



HAPPINET CORPORATION

**Stock Listing :Tokyo Stock Exchange
Code Number :7552**

Fiscal Year 2015 Results Briefing

May 20, 2016



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FY2015 Results Summary

Tetsuo Ishikawa
President and Representative Director

FY2015 Results Summary

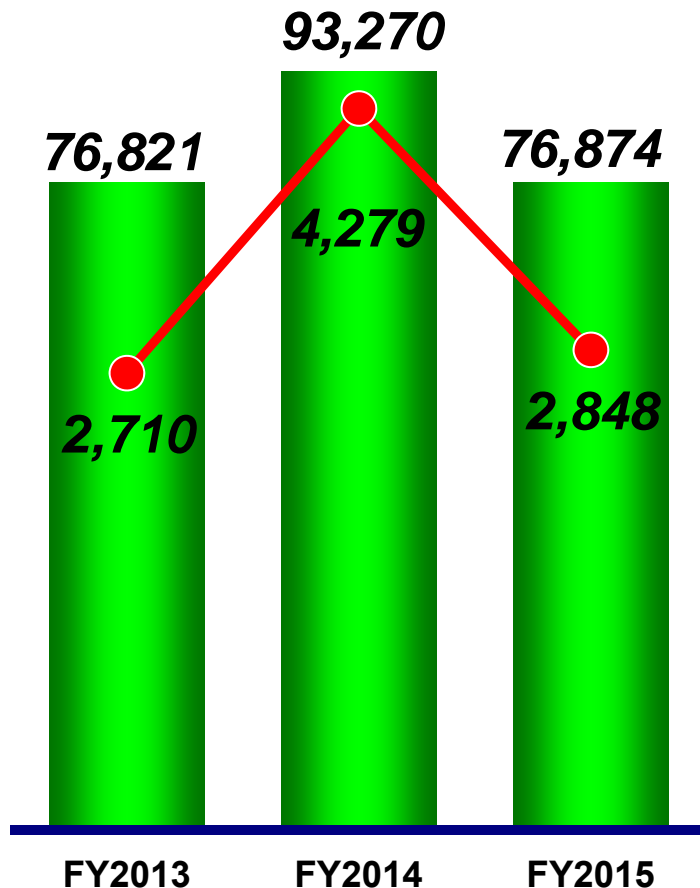


(¥ million)

| | FY2014 | FY2015 | YOY |
|---|---------|---------|--------|
| Net sales | 217,232 | 187,274 | -13.8% |
| Operating income | 5,056 | 3,450 | -31.8% |
| Ordinary income | 5,124 | 3,497 | -31.8% |
| Profit attributable to owners of parent | 4,049 | 2,359 | -41.7% |

Toy Business

■ Net sales ● Segment income
 (millions of yen)



■ FY2015 Results Summary

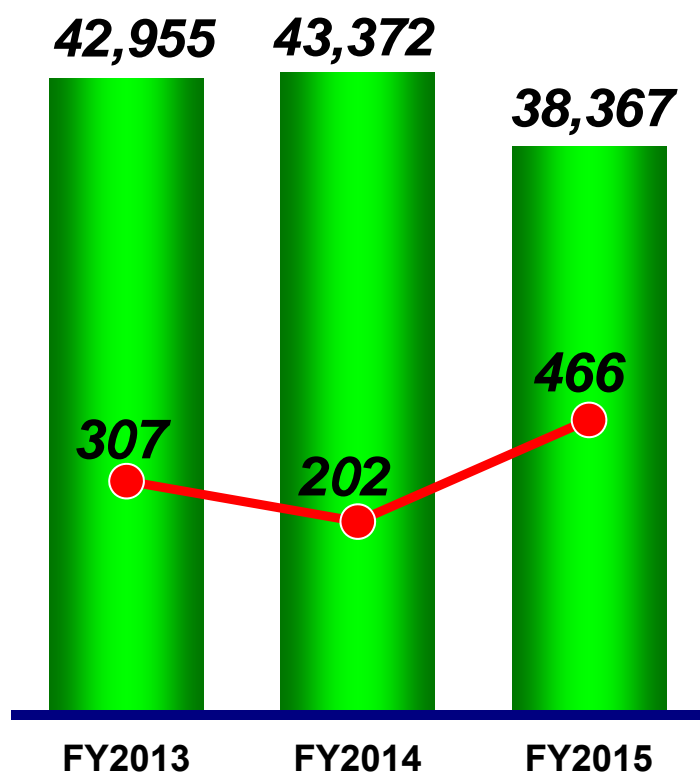
Compared to the previous fiscal year, net sales hovered at a low level due to a lack of major hit products during the year-end sales season, which is the greatest sales opportunity.

Segment income also lagged, due mainly to posting of an valuation loss from overstocked products.

| | FY2013 | FY2014 | FY2015 |
|-------------------------|------------------|------------------|------------------|
| Segment income | 2.71 billion yen | 4.27 billion yen | 2.84 billion yen |
| Clearance amounts | 1.0 billion yen | 1.6 billion yen | 1.8 billion yen |
| Inventory amounts | 2.4 billion yen | 2.3 billion yen | 2.2 billion yen |
| Inventory turnover rate | 31.0 | 38.7 | 33.6 |

Visual and Music Business

■ Net sales ● Segment income
(millions of yen)



■ FY2015 Results Summary

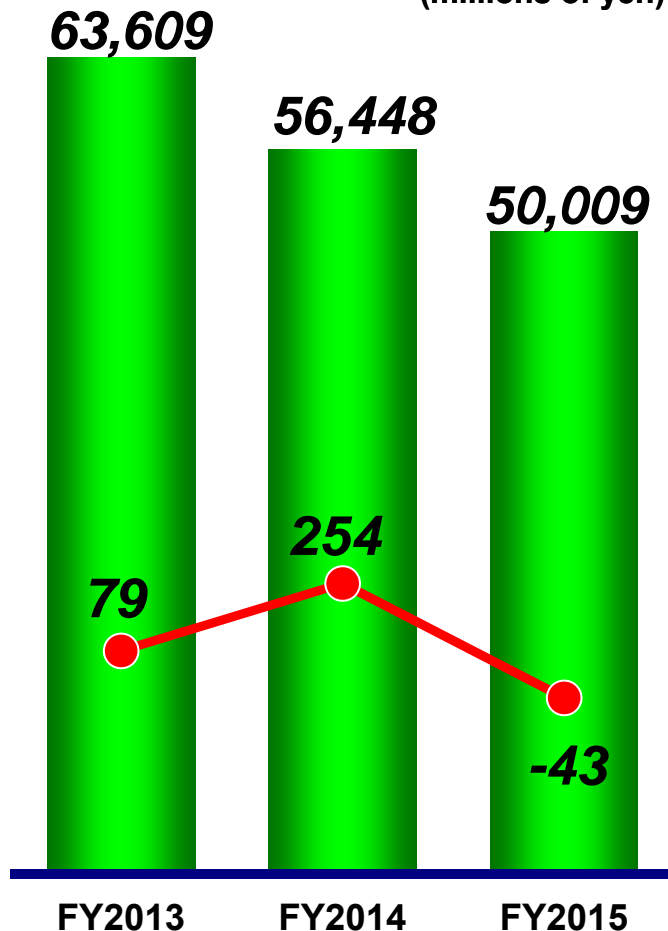
In an environment where the package market remains sluggish as a whole due to effects of the distribution of software via the Internet, net sales of the Group in this business segment also remained weak.

However, segment income increased significantly, thanks to a recovery in revenues of the manufacturing segment.

| | FY2013 | FY2014 | FY2015 |
|-------------------------|------------------|------------------|------------------|
| Segment income | 0.30 billion yen | 0.20 billion yen | 0.46 billion yen |
| Rejection rate | 4.7% | 4.4% | 5.5% |
| Inventory amounts | 1.5 billion yen | 1.6 billion yen | 1.7 billion yen |
| Inventory turnover rate | 26.0 | 27.1 | 22.7 |

Video-Game Business

■ Net sales ● Segment income
(millions of yen)



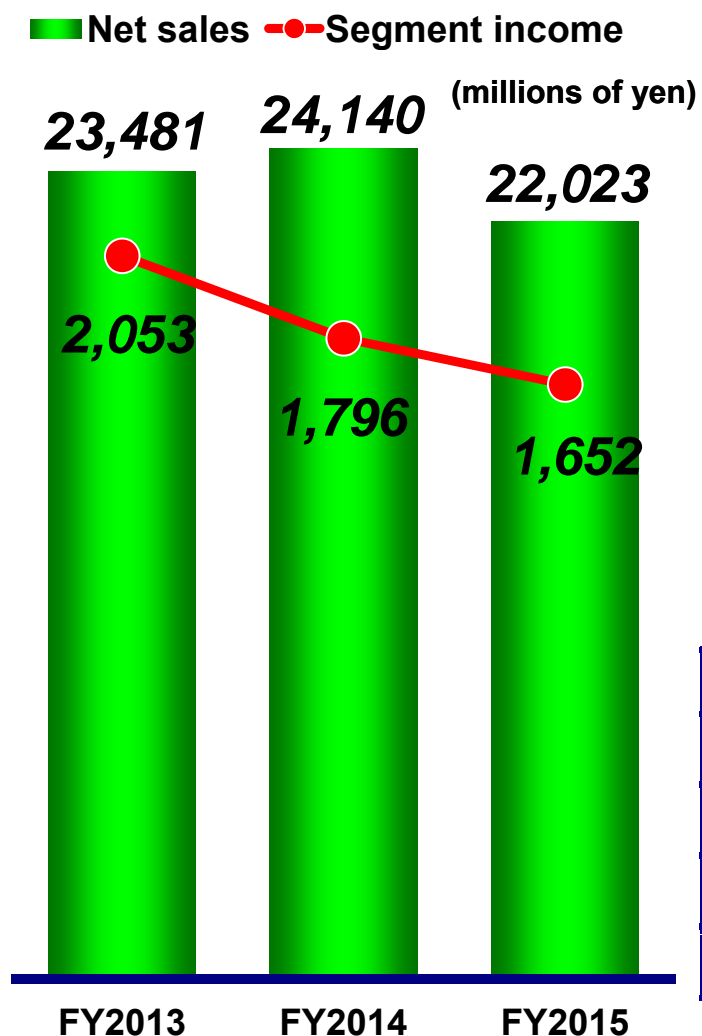
■ FY2015 Results Summary

In the face of the stagnation of the package market as a whole due primarily to the popularity of software distribution and smartphone games, net sales of the Group in this segment hovered at a low level because there were no major hit products.

Segment income also decreased significantly compared to the previous fiscal year, due mainly to the slackness in the Company's original titles as well as a disposal loss from overstocked products.

| | FY2013 | FY2014 | FY2015 |
|-------------------------|------------------|------------------|-------------------|
| Segment income | 0.07 billion yen | 0.25 billion yen | -0.04 billion yen |
| Clearance amounts | 0.8 billion yen | 0.3 billion yen | 0.5 billion yen |
| Inventory amounts | 1.7 billion yen | 1.2 billion yen | 0.6 billion yen |
| Inventory turnover rate | 49.5 | 38.2 | 54.8 |

Amusement Business



■ FY2015 Results Summary

Despite efforts to actively promote new measures, such as the marketing of capsule toys at event sites, both net sales and segment income decreased compared to the previous year due to the absence of a significant gain in revenues over the previous fiscal year in toy products for automatic vending machines and for kids' card game machines and a valuation loss on inventory.

| | FY2013 | FY2014 | FY2015 |
|-------------------------|------------------|------------------|------------------|
| Segment income | 2.05 billion yen | 1.79 billion yen | 1.65 billion yen |
| Fixed cost productivity | 159% | 148% | 150% |
| Inventory amounts | 1.6 billion yen | 1.4 billion yen | 1.4 billion yen |
| Inventory turnover rate | 15.4 | 15.4 | 14.8 |

In November 2015, Happinet Corporation formed a capital and business alliance with Broccoli Co., Ltd. and subscribed to the private placement.

Through the integration of the contents development capabilities and contents of Broccoli Co., Ltd. and the optimum distribution system of Happinet Corporation, the two companies will jointly promote the development of new contents, new customer segments, and new distribution channels.

Broccoli Co., Ltd.

| | |
|--------------------|--|
| Location | Shin-Nerima Bldg. 5-14-6 Toyotama-Kita, Nerima-ku, Tokyo |
| Representative | Tomoharu Morita, Representative Director & President |
| Business objective | (1) Planning and production of contents (anime, games, music, video, and card games) (2) Planning, production, and sales of character goods |
| Capital | 2,361 million yen (as at December 9, 2015) |

Number of Acquired Shares, Acquisition Price, and Percentage of Shareholding after the Acquisition

| | |
|---------------------------|---|
| Number of acquired shares | 11,000,000 shares (Number of voting rights: 11,000) |
| Acquisition price | 4,059 million yen |
| Shareholding percentage | 25.15% |

FY2015 Financial Results

Toru Shibata
Executive Officer
Head of the Corporate Management Division

Change of business results



| | | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | |
|---|----------|------------------|------------------|------------------|------------------|--------------------------------|--|
| Net sales | ¥million | 198,021 | 176,757 | 206,867 | 217,232 | 187,274 | |
| Operating income | ¥million | 4,855 | 2,973 | 3,888 | 5,056 | 3,450 | |
| Ordinary income | ¥million | 5,032 | 3,081 | 3,917 | 5,124 | 3,497 | |
| Net income | ¥million | 2,458 | 2,011 | 2,466 | 4,049 | 2,359 | |
| Comprehensive income | ¥million | 2,402 | 2,075 | 2,654 | 4,349 | 2,328 | |
| Net assets | ¥million | 21,795 | 23,289 | 25,694 | 29,580 | 31,355 | |
| Total assets | ¥million | 54,323 | 53,003 | 53,879 | 59,893 | 56,793 | |
| Book Value per share | ¥ | 972.13 | 1,036.23 | 1,128.25 | 1,293.00 | 1,364.82 | |
| Net income per share | ¥ | 109.73 | 89.75 | 109.40 | 178.91 | 104.06 | |
| Dividends per share (Interim dividends) | ¥ | 38.75 (22.50) | 22.50 (11.25) | 24.75 (11.25) | 28.50 (13.50) | 30.00 (15.00) | FY2011 : ¥5 Including a memorial dividend |
| No. of employees | people | 916 | 918 | 972 | 933 | 883 | |

Notes: 1. Consolidated sales figures do not include consumption tax.

2. A stock split in which two shares were issued for each outstanding common share on December 1, 2011 was carried out.

Therefore, supposing that the stock split was carried out at the beginning of the period of the Fiscal Year ended March 31, 2011, Net assets per share and Net income per share were estimated. Interim dividends per share for the Fiscal Year ended March 31, 2012 was estimated by the figure before the stock split.

3. Happinet Corporation acquired shares of TOYSUNION CO.,LTD(now MAXGAMES Corporation). on July 16, 2013, making it a subsidiary.

Consolidated results for FY2015 (1) Profit & loss statement

(¥ million)

| | FY2014 | | | FY2015 | | |
|--|----------------|--------------|--------------|----------------|--------------|--------------|
| | | % of total | YoY | | % of total | YoY |
| Net sales | 217,232 | 100.0 | 5.0 | 187,274 | 100.0 | -13.8 |
| Cost of sales | 191,080 | 88.0 | 4.5 | 165,276 | 88.3 | -13.5 |
| Gross profit | 26,152 | 12.0 | 8.8 | 21,997 | 11.7 | -15.9 |
| SG&A expenses | 21,095 | 9.7 | 4.7 | 18,547 | 9.9 | -12.1 |
| logistics cost | 4,014 | 1.8 | 1.1 | 3,648 | 1.9 | -9.1 |
| Personnel | 9,709 | 4.5 | 10.4 | 8,450 | 4.5 | -13.0 |
| Depreciation | 342 | 0.2 | -40.2 | 341 | 0.2 | -0.2 |
| Operating income | 5,056 | 2.3 | 30.0 | 3,450 | 1.8 | -31.8 |
| Non-operating income | 78 | 0.0 | 0.6 | 73 | 0.0 | -5.6 |
| interest and dividends income | 31 | 0.0 | 2.3 | 46 | 0.0 | 47.1 |
| Other | 46 | 0.0 | -0.5 | 27 | 0.0 | -40.9 |
| Non-operating expenses | 10 | 0.0 | -79.1 | 26 | 0.0 | 157.2 |
| interest expenses | 2 | 0.0 | -89.6 | 1 | 0.0 | -39.4 |
| Other | 8 | 0.0 | -70.7 | 25 | 0.0 | 213.2 |
| Ordinary income | 5,124 | 2.4 | 30.8 | 3,497 | 1.9 | -31.8 |
| Extraordinary income | 7 | 0.0 | -98.1 | 56 | 0.0 | 609.9 |
| Extraordinary losses | 623 | 0.3 | -0.9 | 15 | 0.0 | -97.5 |
| Income before income taxes and minority interests | 4,508 | 2.1 | 21.7 | 3,538 | 1.9 | -21.5 |
| Income taxes | 459 | 0.2 | -62.9 | 1,178 | 0.6 | 156.6 |
| Net income | 4,049 | 1.9 | 64.2 | 2,359 | 1.3 | -41.7 |

*including stock clearances of ¥2,556m in FY2014, ¥2,917m in FY2015.

| | | | | | | |
|--|---------------|---|-------------|---------------|---|--------------|
| Net income per share (¥) | 178.91 | - | 63.5 | 104.06 | - | -41.8 |
| No. of employees at end of period (people) ** | 933 | - | -4.0 | 883 | - | -5.4 |

**The number of employees includes employees temporarily transferred from other companies and contract employees, but excludes employees temporarily transferred to other companies and temporary employees.

| | | | | | | |
|-----------------------------|------------|---|-------------|------------|---|--------------|
| Capital expenditures | 883 | - | 92.6 | 763 | - | -13.7 |
|-----------------------------|------------|---|-------------|------------|---|--------------|

Consolidated results for FY2015 (1) Profit & loss statement

① Change by business segment

■ Net sales

(¥ million,%)

| Segment | Period | FY2013 | | | FY2014 | | | FY2015 | | |
|---------------------------|--------|---------|------------|------|---------|------------|-------|---------|------------|-------|
| | | | % of total | YoY | | % of total | YoY | | % of total | YoY |
| Toy business | | 76,821 | 37.1 | 2.9 | 93,270 | 42.9 | 21.4 | 76,874 | 41.0 | -17.6 |
| Visual and Music business | | 42,955 | 20.8 | -4.1 | 43,372 | 20.0 | 1.0 | 38,367 | 20.5 | -11.5 |
| Video-game business | | 63,609 | 30.7 | 72.7 | 56,448 | 26.0 | -11.3 | 50,009 | 26.7 | -11.4 |
| Amusement business | | 23,481 | 11.4 | 14.8 | 24,140 | 11.1 | 2.8 | 22,023 | 11.8 | -8.8 |
| Total | | 206,867 | 100.0 | 17.0 | 217,232 | 100.0 | 5.0 | 187,274 | 100.0 | -13.8 |

■ Segment income

(¥ million,%)

| Segment | Period | FY2013 | | | FY2014 | | | FY2015 | | |
|----------------------------|--------|--------|------------|-------|--------|------------|-------|--------|------------|-------|
| | | | % of total | YoY | | % of total | YoY | | % of total | YoY |
| Toy business | | 2,710 | 69.7 | 31.8 | 4,279 | 84.7 | 57.9 | 2,848 | 82.6 | -33.4 |
| Visual and Music business | | 307 | 7.9 | -0.7 | 202 | 4.0 | -34.3 | 466 | 13.5 | 130.9 |
| Video-game business | | 79 | 2.0 | -88.2 | 254 | 5.0 | 217.9 | -43 | -1.3 | - |
| Amusement business | | 2,053 | 52.8 | 62.4 | 1,796 | 35.5 | -12.5 | 1,652 | 47.9 | -8.0 |
| Eliminations and corporate | | -1,263 | -32.4 | - | -1,475 | -29.2 | - | -1,473 | -42.7 | - |
| Total | | 3,888 | 100.0 | 30.8 | 5,056 | 100.0 | 30.0 | 3,450 | 100.0 | -31.8 |

Consolidated results for FY2015 (1) Profit & loss statement

② Main business summary

■ Toy business

(¥ billion,%)

| period | FY2013 | | | FY2014 | | | FY2015 | | |
|--------------------|--------------|--------------|------------|------------|--------------|-------------|------------|--------------|--------------|
| | Manufacturer | % of total | YoY | % of total | YoY | % of total | YoY | | |
| Bandai Co.,Ltd | 407 | 53.1 | 5.0 | 554 | 59.4 | 35.8 | 419 | 54.6 | -24.2 |
| Tomy Co.,Ltd | 42 | 5.5 | -21.6 | 41 | 4.5 | -1.6 | 49 | 6.5 | 20.4 |
| Happinet originals | 20 | 2.7 | -17.7 | 19 | 2.0 | -8.1 | 15 | 2.1 | -16.3 |
| Other manufactures | 297 | 38.7 | 6.5 | 318 | 34.1 | 6.9 | 282 | 36.8 | -11.1 |
| Total | 768 | 100.0 | 2.9 | 932 | 100.0 | 21.4 | 768 | 100.0 | -17.6 |

■ Visual and Music business

(¥ billion,%)

| period | FY2013 | | | FY2014 | | | FY2015 | | |
|------------------|------------|--------------|-------------|------------|--------------|------------|------------|--------------|--------------|
| | Division | % of total | YoY | % of total | YoY | % of total | YoY | | |
| Wholesale | 252 | 58.8 | -2.7 | 260 | 60.2 | 3.3 | 248 | 64.7 | -4.9 |
| Exclusive titles | 63 | 14.8 | 13.3 | 69 | 15.9 | 8.7 | 47 | 12.4 | -31.2 |
| Visual | 316 | 73.6 | 0.1 | 330 | 76.1 | 4.4 | 295 | 77.1 | -10.4 |
| Music | 113 | 26.4 | -14.3 | 103 | 23.9 | -8.5 | 87 | 22.9 | -15.3 |
| Total | 429 | 100.0 | -4.1 | 433 | 100.0 | 1.0 | 383 | 100.0 | -11.5 |

Consolidated results for FY2015 (1) Profit & loss statement

■ Sales of video game platform

(¥ billion,%)

| Platform | period | FY2013 | | | FY2014 | | | FY2015 | | |
|-----------------------------|--------|------------|--------------|-------------|------------|--------------|--------------|------------|--------------|--------------|
| | | | % of total | YoY | | % of total | YoY | | % of total | YoY |
| Nintendo (Wii,Wii U) | | 107 | 16.9 | 142.4 | 91 | 16.2 | -15.3 | 124 | 24.9 | 36.6 |
| Nintendo (Nintendo DS, 3DS) | | 403 | 63.4 | 182.8 | 369 | 65.5 | -8.3 | 268 | 53.6 | -27.5 |
| PlayStation (PS2,PS3,PS4) | | 48 | 7.6 | -9.1 | 31 | 5.6 | -34.8 | 34 | 7.0 | 11.3 |
| PlayStation (PSP,PSVita) | | 47 | 7.5 | -33.1 | 43 | 7.7 | -9.4 | 44 | 8.9 | 3.0 |
| Other | | 29 | 4.6 | -48.8 | 28 | 5.0 | -1.9 | 27 | 5.6 | -2.5 |
| Total | | 636 | 100.0 | 72.7 | 564 | 100.0 | -11.3 | 500 | 100.0 | -11.4 |

■ Breakdown of Nintendo sales

(¥ billion,%)

| Item | period | FY2013 | | | FY2014 | | | FY2015 | | |
|--------------|-------------|------------|--------------|--------------|------------|--------------|-------------|------------|--------------|--------------|
| | | | % of total | YoY | | % of total | YoY | | % of total | YoY |
| stationary | console | 64 | 12.6 | 189.5 | 39 | 8.6 | -38.8 | 63 | 16.2 | 60.8 |
| | game | 34 | 6.8 | 89.3 | 41 | 8.9 | 19.1 | 44 | 11.4 | 9.1 |
| | accessories | 8 | 1.7 | 120.7 | 10 | 2.3 | 23.9 | 16 | 4.1 | 53.3 |
| portable | console | 176 | 34.5 | 147.5 | 132 | 28.8 | -24.5 | 85 | 21.9 | -35.4 |
| | game | 214 | 41.9 | 236.5 | 224 | 48.7 | 4.8 | 170 | 43.3 | -24.3 |
| | accessories | 12 | 2.5 | 64.5 | 12 | 2.7 | -3.0 | 12 | 3.1 | -2.6 |
| Total | | 510 | 100.0 | 173.2 | 461 | 100.0 | -9.7 | 392 | 100.0 | -14.9 |

Consolidated results for FY2015 (1) Profit & loss statement

■ Breakdown of Play Station sales

(¥ billion,%)

| Item | period | FY2013 | | | FY2014 | | | FY2015 | | |
|--------------|-------------|--------|------------|-------|--------|------------|-------|--------|------------|------|
| | | | % of total | YoY | | % of total | YoY | | % of total | YoY |
| stationary | console | 11 | 12.1 | -13.5 | 11 | 15.1 | -3.0 | 10 | 13.8 | -2.7 |
| | game | 34 | 35.9 | -7.6 | 19 | 25.5 | -44.8 | 22 | 28.4 | 18.7 |
| | accessories | 2 | 2.2 | -8.3 | 1 | 1.5 | -46.4 | 1 | 1.8 | 25.9 |
| portable | console | 14 | 15.3 | -25.8 | 9 | 12.9 | -34.4 | 11 | 14.2 | 17.0 |
| | game | 31 | 32.4 | -38.0 | 32 | 43.3 | 4.1 | 31 | 39.8 | -2.2 |
| | accessories | 1 | 2.1 | 41.6 | 1 | 1.7 | -36.7 | 1 | 2.0 | 26.4 |
| Total | | 95 | 100.0 | -22.9 | 74 | 100.0 | -22.2 | 79 | 100.0 | 6.5 |

Consolidated results for FY2015 (2) Balance sheet

(¥ million)

| | FY2014 | FY2015 | Change |
|---------------------------------------|---------------|---------------|---------------|
| (Assets) | | | |
| Cash and deposits | 15,867 | 11,412 | -4,455 |
| Notes and accounts receivable - trade | 25,682 | 22,899 | -2,782 |
| Inventories | 6,746 | 6,043 | -702 |
| Advance payments-trade | 1,390 | 1,204 | -185 |
| Deferred tax assets | 1,315 | 841 | -473 |
| Other | 1,448 | 2,503 | 1,055 |
| Allowance for doubtful accounts | -1 | -0 | 0 |
| Current assets | 52,449 | 44,905 | -7,543 |
| Property, plant and equipment | 688 | 753 | 65 |
| Buildings and structures | 162 | 362 | 200 |
| Land | 65 | 65 | - |
| Other | 460 | 325 | -135 |
| Intangible assets | 854 | 1,086 | 232 |
| Investments and other assets | 5,900 | 10,047 | 4,146 |
| Investment securities | 2,304 | 6,387 | 4,082 |
| Deferred tax assets | 1,261 | 1,220 | -41 |
| Other | 2,402 | 2,474 | 71 |
| Allowance for doubtful accounts | -68 | -34 | 33 |
| Non-current assets | 7,443 | 11,887 | 4,444 |
| Total assets | 59,893 | 56,793 | -3,099 |

Consolidated results for FY2015 (2) Balance sheet

(¥ million)

| | FY2014 | FY2015 | Change |
|---|-----------------|-----------------|---------------|
| (Liabilities) | | | |
| Notes and accounts payable-trade | 20,118 | 18,282 | -1,835 |
| Accounts payable-other | 3,679 | 2,461 | -1,217 |
| Income taxes payable | 1,038 | 380 | -658 |
| Provision for bonuses | 775 | 304 | -470 |
| Other | 1,345 | 387 | -958 |
| Total | 26,957 | 21,817 | -5,140 |
| deffered tax liability | 0 | - | -0 |
| Provision for retirement benefits | 2,528 | 2,763 | 234 |
| Other | 826 | 857 | 31 |
| Total | 3,355 | 3,621 | 265 |
| Total liabilities | 30,312 | 25,438 | -4,874 |
| (Net assets) | | | |
| Capital stock | 2,751 | 2,751 | - |
| Capital surplus | 2,775 | 2,784 | 8 |
| Retained earnings | 23,999 | 25,679 | 1,679 |
| Treasury share | -936 | -906 | 30 |
| Total shareholder's equity | 28,590 | 30,308 | 1,718 |
| Valuation difference on available-for-sale securities | 678 | 657 | -21 |
| Deferred gains or losses on hedges | 0 | -9 | -9 |
| Total accumulated other comprehensive income | 678 | 648 | -30 |
| Subscription rights to shares | 310 | 398 | 87 |
| Total Net assets | 29,580 | 31,355 | 1,774 |
| total liabilities and Net assets | 59,893 | 56,793 | -3,099 |
| Net assets per share(¥) | 1,293.00 | 1,364.82 | 71.81 |

Consolidated results for FY2014 (3) Cash-flow statement

(¥ million)

| | FY2014 | FY2015 | Change |
|--|---------------|---------------|----------------|
| Income before income taxes and minority interests | 4,508 | 3,538 | -970 |
| Depreciation and amortization | 393 | 381 | -12 |
| Impairment loss | 126 | - | -126 |
| Advantage of negative goodwill | - | 22 | 22 |
| Decrease (increase) in notes and accounts receivable-trade | -1,579 | 2,783 | 4,362 |
| Decrease (increase) in inventories | 658 | 702 | 43 |
| Increase (decrease) in notes and accounts payable-trade | 18 | -1,832 | -1,851 |
| Increase (decrease) in accounts payable - other | 1,040 | -1,195 | -2,235 |
| Decrease (increase) in guarantee deposits | -17 | -107 | -89 |
| Other | 3,066 | -2,031 | -5,097 |
| Income taxes paid | -1,558 | -1,282 | 275 |
| Net cash provided by (used in) operating activities | 6,658 | 978 | -5,679 |
| Purchase of property, plant and equipment | -798 | -621 | 177 |
| Proceeds from sales of property, plant and equipment | 564 | - | -564 |
| Purchase of investment securities | -42 | -4,160 | -4,118 |
| Proceeds from sales of investment securities | 54 | - | -54 |
| Other | 64 | 29 | -34 |
| Net cash provided by (used in) investing activities | -158 | -4,752 | -4,593 |
| Net increase (decrease) in short-term loans payable | - | - | 0 |
| Repayments of long-term loans payable | - | - | 0 |
| Proceeds from disposal of treasury shares | 9 | 2 | -7 |
| Purchase of treasury shares | -0 | -0 | 0 |
| Cash dividends paid | -609 | -679 | -70 |
| Other | -28 | -0 | 27 |
| Net cash provided by (used in) financing activities | -628 | -677 | -49 |
| Effect of exchange rate change on cash and cash equivalents | -0 | -3 | -3 |
| Net increase (decrease) in cash and cash equivalents | 5,871 | -4,455 | -10,326 |
| Cash and cash equivalents at beginning of period | 9,996 | 15,867 | 5,871 |
| Cash and cash equivalents at end of period | 15,867 | 11,412 | -4,455 |

FY2016
Group-Wide Main Policy

Seichi Enomoto
Director
Managing Executive Officer
Head of the Business Division

Combine all the employees' spirit of challenge and achieve the creation of a new growth stage.

■ Basic policy for each business

Distribution Business

- **Strengthen proposal capabilities of the points of sales, and seek to expand and improve products and locations and generate stable profits**
- **Make good use of the distribution infrastructure and seek to increase shares in the Visual and Music Business and Game Business.**

Contents Business

- **Focus investments on markets where the Group has an advantage and establish earnings foundation.**
- **Strengthen the existing categories of Happinet's original toy business.**

FY2016 Measures for the Distribution Business

Seiichi Enomoto

Director

Managing Executive Officer

Head of the Business Division

Toy Business

Happinet's measures

- Expansion of Happinet's exclusive distribution products and Happinet's planned products.
- Enhancement of proposal capabilities of the points of sales and expansion of products related to toys.



- Enhancement of the development of new markets
 - Development outside the points of sales for toys
 - Expansion of the delivery of products
 - Development of new distribution channels
 - Development of the points of sales
 - Sales combined with other businesses

- Expansion of major characters and satellite stores



Garapiko Poo



Himitsu no Cocotama

| | | |
|----------------------|-----------|--------------------|
| Previous fiscal year | Net sales | 76,874 million yen |
| | Income | 2,848 million yen |

| | | |
|---------------------|----------------------|--------------------|
| Current fiscal year | Net sales (forecast) | 78,000 million yen |
| | Income (forecast) | 2,900 million yen |

Visual and Music Business

Happinet's measures

Expansion of market share

Conduct sales activities on the behalf of video manufacturers and commissioned distribution



Enhancement of new channels



- GMSs and SCs
- Home improvement centers
- Facilities attracting a large number of customers
- Service areas and parking areas on express ways

Win Happinet's exclusive titles in a wide range of categories

<Foreign films and dramas>



©2015 Laokoon Filmgroup



©TV TOKYO

<Idols>



- Niji no Conquistador
- Lovely Doll
- Yamaguchi Kassei Gakuen
- Osaka Shunkashuto
- sora tob sakana
- Musubizm



| | | |
|----------------------|-----------|--------------------|
| Previous fiscal year | Net sales | 38,367 million yen |
| | Income | 466 million yen |



| | | |
|---------------------|----------------------|--------------------|
| Current fiscal year | Net sales (forecast) | 38,000 million yen |
| | Income (forecast) | 500 million yen |

Video-Game Business

Happinet's measures

- Strengthen Happinet's exclusive distribution products

- Strengthen cooperation with each manufacturer and increase shares



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- Seek to expand the range of products related to games



© InfoLens Inc.

STEALTH VR



MINECRAFT



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Open concept stores
Conduct merchandising at event venues

- Hot products for the current fiscal year

[3DS] Yokai Watch 3 Sushi/Tempura



To be released on July 16, 2016

© LEVEL-5 INC

[3DS] Pocket Monsters Sun/ Moon

To be released in the winter of 2016



©2016 Pokémon. ©1995-2016 Nintendo/Creatures Inc. /GAME FREAK inc.

Nintendo NX To be released in March 2017

| | | |
|----------------------|-----------|--------------------|
| Previous fiscal year | Net sales | 50,009 million yen |
| | Income | -43 million yen |

| | | |
|---------------------|----------------------|--------------------|
| Current fiscal year | Net sales (forecast) | 50,000 million yen |
| | Income (forecast) | 300 million yen |

Amusement Business

Happinet's measures

Creation of good locations

- Strengthen operations for an entire shopping mall
- Expansion of events at stations
- Review of existing sales floors in stores
- Strengthen the development of event tools



Development of Happinet's original products



Rebuild the sales structure with the aim of achieving low cost operation

- Establishment of operation that allows for less frequent inventory checks
- Improvement of POS system equipment
- Reduction of cost for automatic IC card vending machines



| | | |
|----------------------|-----------|--------------------|
| Previous fiscal year | Net sales | 22,023 million yen |
| | Income | 1,652 million yen |



| | | |
|---------------------|----------------------|--------------------|
| Current fiscal year | Net sales (forecast) | 24,000 million yen |
| | Income (forecast) | 1,700 million yen |

FY2016 Measures for the Contents Business

Shigeki Suzuki
Director
Executive Officer
Head of the Content Business Division

Visual and Music Business

Happinet's managed titles

Focus on Happinet's managed titles, particularly anime films



To be broadcast from July!

The most recent work by the production company which made GIRLS und PANZER

An action film with beautiful girls and robots

“Regalia: The Three Sacred Stars”

© Regalia Project



To be broadcast from October!

SF swashbuckler with two heroines who can transform themselves!

“Flip Flappers”

© FliFla Project

Happinet's managed titles to be released in the Current Fiscal Year

Himeanole



Original author: Minoru Furuya
Director: Keisuke Yoshida

Cast: **Go Morita, Gaku Hamada**

Theaters: about 100 nationwide
Release date: May 28, 2016
Distributor: Nikkatsu

Based on a story written by Minoru Furuya, the author of the comic titled "Ike! Inachu Takkyu-bu," the movie stars Go Morita, a member of V6, who is taking on his first leading role.

From a romantic comedy to a bizarre suspense story, this entertainment work depicts the darkness of modern society.

© 2016 "Himeanole" Production Committee

The Sea of Trees



Original author: Gus Van Sant

Cast: **Matthew McConaughey, Ken Watanabe, Naomi Watts**

Theaters: about 200 nationwide
Release date: Now playing
Distributor: TOHO-TOWA COMPANY, LIMITED

Matthew McConaughey and Ken Watanabe are the two leading stars in this touching movie.

A mystery film featuring these two strong leads in Aokigahara, which is known as the "Suicide Forest."

© 2015 Grand Experiment, LLC.

Game Business

Noteworthy products for the current fiscal year and Happinet's measures

Provision of TV program

Anime for terrestrial TV

"Age 12, Chicchana mune no Tokimeki"

Now being broadcast
to wide acclaim



©Nao Maita, Shogakukan / Anime "Age 12" Production Committee

TOKYOMX
AT-X
Sun Television
Aichi Television
TVQ Kyushu
Hokkaido Television

New Project for "Age 12", a hit 3DS game title
that sold 80,000 packages

New title scheduled for release

The second in the game series

To be released on
August 4, 2016

"Age 12, Koisuru Diary"



Provision of TV programs and release of new titles



Model illustrations are
delivered every
month.



New items for fashion
coordination are
delivered every
month.

Setting up contents (distribution and management)
Approach via TV commercials, advertisements, etc.



Special scenarios are
released via QR codes for
five consecutive months



Maximize sales by establishing a framework
that allows for sales to be maintained
over the long term

Toy Business

Products to be launched by Happinet

Strengthen existing category products



Air Blade 360 RED/BLUE
 (To be launched in June 2016)
 4,500 yen (excluding tax)

An innovating new flying toy that hovers in the air! With the provided controller, you are in a complete control - soar, descend, and turn -, while enjoying vertical hovering, horizontal rotations, 360-degree hovering, and other stunts and tricks.

TV commercial is scheduled to be broadcast nationwide on the TX network.



**Ouchi de Kantan!
 Minna de Ice**
 (To be launched in June 2016)
 4,980 yen (excluding tax)
 A product jointly developed with a home appliance manufacturer!
 Everyone can now make real ice cream at home!

TV commercial is scheduled to be broadcast on TV Tokyo. This product will also be introduced during the TV program "Oha -Suta" (TX).



Girls' Piece Collection
 (Now on sale)
 1,500 yen each (excluding tax)
 A series of products with which girls can create their favorite bracelets and other accessories at a reasonable price.

FY2016 Full-Year Projection

Seiichi Enomoto

Director

Managing Executive Officer

Head of the Business Division

FY2016 Full-Year Projection



(¥ million)

| | FY2015 | FY2016 | YOY |
|---|---------|---------|-------|
| Net sales | 187,274 | 190,000 | 1.5% |
| Operating income | 3,450 | 4,000 | 15.9% |
| Ordinary income | 3,497 | 4,000 | 14.4% |
| Profit attributable to owners of parent | 2,359 | 2,600 | 10.2% |

FY2016 Full-Year Projection



■ Sales projection by business segment

(¥ million)

| | FY2015 | | | FY2016 | | |
|---------------------------|---------|------------|-------|---------|------------|------|
| | | % of total | YoY | | % of total | YoY |
| Toy business | 76,874 | 41.0 | -17.6 | 78,000 | 41.1 | 1.5 |
| Visual and Music business | 38,367 | 20.5 | -11.5 | 38,000 | 20.0 | -1.0 |
| Video-game business | 50,009 | 26.7 | -11.4 | 50,000 | 26.3 | 0.0 |
| Amusement business | 22,023 | 11.8 | -8.8 | 24,000 | 12.6 | 9.0 |
| Total | 187,273 | 100.0 | -13.8 | 190,000 | 100.0 | 1.5 |

■ Income projection by business segment

(¥ million)

| | FY2015 | | | FY2016 | | |
|----------------------------|--------|------------|-------|--------|------------|------|
| | | % of total | YoY | | % of total | YoY |
| Toy business | 2,848 | 82.6 | -33.4 | 2,900 | 72.5 | 1.8 |
| Visual and Music business | 466 | 13.5 | 130.9 | 500 | 12.5 | 7.3 |
| Video-game business | -43 | -1.3 | — | 300 | 7.5 | — |
| Amusement business | 1,652 | 47.9 | -8.0 | 1,700 | 42.5 | 2.9 |
| Eliminations and corporate | -1,473 | -42.7 | — | -1,400 | -35.0 | — |
| Total | 3,450 | 100.0 | -31.8 | 4,000 | 100.0 | 15.9 |

Information Related to Share Price

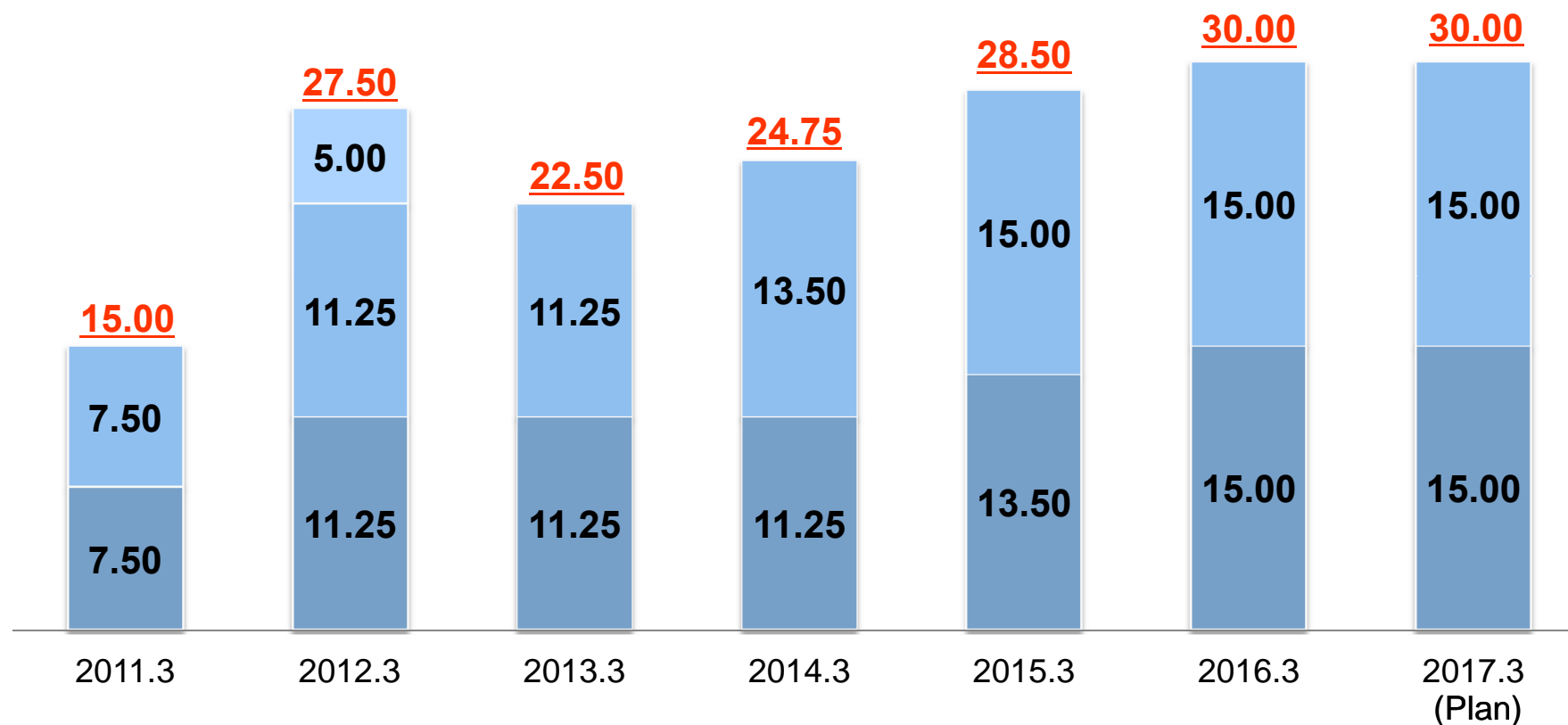


| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 |
|-----|--------|--------|--------|--------|--------|
| PBR | 1.0 | 0.7 | 0.8 | 1.1 | 0.7 |
| ROE | 11.8 | 8.9 | 10.1 | 14.8 | 7.8 |

Change in the annual dividends per share

(¥)

■ Interim dividends ■ Year-end dividends ■ Memorial dividends



* The data prior to 2011 have been retroactively adjusted to reflect a two-for-one stock split carried out for our common stock effective December 1, 2011.