

# FACT BOOK

## HAPPINET CORPORATION (Securities Code 7552/TSE 1st Section)

For the Six Months Ending September 30, 2017

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## Group Vision, Management Stance, Principle of Conduct

### ▶ Group Vision

The Happinet Group provides “happiness networking.” By creating new entertainment styles, we bring a wide range of delight to people, creating dreams for a better future.

### ▶ Management Stance

We constantly anticipate changes and reinvent ourselves to open up new business opportunities.

#### **For Customers**

We partner with our customers to satisfy their needs.

#### **For Employees**

We respect each and every employee, create opportunities for them to grow and challenge themselves, nurturing an environment that brings purpose and fulfillment to work.

#### **For Society**

Through business activities built on strong business-ethics foundations, we contribute to a fun and vibrant society.

#### **For Shareholders**

We disclose information proactively to enhance transparent management, earn the trust of shareholders and live up to their expectations.

### Principles of Conduct

Before all action, we ask ourselves, “What is important? And what is right?”

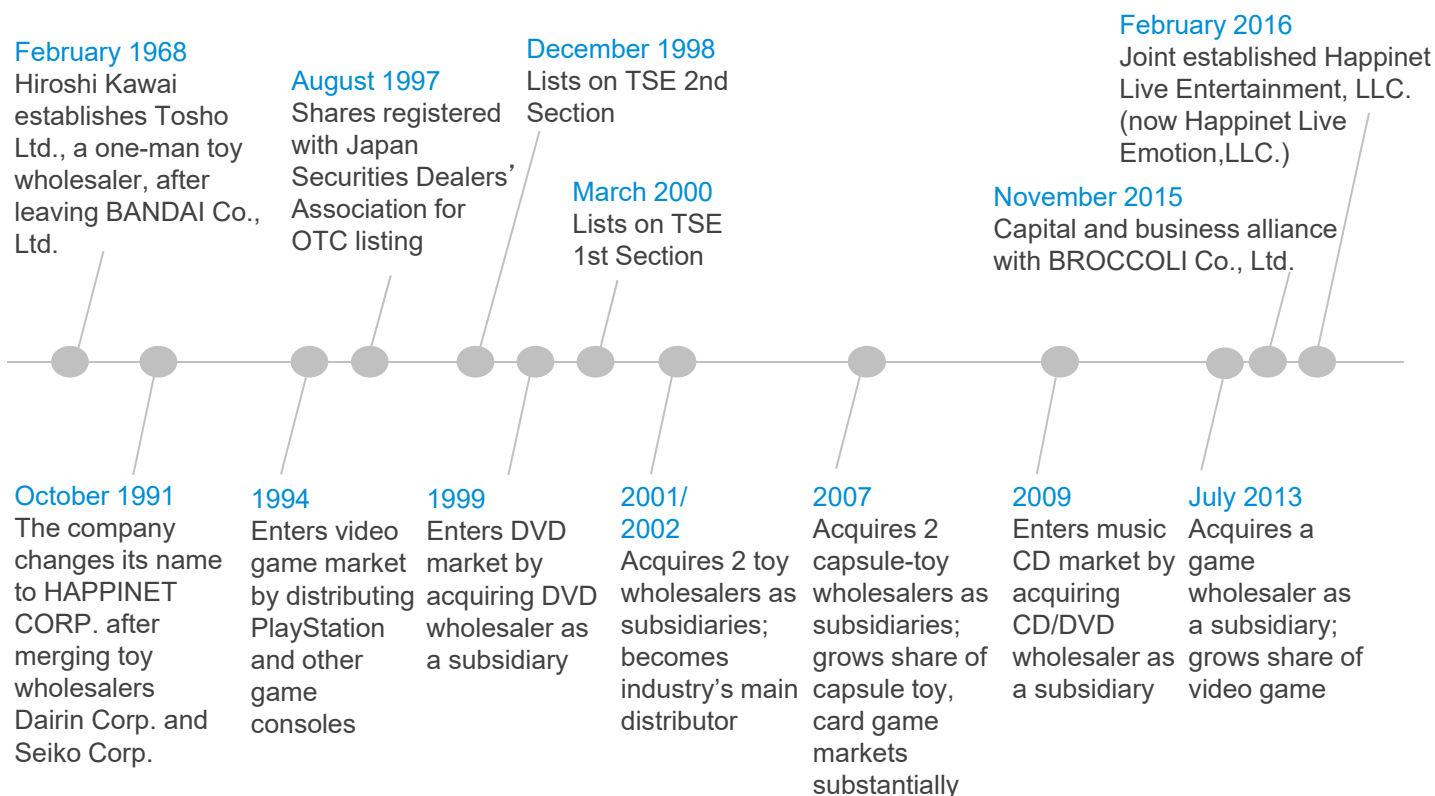
The Happinet Group enriches the lives of millions of people through its entertainment operations, delivering compelling and delightful content. Our aim is to create value for society by crafting dreams of a better tomorrow.

Our mission is a simple one: To contribute to people's happiness. We network with everyone connected to the Group to establish active communications as we strive to propose ideas that enrich modern living.

## Corporate Profile

▶ Company Name	HAPPINET CORPORATION
▶ URL	<a href="http://www.happinet.co.jp/happinet_english/">http://www.happinet.co.jp/happinet_english/</a>
▶ Head Office	Komagata CA Bldg., 2-4-5 Komagata, Taito-ku, Tokyo 111-0043 Japan
▶ Establishment	June 7, 1969
▶ Representatives	Kazuhiko Note, Representative Director, Chairman and CEO Seiichi Enomoto, Representative Director, President and COO
▶ Main Business	Planning, manufacture and sales of toys; Planning, production and sales of audio-visual software; Planning, development and sales of video game hardware and software; Operation of toy vending machines; Sales of arcade game equipment

## Major Milestones



## Business Segments and Group

The Happinet Group's operations can be divided into the following four segments: the Toy Business, the Visual and Music Business, the Video-Game Business, and the Amusement Business.

The Group is comprised of the parent company and four consolidated subsidiaries.

Business Lines	Core Operating Companies	Key Characteristics
Toy Business	HAPPINET CORPORATION Happinet Marketing Corporation	<ul style="list-style-type: none"> <li>- One of the largest intermediate distribution companies among the toy market in Japan (with a market share of over 30%)</li> <li>- Handles some 90% of the toys sold by blue-chip toy maker Bandai in Japan</li> <li>- Plans and manufactures its original products</li> </ul>
Visual and Music Business	HAPPINET CORPORATION (*1)	<ul style="list-style-type: none"> <li>- Has top-class share among the intermediate distribution industry of DVD/CD market</li> <li>- Engages in video works as a maker by investing in movies and animation works</li> </ul>
Video-Game Business	HAPPINET CORPORATION MAXGAMES Corporation (*2)	<ul style="list-style-type: none"> <li>- The only intermediate distribution company in Japan that handles all home game consoles sold domestically</li> <li>- Plans, manufactures and sells mainly video game software products for girls as a maker</li> </ul>
Amusement Business	HAPPINET CORPORATION Happinet Vending Service Corporation	<ul style="list-style-type: none"> <li>- One of the largest companies for selling capsule toys and trading card games (with a market share of 60%, the Company's estimate)</li> <li>- Set up capsule toy vending machines nationwide</li> <li>- Optimized operations by introducing cutting-edge system among the competitive companies</li> </ul>

(\*1) HAPPINET CORPORATION absorbed Happinet Pictures & Music Corporation on April 1, 2014.

(\*2) TOYS UNION CO., LTD. absorbed Mori Games Co. Ltd. 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 setting up, 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 “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. 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-East Japan



Second Logistics Center-East Japan

Logistics Center-East Japan	Located in Ichikawa City, Chiba Prefecture	Floor Space: 24,741m <sup>2</sup>
Second Logistics Center-East Japan	Located in Funabashi City, Chiba Prefecture	Floor Space: 20,093m <sup>2</sup>
Logistics Center-West Japan	Located in Amagasaki City, Hyogo Prefecture	Floor Space: 23,944m <sup>2</sup>

## Assets

(¥ million)	FY3/14 1H end	FY3/15 1H end	FY3/16 1H end	FY3/17 1H end	FY3/18 1H end
<b>Assets</b>					
<b>Total Assets</b>	<b>60,264</b>	<b>61,985</b>	<b>62,443</b>	<b>58,329</b>	<b>65,137</b>
<b>Current assets</b>	<b>52,951</b>	<b>54,439</b>	<b>54,772</b>	<b>46,006</b>	<b>51,949</b>
Cash and deposits	10,541	11,795	14,992	12,021	12,350
Notes and accounts receivable - trade	28,569	30,167	25,573	22,767	28,884
Inventories	9,049	8,557	9,643	8,008	7,885
Other	4,875	3,924	4,565	3,210	2,830
Allowance for doubtful accounts	(84)	(5)	(1)	(1)	(2)
<b>Non-current assets</b>	<b>7,312</b>	<b>7,546</b>	<b>7,670</b>	<b>12,323</b>	<b>13,188</b>
Property, plant and equipment	1,694	1,013	707	761	765
Intangible assets	704	695	970	1,182	1,291
Goodwill	123	-	-	-	-
Other	580	695	970	1,182	1,291
<b>Investments and other assets</b>	<b>4,914</b>	<b>5,836</b>	<b>5,993</b>	<b>10,379</b>	<b>11,130</b>
Investment securities	1,767	2,126	2,472	6,727	8,151
Other	3,189	3,807	3,612	3,675	2,982
Allowance for doubtful accounts	(42)	(96)	(91)	(22)	(3)

## Liabilities and Net assets

(¥ million)	FY3/14 1H end	FY3/15 1H end	FY3/16 1H end	FY3/17 1H end	FY3/18 1H end
<b>Liabilities</b>					
<b>Total liabilities</b>	<b>35,741</b>	<b>34,628</b>	<b>31,908</b>	<b>27,706</b>	<b>31,299</b>
<b>Current liabilities</b>	<b>32,663</b>	<b>31,248</b>	<b>28,514</b>	<b>23,923</b>	<b>27,329</b>
Notes and accounts payable - trade	22,795	26,540	24,387	21,039	23,646
Short-term loans payable	6,000	-	-	-	-
Income taxes payable	569	610	212	183	350
Provision for bonuses	230	249	255	213	201
Other provision	23	18	12	10	11
Other	3,044	3,828	3,645	2,476	3,119
<b>Non-current liabilities</b>	<b>3,077</b>	<b>3,380</b>	<b>3,394</b>	<b>3,782</b>	<b>3,969</b>
Provision for retirement benefits	2,039	-	-	-	-
Net defined benefit liability	-	2,422	2,550	2,848	2,981
Asset retirement obligations	50	51	94	164	170
Other	987	906	750	770	817
<b>Net assets</b>					
<b>Total net assets</b>	<b>24,522</b>	<b>27,356</b>	<b>30,535</b>	<b>30,623</b>	<b>33,838</b>
<b>Shareholders' equity</b>	<b>24,265</b>	<b>26,661</b>	<b>29,475</b>	<b>29,207</b>	<b>31,294</b>
Capital stock	2,751	2,751	2,751	2,751	2,751
Capital surplus	2,775	2,775	2,784	2,784	2,795
Retained earnings	19,727	22,071	24,846	25,668	27,665
Treasury shares	(989)	(936)	(906)	(1,996)	(1,917)
<b>Accumulated other comprehensive income</b>	<b>249</b>	<b>521</b>	<b>785</b>	<b>1,017</b>	<b>2,084</b>
Valuation difference on available-for-sale securities	249	519	789	1,019	2,079
Deferred gains or losses on hedges	(0)	1	(4)	(1)	4
Subscription rights to shares	8	173	274	398	459
Non-controlling interests*	0	-	-	-	-
<b>Total liabilities and net assets</b>	<b>60,264</b>	<b>61,985</b>	<b>62,443</b>	<b>58,329</b>	<b>65,137</b>

\* Due to changes in accounting policy, Happinet has implemented changes in the method of expression and reclassification as follows:  
From "minority interests" to "non-controlling interests."

# Consolidated Statement of Income and Comprehensive Income



( ¥ million)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
<b>Net sales</b>	<b>87,371</b>	<b>93,437</b>	<b>83,993</b>	<b>72,448</b>	<b>84,827</b>
Cost of sales	76,587	81,421	73,386	62,911	74,561
Gross profit	10,783	12,016	10,606	9,537	10,266
Selling, general and administrative expenses	9,231	9,653	8,769	8,693	8,504
<b>Operating profit</b>	<b>1,551</b>	<b>2,362</b>	<b>1,837</b>	<b>844</b>	<b>1,761</b>
Non-operating income	58	57	50	43	65
Interest income	1	1	2	0	0
Dividend income	21	21	31	28	47
Foreign exchange gains	-	0	-	2	-
Other	35	35	16	13	17
Non-operating expenses	30	6	31	146	186
Interest expenses	5	0	0	0	0
Foreign exchange losses	0	-	0	-	0
Loss on cancellation of leases	0	5	-	-	-
Provision of allowance for doubtful accounts	24	0	30	-	-
Share of loss of entities accounted for using equity method	-	-	-	142	186
Other	0	0	0	4	0
<b>Ordinary profit</b>	<b>1,579</b>	<b>2,413</b>	<b>1,857</b>	<b>741</b>	<b>1,640</b>
Extraordinary income	411	6	-	0	27
Gain on sales of non-current assets	2	2	-	0	-
Gain on sales of investment securities	-	4	-	-	27
Gain on bargain purchase	409	-	-	-	-
Extraordinary losses	152	525	4	80	0
Loss on sales of non-current assets	0	-	4	0	0
Loss on retirement of non-current assets	0	6	0	30	0
Loss on sales of investment securities	-	0	-	-	-
Loss on valuation of investment securities	7	14	-	-	-
Impairment loss	33	125	-	-	-
Loss on revision of retirement benefit plan	-	379	-	-	-
Directors' retirement benefits	110	-	-	-	-
Litigation expenses	-	-	-	50	-
Profit before income taxes	1,838	1,894	1,853	661	1,667
Income taxes - current	557	600	232	183	369
Income taxes - deferred	(94)	(520)	434	148	253
Total income taxes	462	79	667	331	623
Profit*	1,376	1,814	1,185	329	1,044
Profit attributable to non-controlling interests*	0	-	-	-	-
<b>Profit attributable to owners of parent*</b>	<b>1,375</b>	<b>1,814</b>	<b>1,185</b>	<b>329</b>	<b>1,044</b>

\* Due to changes in accounting policy, Happinet has implemented changes in the method of expression and reclassification as follows:  
From "net income before minority interests" to "profit"; from "minority interests in income" to "profit attributable to non-controlling interests";  
and from "net income" to "profit attributable to shareholders of the parent."

( ¥ million)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
<b>Profit*</b>	<b>1,376</b>	<b>1,814</b>	<b>1,185</b>	<b>329</b>	<b>1,044</b>
Other comprehensive income	57	143	106	369	916
Valuation difference on available-for-sale securities	59	140	110	361	911
Deferred gains or losses on hedges	(2)	2	(4)	7	5
Share of other comprehensive income of entities accounted for using equity method	-	-	-	0	0
<b>Comprehensive income</b>	<b>1,434</b>	<b>1,957</b>	<b>1,291</b>	<b>699</b>	<b>1,961</b>
Comprehensive income attributable to owners of the parent	1,433	1,957	1,291	699	1,961
Comprehensive income attributable to non-controlling interests*	0	-	-	-	-

\* Due to changes in accounting policy, Happinet has implemented changes in the method of expression and reclassification as follows:  
From "income before minority interests" to "profit"; and from "comprehensive income attributable to minority interests" to "comprehensive income attributable to non-controlling interests."

# Consolidated Statement of Cash Flows



(¥ million)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
<b>Cash flows from operating activities</b>					
<b>Net cash provided by (used in) operating activities</b>	<b>(3,093)</b>	<b>2,325</b>	<b>(167)</b>	<b>2,470</b>	<b>1,502</b>
Profit before income taxes	1,838	1,894	1,853	661	1,667
Depreciation	309	184	164	213	165
Impairment loss	33	125	-	-	-
Amortization of goodwill	121	-	-	-	-
Gain on bargain purchase	(409)	-	-	-	-
Increase (decrease) in allowance for doubtful accounts	12	(8)	23	(10)	(5)
Increase (decrease) in provision for bonuses	(193)	(227)	(519)	(90)	(41)
Increase (decrease) in provision for directors' bonuses	-	-	(121)	-	-
Increase (decrease) in provision for retirement benefits	55	-	-	-	-
Increase (decrease) in net defined benefit liability	-	319	21	85	75
Interest and dividend income	(23)	(22)	(34)	(28)	(48)
Interest expenses	5	0	0	0	0
Loss (gain) on sales and retirement of non-current assets	(1)	3	4	30	0
Loss (gain) on sales of investment securities	-	(3)	-	-	(27)
Loss (gain) on valuation of investment securities	7	14	-	-	-
Foreign exchange losses (gains)	0	(0)	0	(2)	0
Share of (profit) loss of entities accounted for using equity method	-	-	-	142	186
Decrease (increase) in notes and accounts receivable - trade	618	(6,062)	108	133	(625)
Decrease (increase) in inventories	(1,564)	(1,152)	(2,897)	(1,964)	(1,585)
Increase (decrease) in notes and accounts payable - trade	(1,030)	6,441	4,269	2,772	2,095
Other, net	(2,221)	1,898	(2,019)	853	174
<b>Subtotal</b>	<b>(2,440)</b>	<b>3,406</b>	<b>852</b>	<b>2,795</b>	<b>2,032</b>
Interest and dividend income received	23	22	34	28	48
Proceeds from dividend income from entities accounted for using equity method	-	-	-	44	44
Interest expenses paid	(9)	(0)	(0)	(0)	(0)
Income taxes paid	(666)	(1,103)	(1,054)	(396)	(624)
Income taxes refund	-	-	-	-	2
<b>Cash flows from investing activities</b>					
<b>Net cash provided by (used in) investing activities</b>	<b>(124)</b>	<b>(201)</b>	<b>(371)</b>	<b>(418)</b>	<b>(322)</b>
Purchase of property, plant and equipment	(156)	(95)	(117)	(197)	(63)
Proceeds from sales of property, plant and equipment	5	183	-	0	0
Purchase of intangible assets	(62)	(360)	(247)	(215)	(330)
Purchase of investment securities	(5)	(6)	(5)	(5)	(7)
Proceeds from sales of investment securities	-	10	-	-	78
Purchase of shares of subsidiaries	(1)	-	-	-	-
Other, net	95	66	(0)	0	-
<b>Cash flows from financing activities</b>					
<b>Net cash provided by (used in) financing activities</b>	<b>3,605</b>	<b>(323)</b>	<b>(336)</b>	<b>(1,430)</b>	<b>(434)</b>
Net increase (decrease) in short-term loans payable	4,000	-	-	-	-
Repayments of long-term loans payable	(194)	-	-	-	-
Proceeds from disposal of treasury shares	53	9	2	-	0
Purchase of treasury shares	(0)	(0)	-	(1,090)	(0)
Cash dividends paid	(252)	(305)	(338)	(339)	(433)
Other, net	(1)	(27)	(0)	(0)	-
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(1)</b>	<b>(0)</b>	<b>(0)</b>	<b>(13)</b>	<b>(0)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>386</b>	<b>1,799</b>	<b>(875)</b>	<b>608</b>	<b>745</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>10,155</b>	<b>9,996</b>	<b>15,867</b>	<b>11,412</b>	<b>11,605</b>
<b>Cash and cash equivalents at end of period</b>	<b>10,541</b>	<b>11,795</b>	<b>14,992</b>	<b>12,021</b>	<b>12,350</b>



# Information by Segment



( ¥ million)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
<b>Toy Business</b>					
Net sales	31,880	39,479	34,742	31,585	31,206
Segment income	563	1,663	1,256	768	891
<b>Visual and Music Business</b>					
Net sales	21,300	21,376	17,352	16,516	18,930
Segment income	377	145	144	146	311
<b>Video-game Business</b>					
Net sales	23,042	19,939	20,212	14,302	24,856
Segment income (loss)	34	(61)	(50)	(36)	402
<b>Amusement Business</b>					
Net sales	11,147	12,643	11,686	10,045	9,833
Segment income	1,190	1,264	1,154	642	761
<b>Adjustments</b>					
Net sales	-	-	-	-	-
Segment income (loss)	(614)	(648)	(667)	(675)	(604)
<b>Consolidated</b>					
Net sales	87,371	93,437	83,993	72,448	84,827
Segment income	1,551	2,362	1,837	844	1,761

(¥ million)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Net sales	87,371	93,437	83,993	72,448	84,827
Gross profit	10,783	12,016	10,606	9,537	10,266
SG&A expenses	9,231	9,653	8,769	8,693	8,504
Operating profit	1,551	2,362	1,837	844	1,761
Ordinary profit	1,579	2,413	1,857	741	1,640
Profit attributable to owners of parent*	1,375	1,814	1,185	329	1,044

\* Due to changes in accounting policy, Happinet has implemented changes in the method of expression and reclassification as follows:  
From "net income" to "profit attributable to owners of parent."

(%)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Gross profit margin	12.3	12.9	12.6	13.2	12.1
SG&A expenses ratio	10.6	10.3	10.4	12.0	10.0
Operating profit margin	1.8	2.5	2.2	1.2	2.1
Ordinary profit margin	1.8	2.6	2.2	1.0	1.9
Profit attributable to owners of parent margin*	1.6	1.9	1.4	0.5	1.2

\* Due to changes in accounting policy, Happinet has implemented changes in the method of expression and reclassification as follows:  
From "net income margin" to "profit attributable to owners of parent margin."

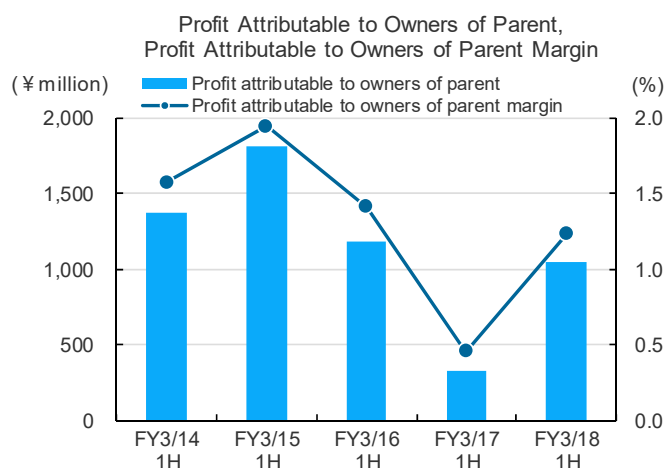
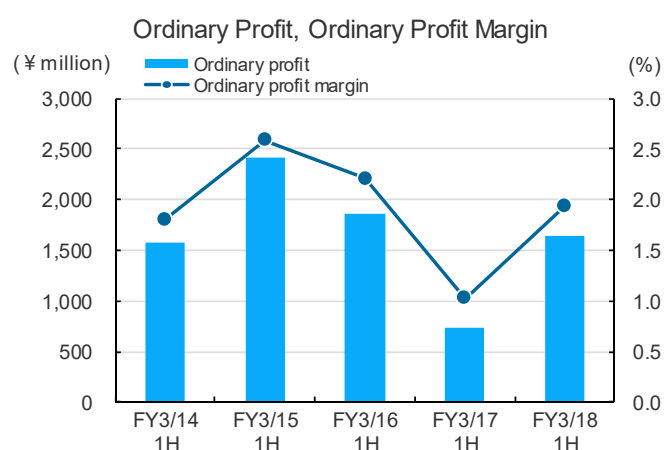
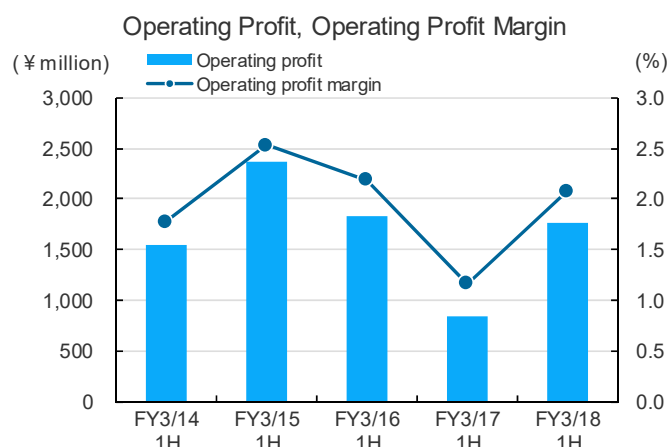
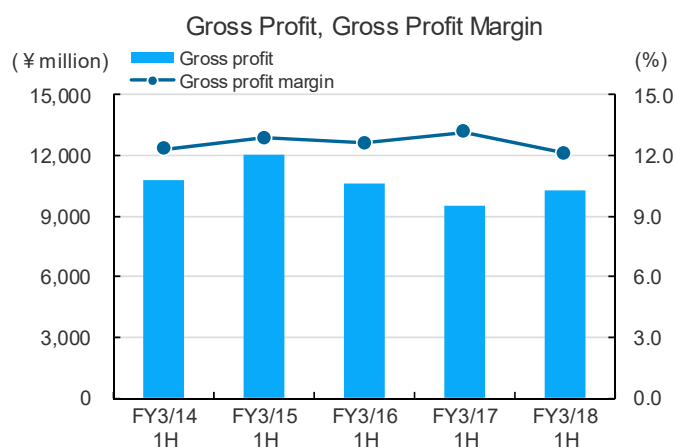
Gross profit margin = Gross profit/Net sales

SG&A expenses ratio = SG&A expenses/Net sales

Operating profit margin = Operating profit/Net sales

Ordinary profit margin = Ordinary profit/Net sales

Profit attributable to owners of parent margin = Profit attributable to owners of parent/Net sales



# Consolidated Profitability/Efficiency Indicators



(times)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Total assets turnover	3.1	3.2	2.7	2.5	2.7
Equity turnover	7.3	7.1	5.6	4.7	5.2
Non-current assets turnover	28.2	26.0	22.2	12.0	13.3
Current assets turnover	3.5	3.7	3.1	3.2	3.4

<Reference (Full Year)>	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18
ROA (%)	4.6	7.1	4.0	3.5	-
ROE (%)	10.1	14.8	7.8	6.5	-

Total assets turnover = (Net sales x 2)/Average total assets

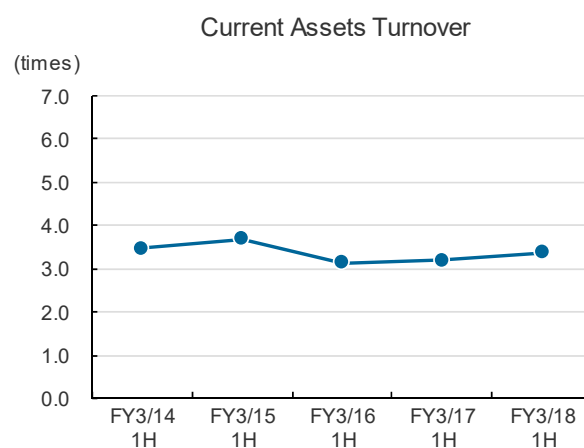
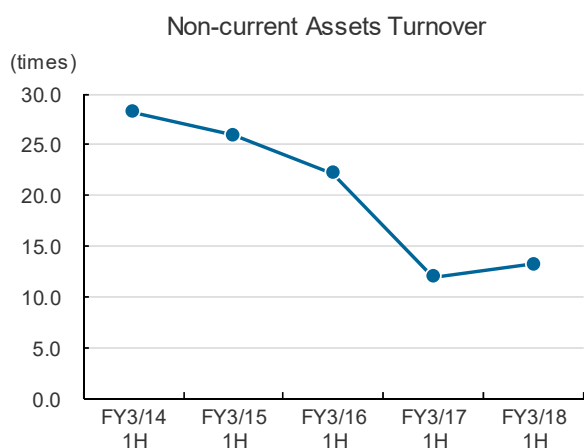
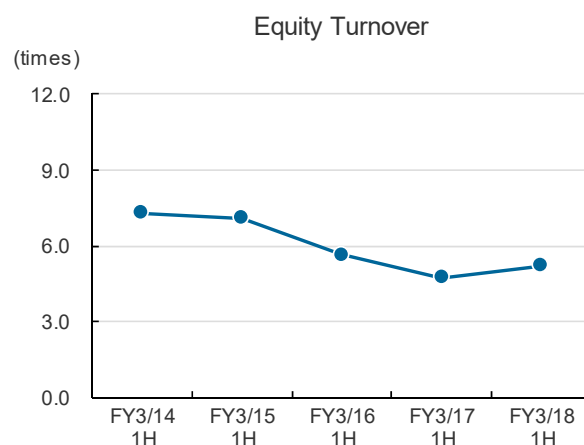
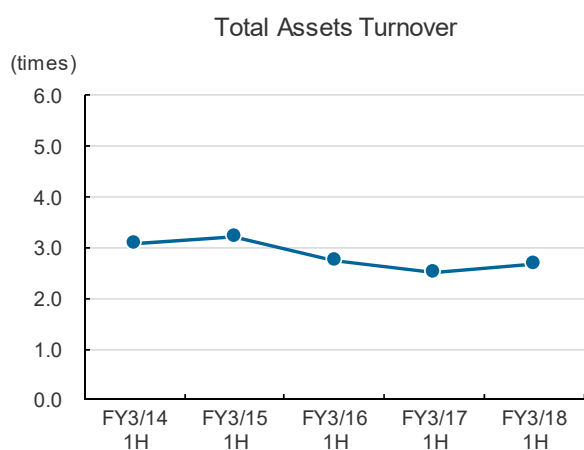
Equity turnover = (Net sales x 2)/Average equity

Non-current assets turnover = (Net sales x 2)/Average non-current assets

Current assets turnover = (Net sales x 2)/Average current assets

ROA = Profit attributable to owners of parent/Average total assets

ROE = Profit attributable to owners of parent/Average equity



(¥ million)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Equity	24,514	27,183	30,260	30,225	33,378
Total assets	60,264	61,985	62,443	58,329	65,137
Non-current assets	7,312	7,546	7,670	12,323	13,188
Non-current liabilities	3,077	3,380	3,394	3,782	3,969
Current assets	52,951	54,439	54,772	46,006	51,949
Current liabilities	32,663	31,248	28,514	23,923	27,329
Total net assets	24,522	27,356	30,535	30,623	33,838
Interest-bearing debt	6,000	-	-	-	-

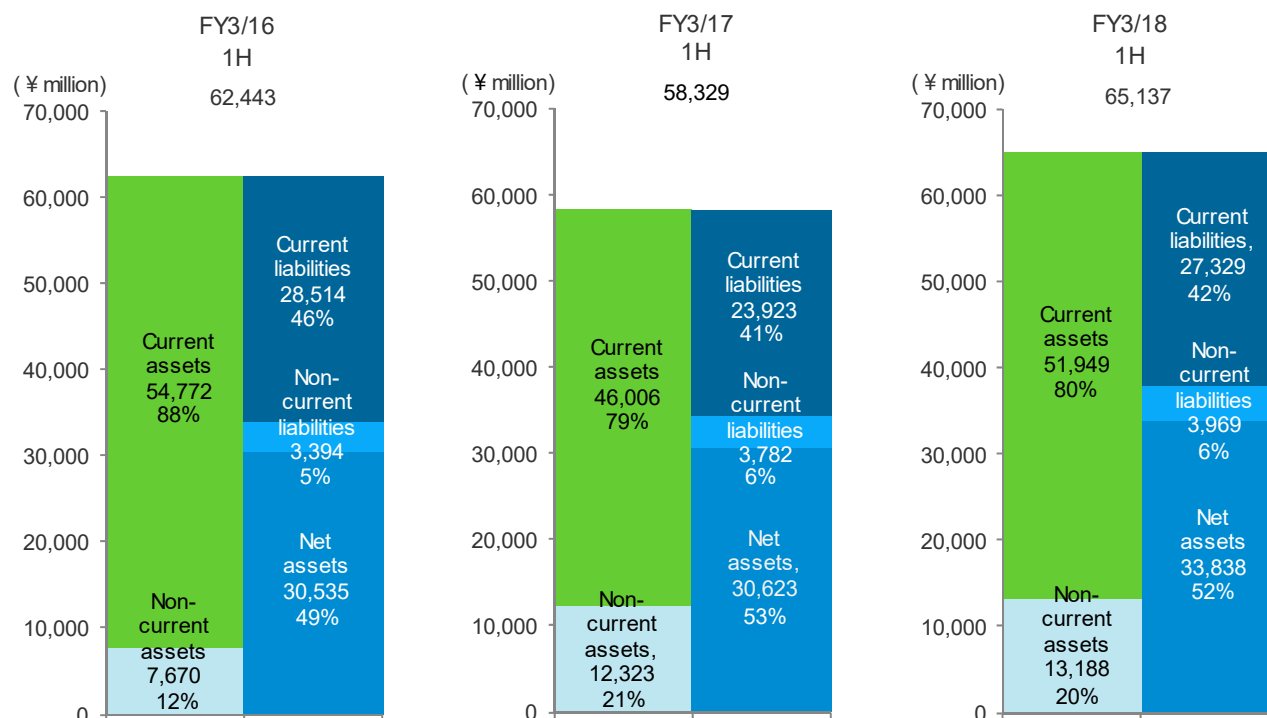
(%)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Equity ratio	40.7	43.9	48.5	51.8	51.2
D/E ratio	24.5	-	-	-	-
Non-current ratio	29.8	27.8	25.3	40.8	39.5
Current ratio	162.1	174.2	192.1	192.3	190.1

Equity ratio = Equity/Average total assets

D/E ratio = Interest-bearing debt/Equity

Non-current Ratio= Non-current assets/Equity

Current ratio = Current assets/Current liabilities



	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Share price (¥)	754	1,750	1,162	1,063	1,834
Outstanding shares issued (shares)	24,050,000	24,050,000	24,050,000	24,050,000	24,050,000
Treasury shares (shares)	1,493,290	1,413,310	1,367,810	2,367,930	2,272,950
Earnings per share (¥)	61.13	80.21	52.33	14.63	48.06
Book value per share (¥)	1,086.78	1,200.85	1,334.12	1,394.01	1,532.75
Free cash flow per share (¥)	(142.02)	93.83	(23.72)	94.64	54.19
Dividend per share (¥)	11.25	13.50	15.00	15.00	15.00
EBITDA (¥ million)	1,860	2,546	2,001	1,057	1,926

<Reference (Full Year)>	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18
PER (times)	7.9	8.0	9.8	18.7	16.2 (fcst.)
PBR (times)	0.8	1.1	0.7	1.2	-
PCFR (times)	8.1	5.2	25.1	13.6	-
EV/EBITDA Ratio (times)	2.4	3.4	3.4	7.2	-
Dividend Yield (%)	2.9	2.0	2.9	2.0	1.6 (fcst.)

Free cash flow per share=(Cash flows from operating activities+Cash flows from investing activities)/(Outstanding shares issued-Treasury shares)

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

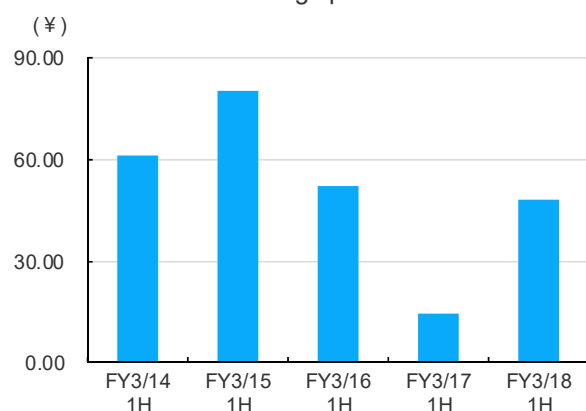
EBITDA = Operating profit+Depreciation

EV/EBITDA ratio = EV/EBITDA

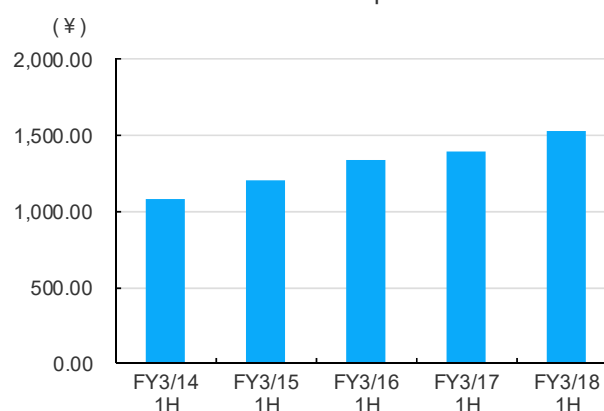
EV = Market value+Interest-bearing debt—Liquidity in hand (Cash & deposits)

(fcst.) : FY3/18 forecast

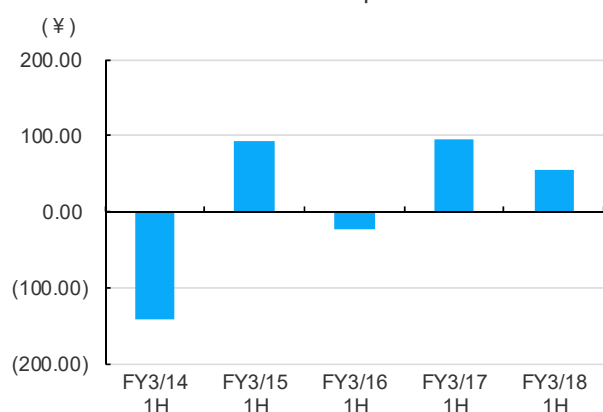
### Earnings per Share



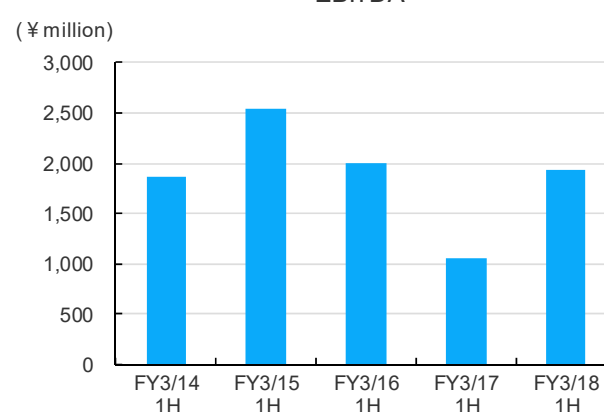
### Book Value per Share



### Cash Flow per Share



### EBITDA



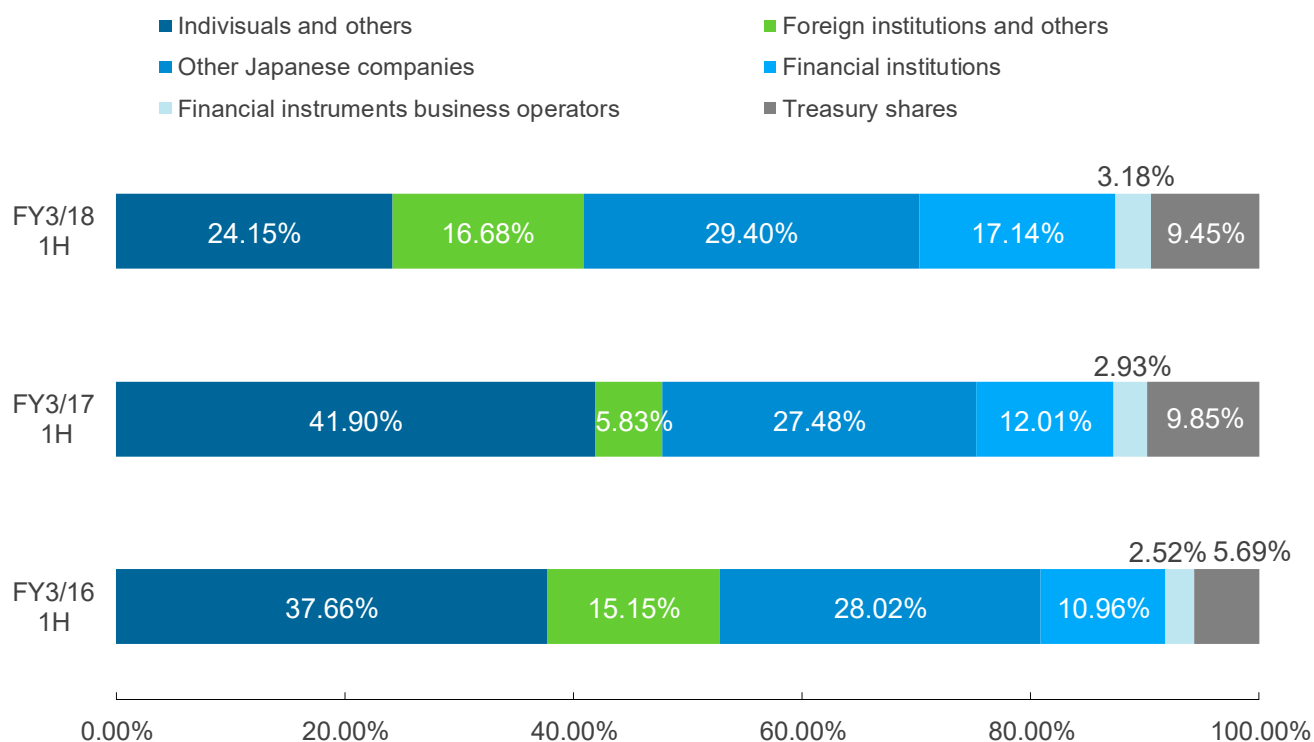
## Major Shareholders (Top 10)

As of September 30, 2017

	Number of Shares	Shareholding Ratio
BANDAI NAMCO Holdings Inc.	5,883,408	27.02%
Japan Trustee Services Bank, Limited (trust account)	1,075,300	4.94%
The Master Trust Bank of Japan, Limited (trust account)	790,500	3.63%
Japan Trustee Services Bank, Limited (trust account for Sumitomo Mitsui Trust Bank, Limited and employee retirement benefit of Sumitomo Mitsui Banking Corporation)	676,000	3.10%
GOLDMAN SACHS INTERNATIONAL	603,600	2.77%
Yasuhiko Idaira	513,000	2.36%
GOVERNMENT OF NORWAY	476,300	2.19%
Japan Trustee Services Bank, Limited (trust account 5)	304,600	1.40%
Hiroshi Kawai	300,000	1.38%
Trust & Custody Services Bank, Limited (security investment trust account)	268,900	1.23%

Note: Shareholding ratio was calculated based on the total number of the issued shares excluding the number of treasury shares (2,272,950 shares).

## Breakdown of Type of Shareholder





HAPPINET CORPORATION

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Corporate Management Division, Corporate Planning 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