(588)
Net increase (decrease) in short-term loans payable	(30)	(2,790)	(2,350)	-	-
Repayment of long-term loans payable	(127)	(670)	(140)	-	-
Proceeds from disposal of treasury stock	0	0	102	-	29
Purchase of treasury stock	(660)	(216)	(109)	(0)	(0)
Cash dividends paid	(354)	(338)	(338)	(419)	(615)
Other, net	197	(466)	(16)	(1)	(2)
Effect of exchange rate change on cash and cash equivalents	(15)	7	(7)	1	(0)
Net increase (decrease) in cash and cash equivalents	(891)	1,366	1,907	4,138	(2,203)
Cash and cash equivalents at beginning of period	5,837	4,945	6,312	8,220	12,359
Cash and cash equivalents at end of period	4,945	6,312	8,220	12,359	10,155

Consolidated Statements of Changes in Net Assets



(¥ million)	FY3/12	FY3/13
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	2,751	2,751
Balance at the end of current period	2,751	2,751
Capital surplus		
Balance at the beginning of current period	2,775	2,775
Changes of items during the period		
Disposal of treasury stock	-	(1)
Transfer of loss on disposal of treasury stock	-	1
Total changes of items during the period	-	-
Balance at the end of current period	2,775	2,775
Retained earnings		
Balance at the beginning of current period	15,175	17,213
Changes of items during the period		
Dividends from surplus	(420)	(616)
Net income	2,458	2,011
Transfer of loss on disposal of treasury stock	-	(1)
Total changes of items during the period	2,038	1,393
Balance at the end of current period	17,213	18,607
Treasury stock		
Balance at the beginning of current period	(1,091)	(1,091)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	-	36
Total changes of items during the period	(0)	36
Balance at the end of current period	(1,091)	(1,055)
Total shareholders' equity		
Balance at the beginning of current period	19,611	21,649
Changes of items during the period		
Dividends from surplus	(420)	(616)
Net income	2,458	2,011
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	-	34
Total changes of items during the period	2,037	1,429
Balance at the end of current period	21,649	23,078

(¥ million)	FY3/12	FY3/13
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	185	128
Changes of items during the period		
Net changes of items other than shareholders' equity	(56)	61
Total changes of items during the period	(56)	61
Balance at the end of current period	128	189
Deferred gains or losses on hedges		
Balance at the beginning of current period	0	0
Changes of items during the period		
Net changes of items other than shareholders' equity	0	1
Total changes of items during the period	0	1
Balance at the end of current period	0	1
Total accumulated other comprehensive income		
Balance at the beginning of current period	185	128
Changes of items during the period		
Net changes of items other than shareholders' equity	(56)	62
Total changes of items during the period	(56)	62
Balance at the end of current period	128	191
Subscription rights to shares		
Balance at the beginning of current period	5	17
Changes of items during the period		
Net changes of items other than shareholders' equity	11	0
Total changes of items during the period	11	0
Balance at the end of current period	17	17
Minority interests		
Balance at the beginning of current period	0	1
Changes of items during the period		
Net changes of items other than shareholders' equity	0	0
Total changes of items during the period	0	0
Balance at the end of current period	1	1
Total net assets		
Balance at the beginning of current period	19,802	21,795
Changes of items during the period		
Dividends from surplus	(420)	(616)
Net income	2,458	2,011
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	-	34
Net changes of items other than shareholders' equity	(44)	63
Total changes of items during the period	1,993	1,493
Balance at the end of current period	21,795	23,289

(¥ million)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Toy Business					
Net sales	61,812	65,653	69,104	77,313	74,660
To total net sales	37.1%	33.8%	36.2%	39.0%	42.2%
Operating income	995	1,865	2,321	3,009	2,055
Assets	15,494	16,011	16,192	16,614	17,063
Depreciation	267	542	506	356	318
Visual and Music Business					
Net sales	36,570	67,838	57,759	55,719	44,810
To total net sales	21.9%	34.9%	30.3%	28.1%	25.4%
Operating income(loss)	1,330	253	(656)	448	309
Assets	17,152	14,944	11,454	13,089	12,901
Depreciation	71	137	174	202	196
Video-Game Business					
Net sales	50,474	44,372	46,447	42,704	36,839
To total net sales	30.3%	22.9%	24.3%	21.6%	20.8%
Operating income	1,221	1,035	1,156	936	678
Assets	9,545	7,473	7,799	8,545	8,498
Depreciation	45	33	24	86	72
Amusement Business					
Net sales	17,919	16,381	17,579	22,282	20,447
To total net sales	10.7%	8.4%	9.2%	11.3%	11.6%
Operating income(loss)	(127)	544	1,340	1,801	1,265
Assets	7,926	3,962	4,470	4,419	4,625
Depreciation	160	82	47	24	18
Adjustments					
Net sales	-	-	-	-	-
Operating income(loss)	(1,283)	(1,371)	(1,307)	(1,341)	(1,335)
Assets	4,542	6,659	8,591	11,654	9,913
Depreciation	17	26	29	18	24
Consolidated Total					
Net sales	166,778	194,246	190,891	198,021	176,757
Operating income	2,137	2,327	2,855	4,855	2,973
Assets	54,661	49,050	48,507	54,323	53,003
Depreciation	563	822	781	688	629

	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Stock Price (¥)	1,219	1,142	1,094	958	777
Outstanding Shares Issued (shares)	12,025,000	12,025,000	12,025,000	24,050,000	24,050,000
Treasury Stock (shares)	653,005	823,385	823,705	1,647,990	1,593,370
Earnings per Share (¥)	97.64	104.60	122.56	109.73	89.75
Book-value per Share (¥)	1,599.08	1,692.76	1,767.34	972.13	1,036.23
Free Cash Flow per Share (¥)	8.32	485.74	396.51	189.56	(67.07)
Dividend per Share	30.00	30.00	30.00	38.75	22.50
EBITDA (¥ million)	2,684	3,153	3,637	5,543	3,617
PER (times)	12.5	10.9	8.9	8.7	8.7
PBR (times)	0.8	0.7	0.6	1.0	0.7
PCFR (times)	15.4	2.2	2.6	5.0	-12.4
EV/EBITDA ratio (times)	5.6	3.1	1.4	1.9	2.4
Dividend Yield (%)	2.5	2.6	2.7	4.0	2.9

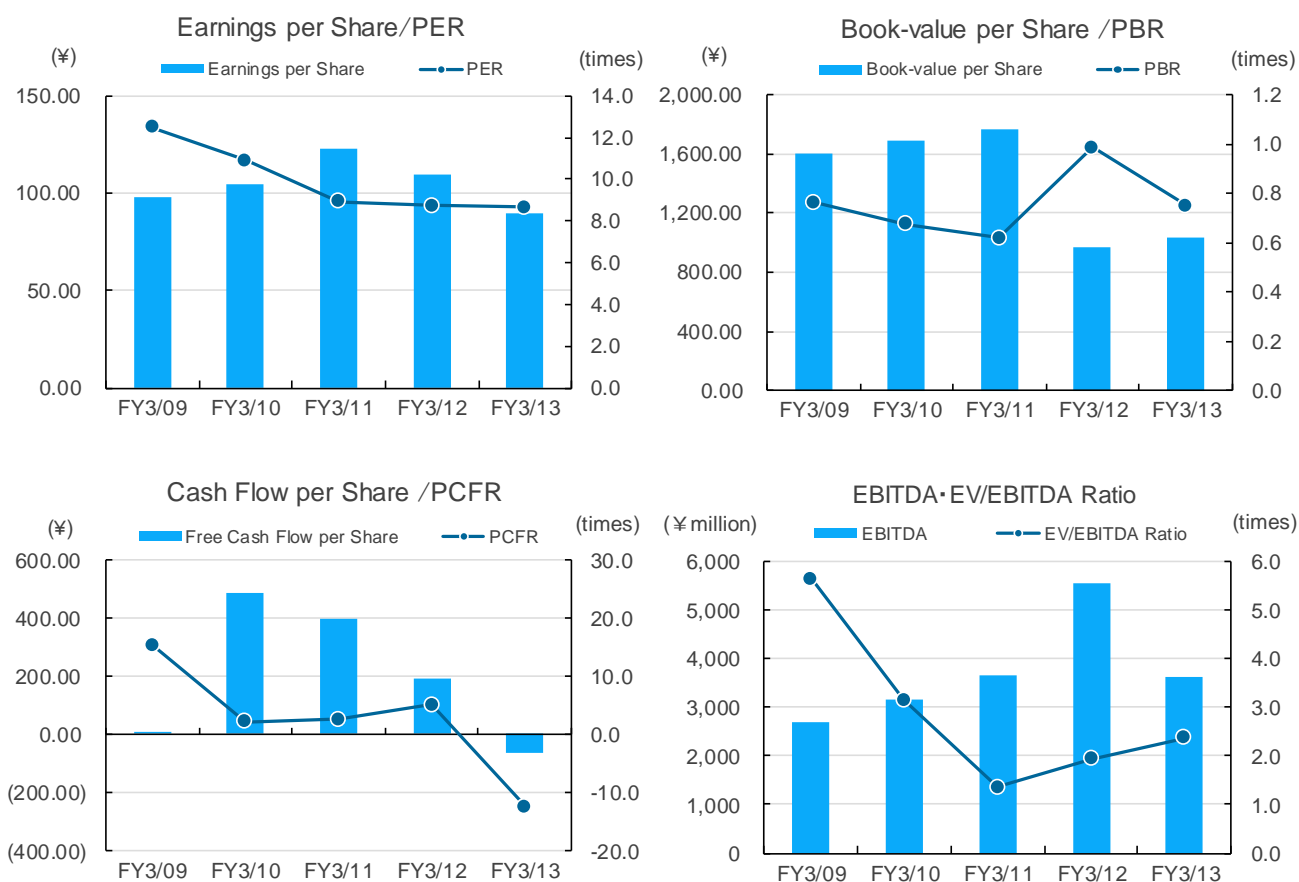
PCFR = Stock Price/Cash Flows from Operating Activities per Share

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)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Net Sales	166,778	194,246	190,891	198,021	176,757
Gross Profit	19,990	22,467	22,326	25,007	22,501
SG&A Expenses	17,852	20,140	19,471	20,151	19,527
Operating Income	2,137	2,327	2,855	4,855	2,973
Ordinary Income	2,322	2,513	3,013	5,032	3,081
Net Income	1,135	1,179	1,376	2,458	2,011

(%)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Gross Profit Ratio	12.0	11.6	11.7	12.6	12.7
SG&A Expenses Ratio	10.7	10.4	10.2	10.2	11.0
Operating Income Ratio	1.3	1.2	1.5	2.5	1.7
Ordinary Income Ratio	1.4	1.3	1.6	2.5	1.7
Net Income Ratio	0.7	0.6	0.7	1.2	1.1

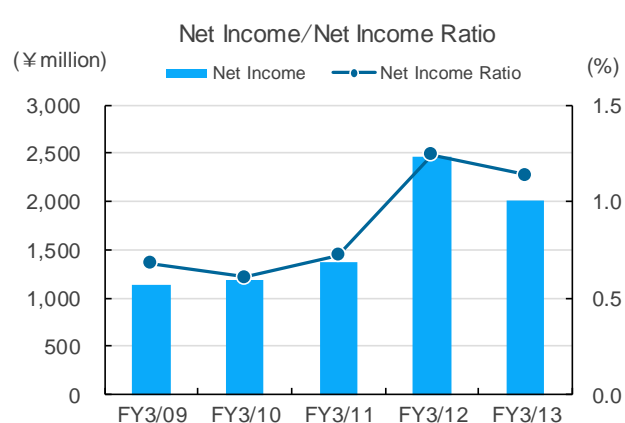
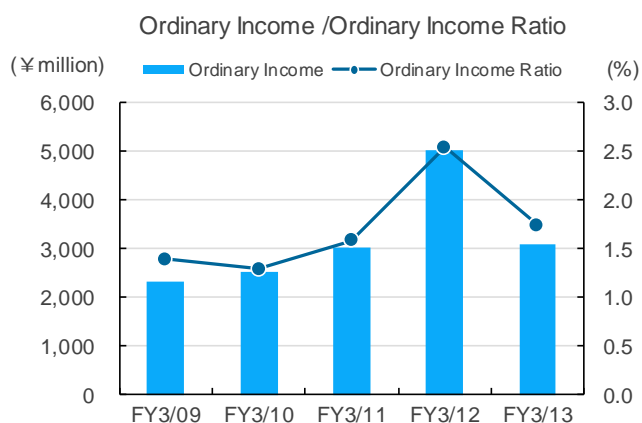
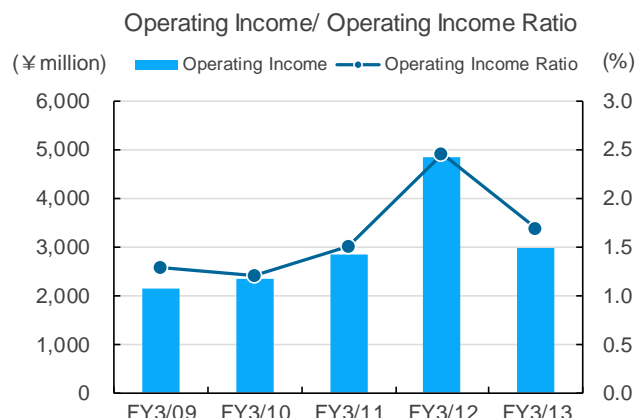
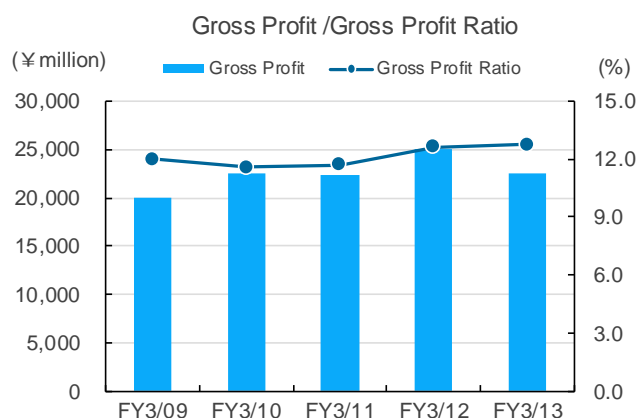
Gross Profit Ratio = Gross Profit/Net Sales

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



Consolidated Profitability/Efficiency Indicators



(times)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Total Assets Turnover	3.2	3.7	3.9	3.9	3.3
Equity Turnover	9.1	10.5	9.9	9.5	7.8
Noncurrent Assets Turnover	19.1	20.8	23.3	29.3	31.8
Current Assets Turnover	3.9	4.6	4.7	4.4	3.7

(%)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
ROA	2.2	2.3	2.8	4.8	3.7
ROE	6.2	6.4	7.1	11.8	8.9

Total Assets Turnover = Net Sales/Average Total Assets

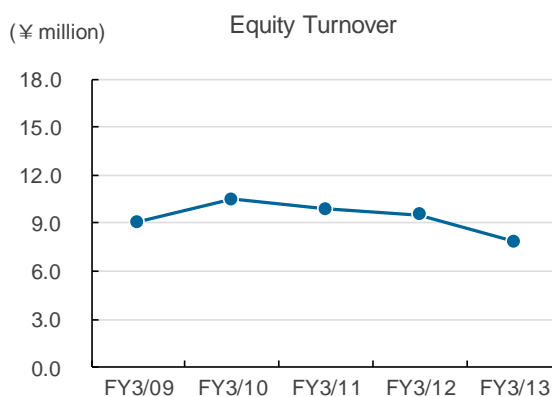
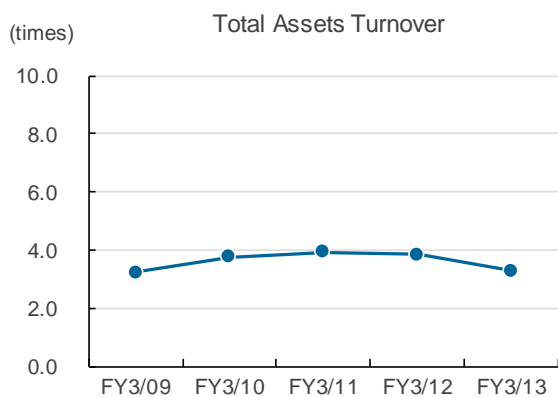
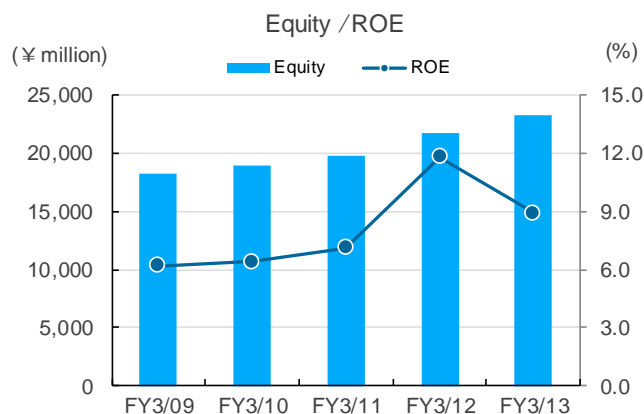
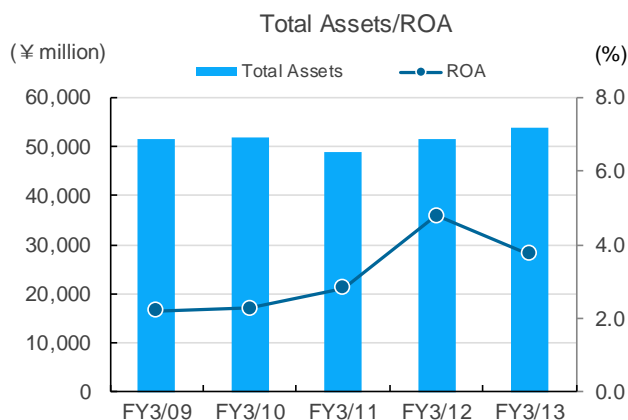
Equity Turnover = Net Sales/Average Equity

Noncurrent Assets Turnover = Net Sales/Average Noncurrent 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)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Equity	18,184	18,961	19,796	21,777	23,270
Total Assets	54,661	49,050	48,507	54,323	53,003
Noncurrent Assets	9,797	8,910	7,468	6,054	5,072
Noncurrent Liabilities	3,305	2,651	2,867	2,909	2,829
Current Assets	44,864	40,140	41,039	48,269	47,930
Current Liabilities	33,171	27,436	25,837	29,617	26,883
Total Net Assets	18,184	18,962	19,802	21,795	23,289
Interest-bearing Debt	5,950	2,490	-	-	-

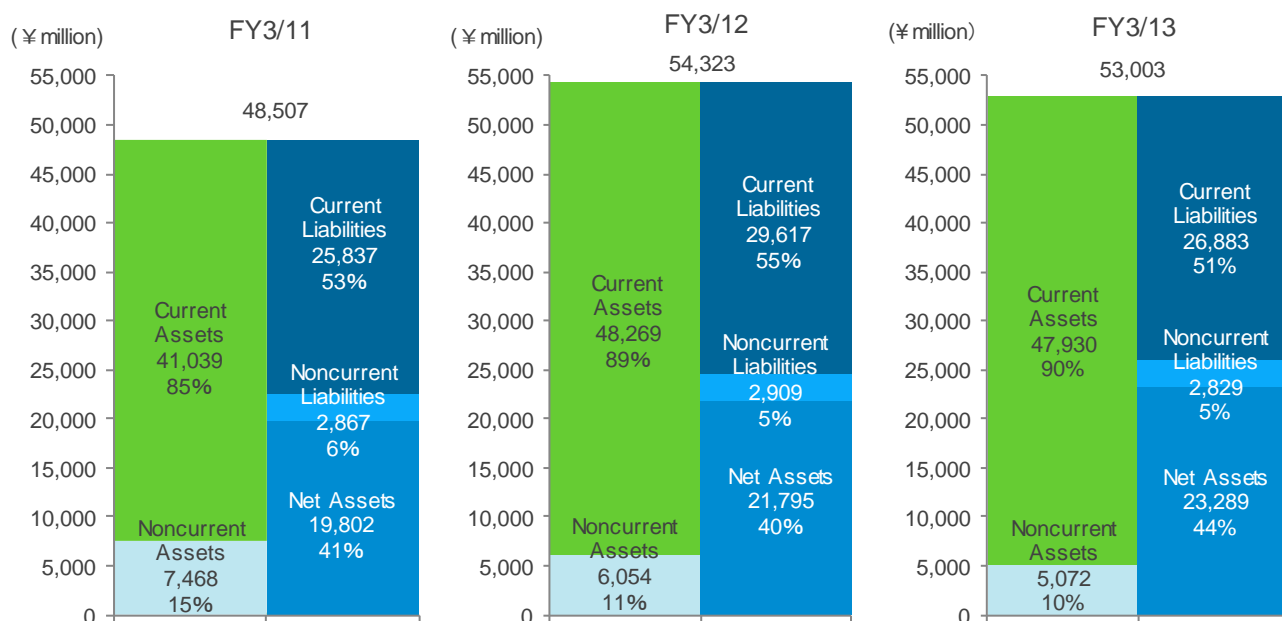
(%)	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Equity Ratio	33.3	38.7	40.8	40.1	43.9
D/E Ratio	32.7	13.1	-	-	-
Fixed Ratio	53.9	47.0	37.7	27.8	21.8
Current Ratio	135.2	146.3	158.8	163.0	178.3

Equity Ratio = Equity/Average Total Assets

D/E Ratio = Interest-bearing Debt/Equity

Fixed Ratio = Noncurrent Assets/Equity

Current Ratio = Current Assets/Current Liabilities



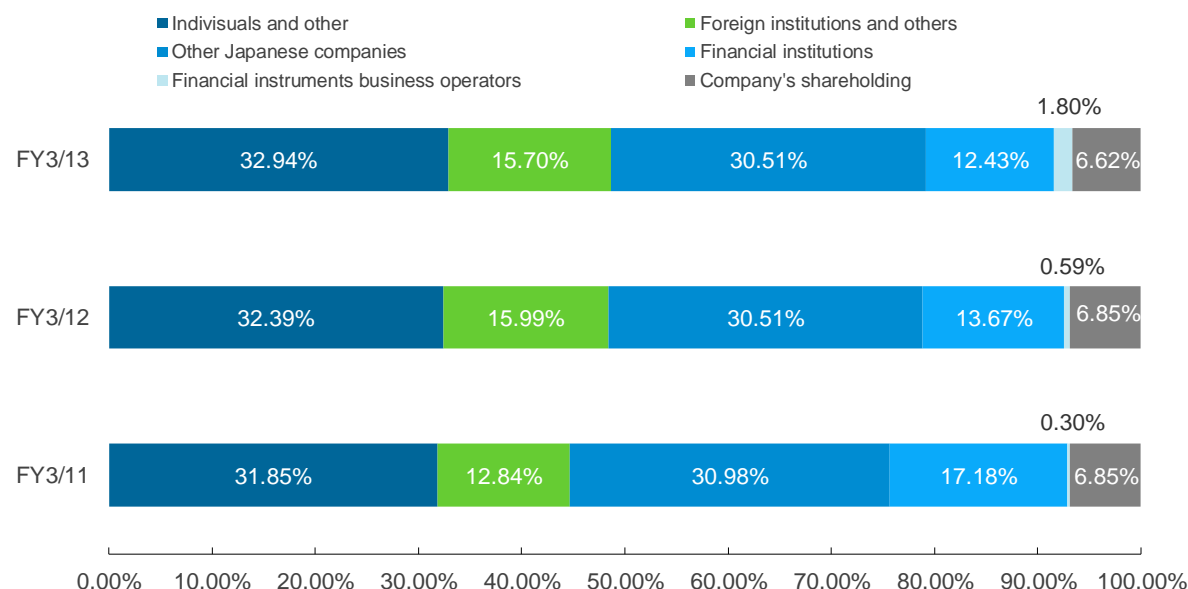
Major Shareholders

As of March 31, 2013

	Number of Shares (thousand shares)	Shareholding Ratio (%)
NAMCO BANDAI Holdings Inc.	5,883	24.46
ICHIGO Trust	2,337	9.71
Japan Trustee Services Bank,Ltd.(Trust)	1,140	4.74
Yasuhiko Idaira	763	3.17
Hiroshi Kawai	701	2.91
Japan Trustee Services Bank,Ltd. (Sumitomo Mitsui Trust Bank, Limited Retrusted Portion/SMBC Employee Pension Trust)	676	2.81
Kayo Kawai	541	2.25
Happinet employee share holders association	413	1.71
Orient Ltd.	393	1.63
Sun River	316	1.31

※In addition to the above, HAPPINET CORPORATION holds 1,593 thousands shares

Breakdown of Type of Shareholder



HAPPINET CORPORATION

Corporate Management Division, Corporate Management Department,
Corporate Communication Team
Komagata CA Bldg., 2-4-5 Komagata, Taito-ku, Tokyo
Phone: +81-3-3847-0410 (Japanese Only) Fax: +81-3-3847-0420
E-mail: keiki_koho@HSN.happinet.co.jp
