

FACT BOOK

(7552/ TSE 1st Section)
HAPPINET CORPORATION

For the Fiscal Year Ended March 31, 2016

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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.

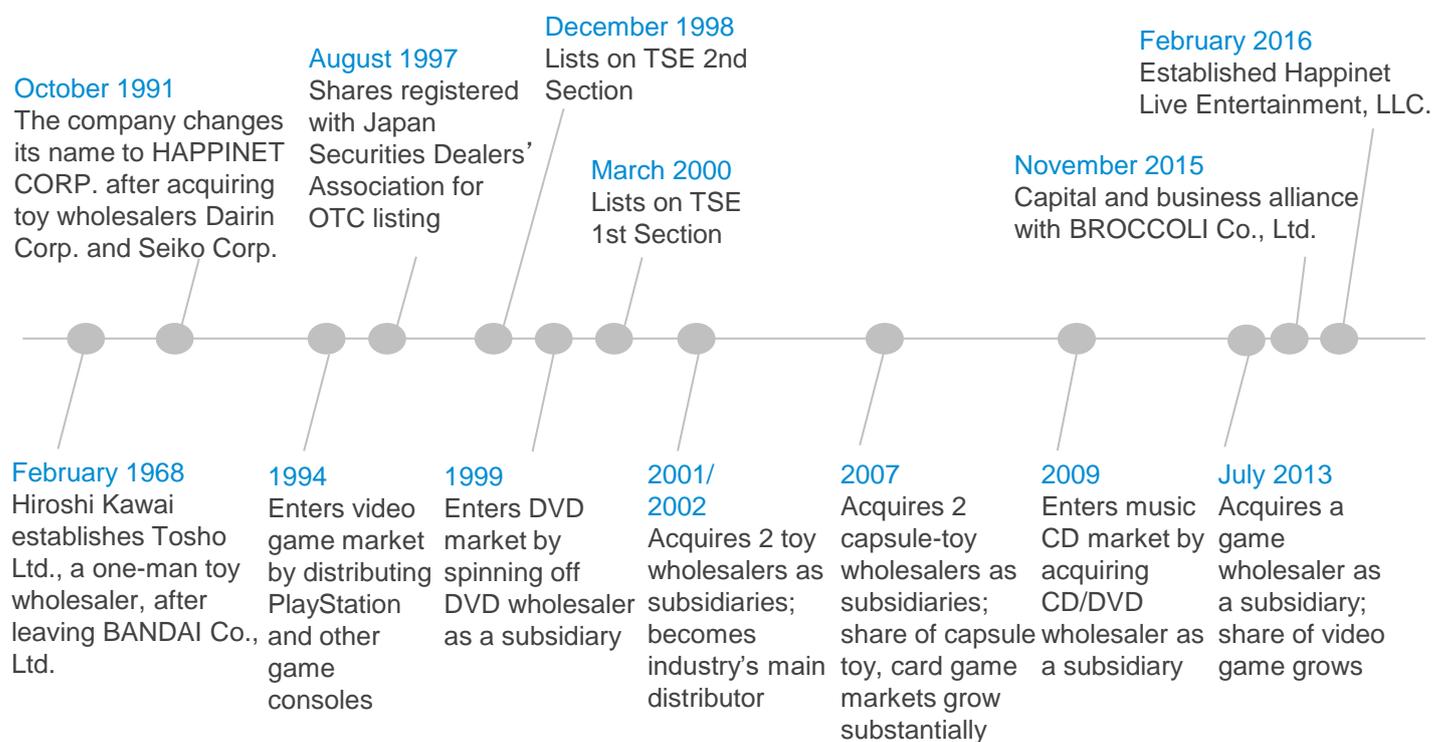
The overriding objective of the HAPPINET Group is to create added value to enrich the lifestyle of our customers, which we provide through entertainment business activities developed with a broad array of partners — a “Networking” contributing to the “Happiness” of others.

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/happinet_english/index.html
▶ Head Office	Komagata CA Bldg., 2-4-5 Komagata, Taito-ku, Tokyo 111-0043 Japan
▶ Established	June 7, 1969
▶ Representatives	Kazuhiko Note, Representative Director, Chairman Tetsuo Ishikawa, Representative Director, President
▶ 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; Sales of arcade game equipment; Setting up and operation of toy vending machines

Major Milestones



Business Segments and Group

The Happinet Group's operations can be divided into the following four segments: the Toy Business; Visual and Music Business; 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 Corp.	One of the largest wholesaler in Japan, our Group handles some 80% of the toys sold by blue-chip toy maker Bandai in Japan (which, in turn, comprise 55% of our Group's Toy Business net sales).
Visual and Music Business	HAPPINET CORPORATION	We have achieved parity with the wholesaling industry's largest firms. In Visual software accounts for 77% of total sales within Visual and Music Business, of which some 12% represents products that were developed and made in-house (the remaining 23% comes from our music product operation centered on CDs).
Video-Game Business	HAPPINET CORPORATION MAXGAMES Corporation	We are the only wholesaler in Japan that handles every domestic home game console. Video-Game Business sales comprises 78% of Nintendo products (WiiU, 3DS and other) , 16% of PlayStation series (PS4, PSP, PSVita) and the rest 6%.
Amusement Business	HAPPINET CORPORATION Happinet Vending Service Corp.	We set up and operate toy vending machines and sell arcade game machines. With a market share of 60% (the Company estimate), 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 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 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 74,342 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 August 2014

Located in Amagasaki City, Hyogo Prefecture
Floor Space: 9,676m²

Consolidated Balance Sheet (Assets)



(¥ million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Assets					
Total assets	54,323	53,003	53,879	59,893	56,793
Current assets	48,269	47,930	47,025	52,449	44,905
Cash and deposits	12,359	10,155	9,996	15,867	11,412
Notes and accounts receivable - trade	26,755	27,234	24,104	25,682	22,899
Inventories	6,168	6,529	7,404	6,746	6,043
Advance payments - trade	634	1,389	1,818	1,806	1,499
Deferred tax assets	926	910	980	1,315	841
Accounts receivable - other	1,174	978	1,774	668	1,886
Other	319	796	959	364	322
Allowance for doubtful accounts	(69)	(63)	(12)	(1)	(0)
Non-current assets	6,054	5,072	6,854	7,443	11,887
Property, plant and equipment	1,392	1,110	1,342	688	753
Buildings and structures	1,584	1,159	750	518	755
Accumulated depreciation	(1,175)	(845)	(460)	(356)	(393)
Buildings and structures, net	408	314	289	162	362
Machinery, equipment and vehicles	968	965	964	960	963
Accumulated depreciation	(817)	(844)	(860)	(877)	(893)
Machinery, equipment and vehicles, net	150	121	104	83	70
Tools, furniture and fixtures	1,240	1,164	1,354	1,310	1,254
Accumulated depreciation	(1,028)	(958)	(1,042)	(1,033)	(1,000)
Tools, furniture and fixtures, net	212	206	311	277	254
Land	617	464	632	65	65
Leased assets	7	10	15	10	10
Accumulated depreciation	(4)	(6)	(11)	(9)	(10)
Leased assets, net	2	3	4	0	0
Construction in progress	-	-	-	98	-
Intangible assets	1,715	985	446	854	1,086
Goodwill	539	246	-	-	-
Other	1,176	738	446	854	1,086
Investments and other assets	2,946	2,976	5,065	5,900	10,047
Investment securities	1,419	1,439	1,925	2,304	6,387
Guarantee deposits	678	684	2,249	2,267	2,374
Membership	26	23	24	26	26
Long-term loans receivable	25	55	30	-	-
Deferred tax assets	711	688	749	1,261	1,220
Other	258	103	183	108	72
Allowance for doubtful accounts	(173)	(17)	(97)	(68)	(34)

(¥ million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Liabilities					
Total liabilities	32,527	29,713	28,185	30,312	25,438
Current liabilities	29,617	26,883	25,036	26,957	21,817
Notes and accounts payable - trade	23,042	22,672	20,099	20,118	18,282
Lease obligations	1	2	6	0	0
Accounts payable - other	3,351	2,656	2,545	3,679	2,461
Income taxes payable	1,605	678	1,104	1,038	380
Accrued consumption taxes	404	65	362	796	2
Provision for bonuses	472	378	477	775	304
Provision for directors' bonuses	-	-	-	121	-
Provision for point card certificates	6	7	7	5	2
Provision for sales returns	30	16	13	11	11
Other	702	406	419	409	370
Non-current liabilities	2,909	2,829	3,148	3,355	3,621
Lease obligations	1	1	22	0	-
Deferred tax liabilities	3	5	60	0	-
Provision for retirement benefits	1,780	1,830	-	-	-
Net defined benefit liability	-	-	2,103	2,528	2,763
Long-term guarantee deposited	1,008	893	840	747	711
Asset retirement obligations	46	49	50	51	143
Negative goodwill	19	1	-	-	-
Other	48	47	70	27	1
Net assets					
Total net assets	21,795	23,289	25,694	29,580	31,355
Shareholders' equity	21,649	23,078	25,141	28,590	30,308
Capital stock	2,751	2,751	2,751	2,751	2,751
Capital surplus	2,775	2,775	2,775	2,775	2,784
Retained earnings	17,213	18,607	20,562	23,999	25,679
Treasury shares	(1,091)	(1,055)	(948)	(936)	(906)
Accumulated other comprehensive income	128	191	378	678	648
Valuation difference on available-for-sale securities	128	189	378	678	657
Deferred gains or losses on hedges	0	1	(0)	0	(9)
Subscription rights to shares	17	17	175	310	398
Non-controlling interests*	1	1	-	-	-
Total liabilities and net assets	54,323	53,003	53,879	59,893	56,793

*: 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



(¥ million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Net sales	198,021	176,757	206,867	217,232	187,274
Cost of sales	173,013	154,256	182,828	191,080	165,276
Gross profit	25,007	22,501	24,039	26,152	21,997
Selling, general and administrative expenses	20,151	19,527	20,150	21,095	18,547
Warehouse deposit expenses	1,927	1,530	1,472	1,325	1,256
Freightage expenses	2,219	2,379	2,497	2,689	2,392
Promotion expenses	915	943	1,111	1,246	833
Directors' compensations, salaries and allowances	7,496	7,566	7,575	7,689	7,240
Bonuses	237	228	266	263	262
Provision for bonuses	472	375	462	774	300
Provision for directors' bonuses	-	-	-	121	-
Retirement benefit expenses	309	500	488	859	646
Traveling and transportation expenses	487	492	488	471	428
Communication expenses	120	128	130	131	118
Supplies expenses	1,057	1,059	1,060	989	769
Rents	1,254	1,270	1,313	1,438	1,521
Rent expenses	105	78	74	203	48
Depreciation	688	629	573	342	341
Amortization of goodwill	337	292	246	-	-
Provision for point card certificates	10	7	7	5	2
Other	2,508	2,046	2,379	2,541	2,384
Operating income	4,855	2,973	3,888	5,056	3,450
Non-operating income	186	119	77	78	73
Interest income	2	2	1	2	3
Dividend income	25	21	28	28	42
Land and house rent received	22	16	6	0	-
Amortization of negative goodwill	32	17	1	-	-
Other	103	60	38	46	27
Non-operating expenses	9	10	49	10	26
Interest expenses	5	5	21	2	1
Loss on cancellation of leases	2	3	1	5	-
Share of loss of entities accounted for using equity method	-	-	-	-	22
Provision of allowance for doubtful accounts	-	-	24	-	0
Other	1	1	1	2	1
Ordinary income	5,032	3,081	3,917	5,124	3,497
Extraordinary income	3	73	417	7	56
Gain on sales of non-current assets	2	67	8	2	-
Gain on sales of investment securities	-	6	0	4	-
Gain on changes of leasehold contracts	-	-	-	-	56
Gain on sales of memberships	1	-	-	0	-
Gain on bargain purchase	-	-	409	-	-
Extraordinary losses	724	182	628	623	15
Loss on sales of non-current assets	8	21	1	18	4
Loss on retirement of non-current assets	8	24	6	23	11
Loss on sales of investment securities	1	7	-	0	-
Loss on valuation of investment securities	1	31	53	14	-
Impairment loss	669	89	154	126	-
Loss on disaster	29	-	-	-	-
Loss on valuation of membership	5	7	-	-	-
Loss on sales of membership	1	-	-	0	-
Special retirement expenses	-	-	120	60	-
Loss on revision of retirement benefit plan	-	-	-	379	-
Directors' retirement benefits	-	-	110	-	-
Loss on withdrawal from employees' pension fund	-	-	166	-	-
Other	-	-	13	-	-
Income before income taxes and minority interests	4,311	2,972	3,706	4,508	3,538
Total income taxes	1,852	960	1,238	459	1,178
Income taxes - current	2,062	952	1,322	1,469	626
Income taxes - deferred	(209)	7	(83)	(1,009)	552
Profit*	2,458	2,012	2,467	4,049	2,359
Profit attributable to non-controlling interests*	0	0	0	-	-
Profit attributable to shareholders of the parent*	2,458	2,011	2,466	4,049	2,359

*: 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.

Consolidated Statement of Comprehensive Income



(¥ million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/15
Profit*	2,458	2,012	2,467	4,049	2,359
Other comprehensive income	(56)	62	187	300	(30)
Valuation difference on available-for-sale securities	(56)	61	189	299	(21)
Deferred gains or losses on hedges	0	1	(2)	0	(9)
Share of other comprehensive income of entities accounted for using equity method	-	-	-	-	(0)
Comprehensive income	2,402	2,075	2,654	4,349	2,328
Comprehensive income attributable to					
Comprehensive income attributable to owners of parent	2,401	2,074	2,653	4,349	2,328
Comprehensive income attributable to non-controlling interests*	0	0	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)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Cash flows from operating activities					
Net cash provided by (used in) operating activities	4,609	(1,505)	2,547	6,658	978
Income before income taxes and minority interests	4,311	2,972	3,706	4,508	3,538
Depreciation	688	644	615	393	381
Impairment loss	669	89	154	126	-
Amortization of goodwill	305	274	245	-	-
Gain on bargain purchase	-	-	(409)	-	-
Increase (decrease) in allowance for doubtful accounts	(4)	(15)	(4)	(11)	(24)
Share-based compensation expenses	11	5	173	137	123
Increase (decrease) in provision for bonuses	158	(94)	52	298	(470)
Increase (decrease) in provision for directors' bonuses	-	-	-	121	(121)
Increase (decrease) in provision for retirement benefits	149	49	-	-	-
Increase (decrease) in net defined benefit liability	-	-	119	425	234
Increase (decrease) in provision for directors' retirement benefits	-	-	2	0	-
Increase (decrease) in provision for business structure improvement	(11)	-	-	-	-
Interest and dividend income	(28)	(24)	(30)	(31)	(46)
Interest expenses	5	5	21	2	1
Foreign exchange losses (gains)	(1)	0	(1)	0	1
Loss (gain) on sales and retirement of non-current assets	14	(21)	0	39	15
Loss (gain) on sales of investment securities	1	1	(0)	(4)	-
Loss (gain) on valuation of investment securities	1	31	53	14	-
Share of (profit) loss of entities accounted for using equity method	-	-	-	-	22
Loss (gain) on sales of membership	(0)	-	-	0	-
Loss on valuation of membership	5	7	-	-	-
Decrease (increase) in notes and accounts receivable - trade	(3,551)	(477)	5,028	(1,579)	2,783
Decrease (increase) in inventories	267	(360)	81	658	702
Decrease (increase) in advance payments	381	(1,124)	(644)	595	307
Increase (decrease) in notes and accounts payable - trade	2,838	(369)	(3,725)	18	(1,832)
Decrease (increase) in accounts receivable - other	(174)	195	(791)	1,105	(1,218)
Increase (decrease) in accounts payable - other	86	(657)	(182)	1,040	(1,195)
Increase (decrease) in accrued consumption taxes	118	(332)	284	435	(793)
Decrease (increase) in guarantee deposits	(14)	(5)	(1,249)	(17)	(107)
Decrease (increase) in other assets	(58)	(18)	(7)	36	30
Increase (decrease) in other liabilities	(83)	(427)	(53)	(128)	(115)
Subtotal	6,085	349	3,436	8,187	2,216
Interest and dividend income received	28	24	30	31	46
Interest expenses paid	(5)	(5)	(21)	(2)	(1)
Income taxes paid	(1,499)	(1,874)	(898)	(1,558)	(1,282)
Cash flows from investing activities					
Net cash provided by (used in) investing activities	(50)	(108)	(87)	(158)	(4,752)
Purchase of property, plant and equipment	(50)	(121)	(308)	(247)	(172)
Proceeds from sales of property, plant and equipment	30	195	276	564	-
Purchase of intangible assets	(68)	(97)	(117)	(550)	(448)
Purchase of investment securities	(8)	(8)	(12)	(42)	(4,160)
Proceeds from sales of investment securities	3	48	0	54	-
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	-	(30)	-	-	-
Collection of loans receivable	25	-	-	-	30
Other, net	18	(95)	69	64	(0)
Cash flows from financing activities					
Net cash provided by (used in) financing activities	(421)	(588)	(2,618)	(628)	(677)
Net increase (decrease) in short-term loans payable	-	-	(2,000)	-	-
Repayment of long-term loans payable	-	-	(194)	-	-
Proceeds from disposal of treasury shares	-	29	86	9	2
Purchase of treasury shares	(0)	(0)	(0)	(0)	(0)
Cash dividends paid	(419)	(615)	(506)	(609)	(679)
Other, net	(1)	(2)	(4)	(28)	(0)
Effect of exchange rate change on cash and cash equivalents	1	(0)	(0)	(0)	(3)
Net increase (decrease) in cash and cash equivalents	4,138	(2,203)	(159)	5,871	(4,455)
Cash and cash equivalents at beginning of period	8,220	12,359	10,155	9,996	15,867
Cash and cash equivalents at end of period	12,359	10,155	9,996	15,867	11,412

Consolidated Statement of Changes in Equity



FY3/15

(¥ million)	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	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	20,562	(948)	25,141	378	(0)	378	175	25,694
Changes of items during period										
Dividends of surplus			(610)		(610)					(610)
Profit attributable to shareholders of the parent*			4,049		4,049					4,049
Purchase of treasury shares				(0)	(0)					(0)
Disposal of treasury shares		(0)		12	11					11
Transfer of loss on disposal of treasury shares		0	(0)		-					-
Net changes of items other than shareholders' equity						299	0	300	135	435
Total changes of items during period	-	-	3,437	11	3,449	299	0	300	135	3,885
Balance at end of current period	2,751	2,775	23,999	(936)	28,590	678	0	678	310	29,580

FY3/16

(¥ million)	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	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	23,999	(936)	28,590	678	0	678	310	29,580
Changes of items during period										
Dividends of surplus			(679)		(679)					(679)
Profit attributable to shareholders of the parent*			2,359		2,359					2,359
Purchase of treasury shares				(0)	(0)					(0)
Disposal of treasury shares		8		30	38					38
Transfer of loss on disposal of treasury shares					-					-
Net changes of items other than shareholders' equity						(21)	(9)	(30)	87	56
Total changes of items during period	-	8	1,679	30	1,718	(21)	(9)	(30)	87	1,774
Balance at end of current period	2,751	2,784	25,679	(906)	30,308	657	(9)	648	398	31,355

*: 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 shareholders of the parent.

Information by Segment



(¥ million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Toy Business					
Net sales	77,313	74,660	76,821	93,270	76,874
To total net sales	39.0%	42.2%	37.1%	42.9%	41.0%
Operating income	3,009	2,055	2,710	4,279	2,848
Assets	16,614	17,063	16,675	16,584	15,150
Depreciation	356	318	319	157	159
Visual and Music Business					
Net sales	55,719	44,810	42,955	43,372	38,367
To total net sales	28.1%	25.4%	20.8%	20.0%	20.5%
Operating income	448	309	307	202	466
Assets	13,089	12,901	12,410	11,282	10,625
Depreciation	202	196	169	154	118
Video-Game Business					
Net sales	42,704	36,839	63,609	56,448	50,009
To total net sales	21.6%	20.8%	30.7%	26.0%	26.7%
Operating income (loss)	936	678	79	254	(43)
Assets	8,545	8,498	12,441	9,979	9,332
Depreciation	86	72	79	32	29
Amusement Business					
Net sales	22,282	20,447	23,481	24,140	22,023
To total net sales	11.3%	11.6%	11.4%	11.1%	11.8%
Operating income	1,801	1,265	2,053	1,796	1,652
Assets	4,419	4,625	3,714	4,995	4,550
Depreciation	24	18	19	30	35
Adjustments					
Net sales	-	-	-	-	-
Operating income (loss)	(1,341)	(1,335)	(1,263)	(1,475)	(1,473)
Assets	11,654	9,913	8,638	17,051	17,134
Depreciation	18	24	26	18	39
Consolidated Total					
Net sales	198,021	176,757	206,867	217,232	187,274
Operating income	4,855	2,973	3,888	5,056	3,450
Assets	54,323	53,003	53,879	59,893	56,793
Depreciation	688	629	615	393	381

Consolidated Growth/Profitability Indicators



(¥ million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Net Sales	198,021	176,757	206,867	217,232	187,274
Gross Profit	25,007	22,501	24,039	26,152	21,997
SG&A Expenses	20,151	19,527	20,150	21,095	18,547
Operating Income	4,855	2,973	3,888	5,056	3,450
Ordinary Income	5,032	3,081	3,917	5,124	3,497
Profit Attributable to Owners of Parent*	2,458	2,011	2,466	4,049	2,359

*: 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

(%)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Gross Profit Margin	12.6	12.7	11.6	12.0	11.7
SG&A Expenses Ratio	10.2	11.0	9.7	9.7	9.9
Operating Income Margin	2.5	1.7	1.9	2.3	1.8
Ordinary Income Margin	2.5	1.7	1.9	2.4	1.9
Net Income Margin	1.2	1.1	1.2	1.9	1.3

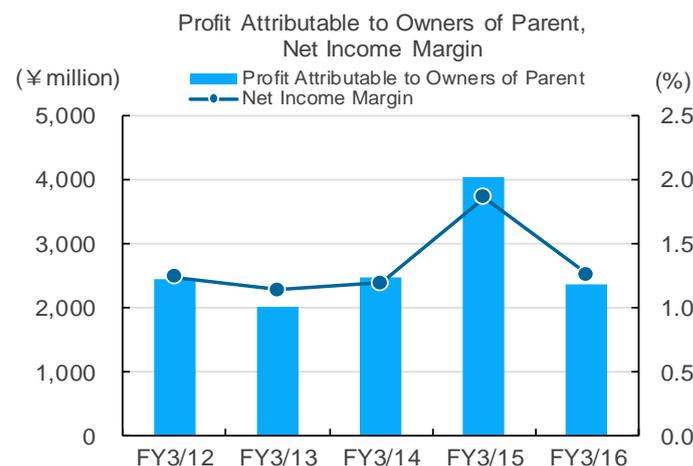
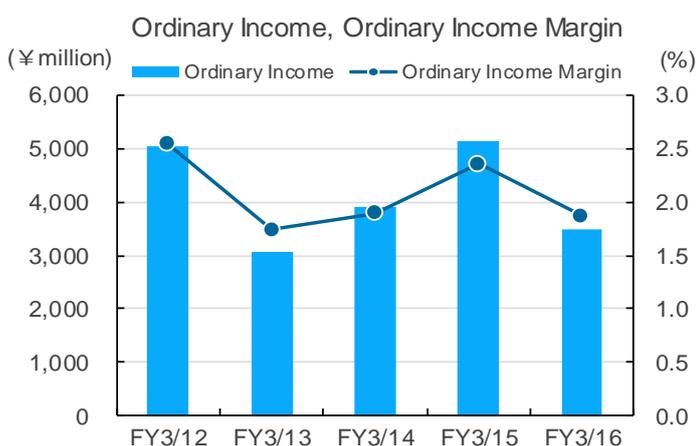
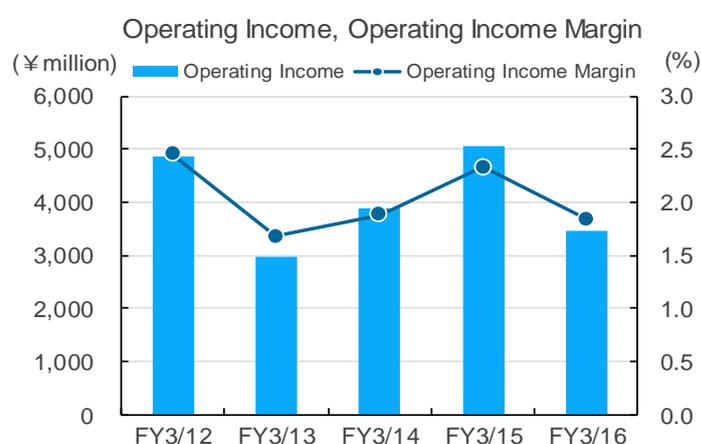
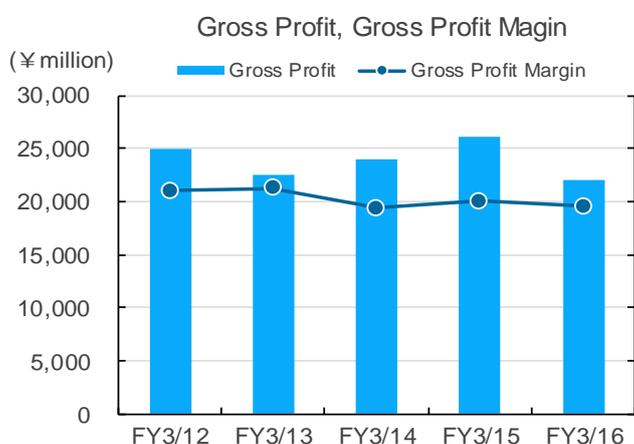
Gross Profit Margin = Gross Profit/Net Sales

SG&A Expenses Ratio = SG&A Expenses/Net Sales

Operating Income Margin = Operating Income/Net Sales

Ordinary Income Margin = Ordinary Income/Net Sales

Net Income Margin = Profit Attributable to Owners of Parent/Net Sales

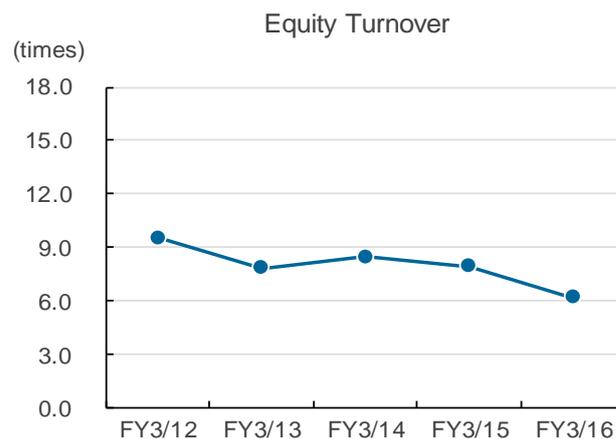
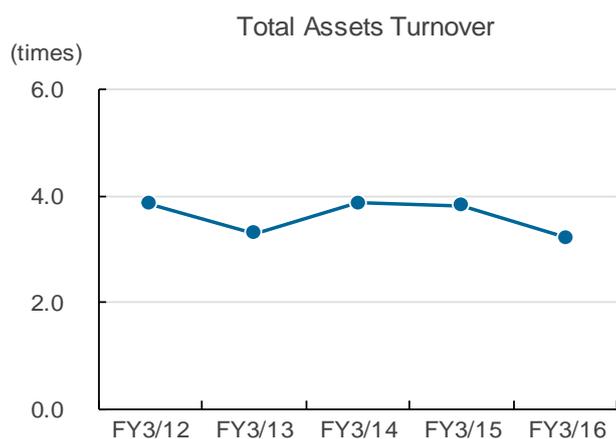
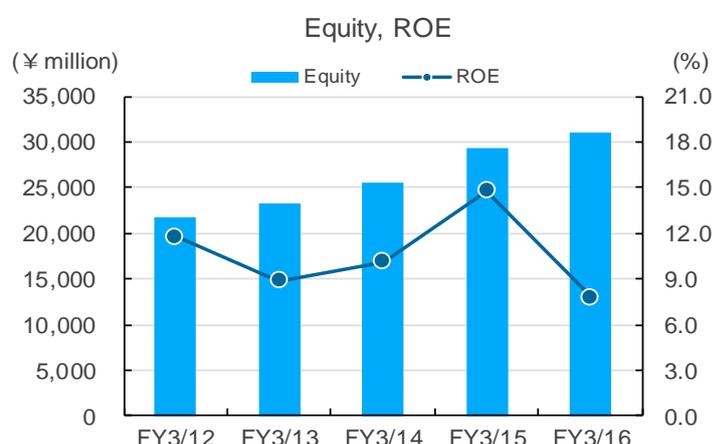
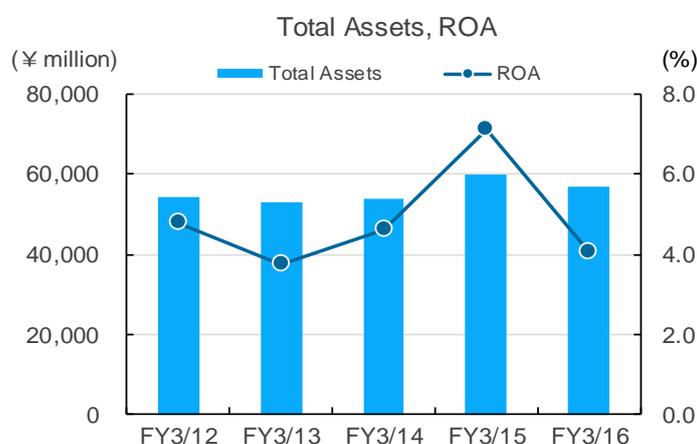


(times)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Total Assets Turnover	3.9	3.3	3.9	3.8	3.2
Equity Turnover	9.5	7.8	8.5	7.9	6.2
Non-current Assets Turnover	29.3	31.8	34.7	30.4	19.4
Current Assets Turnover	4.4	3.7	4.4	4.4	3.8

(%)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
ROA	4.8	3.7	4.6	7.1	4.0
ROE	11.8	8.9	10.1	14.8	7.8

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 = Profit Attributable to Owners of Parent/Average Total Assets
 ROE = Profit Attributable to Owners of Parent/Average Equity



Consolidated Efficiency/Stability Indicators



(¥ million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Equity	21,777	23,269	25,519	29,269	30,956
Total Assets	54,323	53,003	53,879	59,893	56,793
Non-current Assets	6,054	5,072	6,854	7,443	11,887
Non-current Liabilities	2,909	2,829	3,148	3,355	3,621
Current Assets	48,269	47,930	47,025	52,449	44,905
Current Liabilities	29,617	26,883	25,036	26,957	21,817
Total Net Assets	21,795	23,289	25,694	29,580	31,355
Interest-bearing Debt	-	-	-	-	-

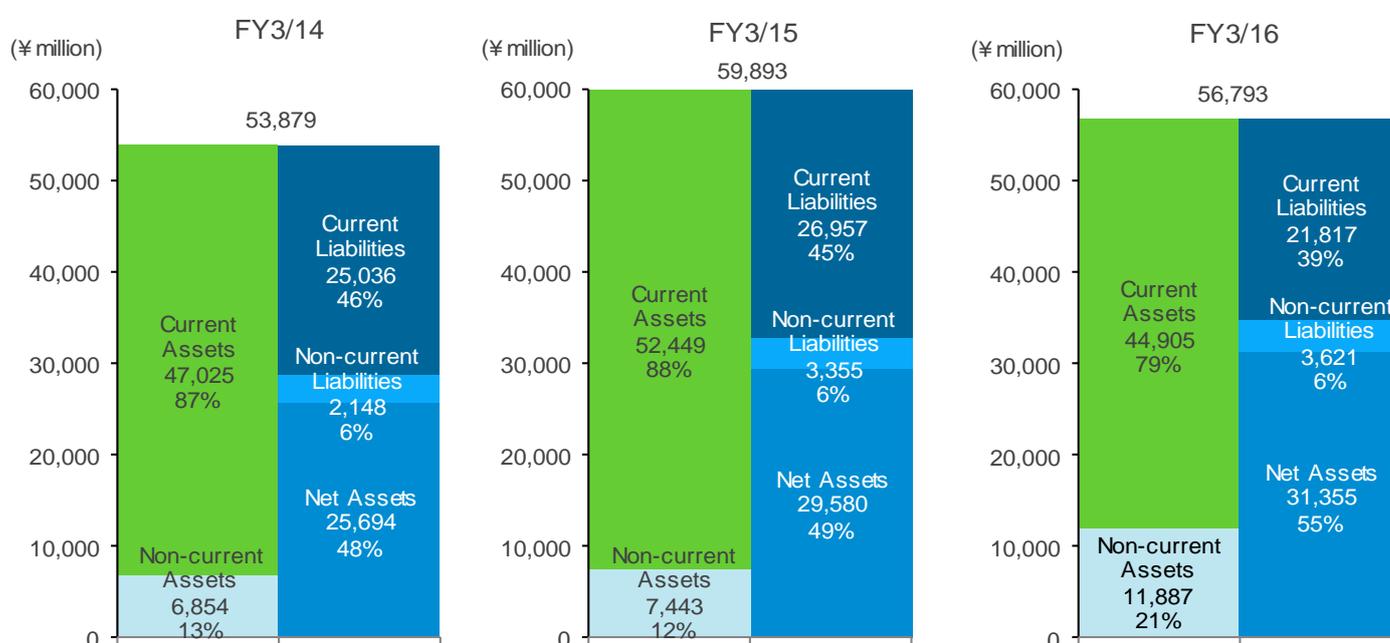
(%)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Equity Ratio	40.1	43.9	47.4	48.9	54.5
D/E Ratio	-	-	-	-	-
Non-current Ratio	27.8	21.8	26.9	25.4	38.4
Current Ratio	163.0	178.3	187.8	194.6	205.8

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



	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Stock Price at Term-end (¥)	958	777	862	1,430	1,022
Outstanding Shares Issued at Term-end (shares)	24,050,000	24,050,000	24,050,000	24,050,000	24,050,000
Treasury Shares at Term-end (shares)	1,647,990	1,593,370	1,431,310	1,413,310	1,367,870
Earnings per Share (¥)	109.73	89.75	109.40	178.91	104.06
Book-value per Share (¥)	972.13	1,036.23	1,128.25	1,293.00	1,364.82
Free Cash Flow per Share (¥)	203.51	(71.83)	108.76	287.14	(166.39)
Dividend per Share	38.75	22.50	24.75	28.50	30.00
EBITDA (¥ million)	5,543	3,602	4,461	5,449	3,831
PER (times)	8.7	8.7	7.9	8.0	9.8
PBR (times)	1.0	0.7	0.8	1.1	0.7
PCFR (times)	5.0	(12.4)	8.1	5.2	25.1
EV/EBITDA Ratio (times)	1.9	2.4	2.4	3.4	3.4
Dividend Yield (%)	4.0	2.9	2.9	2.0	2.9

Free Cash Flow per Share=(Cash Flows from Operating Activities+Cash Flows from Investing Activities)/(Outstanding Shares Issued – Treasury Shares)

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: Stock splits from 1 to 2 on December 1, 2011.

Indicators here are calculated assuming the stock split occurred at the beginning of FY3/12.



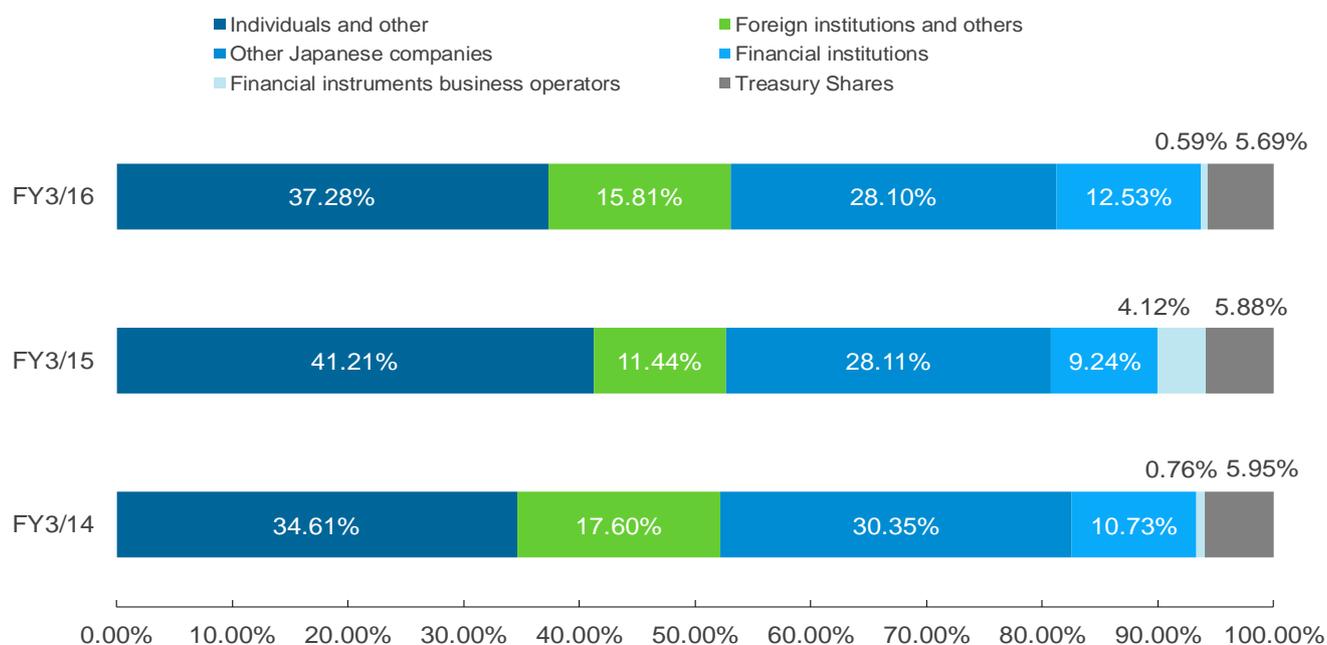
Major Shareholders

As of March 31, 2016

	Number of Shares	Shareholding Ratio (%)
BANDAI NAMCO Holdings Inc.	5,883,408	25.94
Japan Trustee Services Bank, Ltd. (trust account)	741,000	3.27
Japan Trustee Services Bank, Limited (trust account for Sumitomo Mitsui Trust Bank, Limited and employee retirement benefit of Sumitomo Mitsui Banking Corporation)	676,000	2.98
Yasuhiko Idaira	563,000	2.48
Hiroshi Kawai	300,000	1.32
Happinet employee shareholders association	291,540	1.29
Takashi Nishimura	286,400	1.26
CBNY-GOVERNMENT OF NORWAY	285,800	1.26
The Master Trust Bank of Japan ,Ltd. (trust account)	244,500	1.08
ICHIGO Trust	240,900	1.06

Note: Shareholding ratio was calculated based on the total number of the issued shares excluding the number of treasury shares (1,367,870 shares).

Breakdown of Type of Shareholder





HAPPINET CORPORATION

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E-mail: keiki_koho@HSN.happinet.co.jp