

# Financial Results for the 2Q ended September 30, 2015 [Japanese GAAP]

(April 1, 2015 through September 30, 2015)

November 12, 2015

Company name	: <b>KADOKAWA DWANGO CORPORATION</b>
Stock exchange on which the shares are listed	: Tokyo Stock Exchange
Code number	: 9468
URL	: <a href="http://info.kadokawadwango.co.jp/">http://info.kadokawadwango.co.jp/</a>
Representative person	: Nobuo Kawakami, President
Contact person	: Masaki Matsubara, Director Tel. (03) 3549-6370
Expected reporting date of Quarterly report	: November 13, 2015
Financial results supplementary explanatory documents	: Yes
Financial results explanatory meeting	: Yes

(Amounts less than one million yen are omitted)

## 1. Consolidated Financial Results of 2Q ended Sept 30, 2015 (April 1, 2015 through September 30, 2015)

(1) Consolidated operating results (%: Changes from the previous year)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
2Q ended Sept 30, 2015	<b>93,926</b>	—	<b>3,505</b>	—	<b>4,203</b>	—
2Q ended Mar 31, 2015	—	—	—	—	—	—

(Note) Comprehensive income: 2Q ended Sept 30, 2015 3,016 million yen (—%), 2Q ended Mar 31, 2015 — million yen (—%)

	Profit attributable to owners of parent		Net income per share-basic		Net income per share-diluted	
	(Millions of yen)	%	(Yen)	(Yen)	(Yen)	(Yen)
2Q ended Sept 30, 2015	<b>1,914</b>	—	<b>27.22</b>	—	—	—
2Q ended Mar 31, 2015	—	—	—	—	—	—

※The Company has been established on October 1, 2014 as the joint holding company of both DWANGO and KADOKAWA by a joint share transfer. Therefore, 2Q of last fiscal year is from October 2014 to March 2015 and 2Q of this fiscal year is from April to September. Due to the difference of compared period, numerical value and rate of changes are not mentioned.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
2Q ended Sept 30, 2015	<b>190,503</b>	<b>101,565</b>	<b>52.9</b>	<b>1,475.73</b>
Year ended Mar 31, 2015	<b>205,673</b>	<b>104,248</b>	<b>50.2</b>	<b>1,457.83</b>

(Reference) Equity capital: 2Q ended Sept 30, 2015 100,725 million yen, Year ended March 31, 2015 103,206 million yen

## 2. Cash dividends

	Cash dividend per share				
	1Q	2Q	3Q	Year-end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended March 31, 2015	—	—	—	<b>10.00</b>	<b>10.00</b>
Year ending March 31, 2016	—	—	—	—	—
Year ending March 31, 2016 (Forecast)	—	<b>0.00</b>	—	<b>20.00</b>	<b>20.00</b>

## 3. Consolidated Forecast for Year ending March 31, 2016 (April 1, 2015 through March 31, 2016)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share-basic	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)	%
Year ending March 31, 2016	<b>200,500</b>	—	<b>7,000</b>	—	<b>6,800</b>	—	<b>4,000</b>	—	<b>56.00</b>	—

## **Notes**

- (1) Changes in significant subsidiaries during this 2Q (Accompanying changes in the scope of consolidation): None
- (2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatements of prior period financial statements
  - (a) Changes in accounting policies accompanying revisions of accounting standards, etc.: None
  - (b) Changes in accounting policies due to other than the above: None
  - (c) Changes in accounting estimates: None
  - (d) Restatements of prior period financial statements after error corrections: None
- (4) Outstanding shares (Common stock)
  - (a) Number of shares issued and outstanding (including treasury stock):

2Q ended Sept 30, 2015	70,892,060 shares,	Year ended March 31, 2015	70,892,060 shares
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  - (b) Number of treasury stock:

2Q ended Sept 30, 2015	2,636,875 shares,	Year ended March 31, 2015	97,194 shares
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  - (c) Number of weighted-average number of shares issued and outstanding:

2Q ended Sept 30, 2015	70,315,125 shares,	2Q ended Mar 31, 2015	— shares
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## **Indication of audit procedure implementation status**

This financial result is exempt from audit procedure based upon the Financial Instruments and Exchange Act. It is under the audit procedure process at the time of disclosure of this result.

## **Note regarding use of “Consolidated Forecast for Year ending March 31, 2016” and other note**

The forward-looking statements contained in this result are based on information available at the time of preparation and on certain assumptions deemed to be reasonable, and are not committed to realize in the future.

## Consolidated Balance Sheets

( Unit : Millions of yen )

	Year ended March 31, 2015 As of March 31, 2015	2Q ended Sept 30, 2015 As of Sept 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	63,207	49,628
Notes and accounts receivable - trade	40,997	36,653
Inventories	15,918	18,360
Other	12,246	11,484
Allowance for doubtful accounts	△1,169	△1,347
Total current assets	131,200	114,779
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,303	11,897
Tools, furniture and fixtures, net	3,334	3,304
Land	19,047	19,035
Other, net	1,664	1,599
Total property, plant and equipment	36,350	35,836
Intangible assets		
Goodwill	366	230
Other	5,631	6,232
Total intangible assets	5,997	6,463
Investments and other assets		
Investment securities	20,504	21,963
Other	11,759	12,147
Allowance for doubtful accounts	△139	△687
Total investments and other assets	32,124	33,423
Total non-current assets	74,473	75,723
Total assets	205,673	190,503

( Unit : Millions of yen )

	Year ended March 31, 2015 As of March 31, 2015	2Q ended Sept 30, 2015 As of Sept 30, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	25,070	22,338
Short-term loans payable	2,258	2,308
Provision for bonuses	2,042	2,137
Provision for point card certificates	107	85
ProvisionForSalesReturns	7,921	7,182
Other	25,916	17,704
<b>Total current liabilities</b>	<b>63,316</b>	<b>51,756</b>
Non-current liabilities		
Long-term loans payable	29,340	28,186
Net defined benefit liability	3,567	3,334
Other	5,200	5,660
<b>Total non-current liabilities</b>	<b>38,108</b>	<b>37,181</b>
<b>Total liabilities</b>	<b>101,425</b>	<b>88,937</b>
Net assets		
Shareholders' equity		
Capital stock	20,625	20,625
Capital surplus	65,386	64,669
Retained earnings	16,130	17,336
Treasury shares	△195	△4,141
<b>Total shareholders' equity</b>	<b>101,946</b>	<b>98,489</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△264	450
Foreign currency translation adjustment	1,719	1,952
Remeasurements of defined benefit plans	△194	△166
<b>Total accumulated other comprehensive income</b>	<b>1,260</b>	<b>2,236</b>
Non-controlling interests	1,041	839
<b>Total net assets</b>	<b>104,248</b>	<b>101,565</b>
<b>Total liabilities and net assets</b>	<b>205,673</b>	<b>190,503</b>

## Consolidated Statement of Income

( Unit : Millions of yen )

2Q ended Sept 30, 2015  
From April 1, 2015  
to Sept 30, 2015

Net sales	93,926
Cost of sales	66,000
Gross profit	27,926
Selling, general and administrative expenses	24,421
Operating income	3,505
Non-operating income	
Interest income	35
Dividend income	212
Share of profit of entities accounted for using equity method	370
Other	224
Total non-operating income	841
Non-operating expenses	
Interest expenses	49
Contribution	80
Other	13
Total non-operating expenses	143
Ordinary income	4,203
Extraordinary income	
Gain on liquidation of subsidiaries and associates	106
Other	9
Total extraordinary income	116
Extraordinary losses	
Loss on valuation of investment securities	124
Other	0
Total extraordinary losses	125
Income before income taxes and minority interests	4,194
Income taxes	2,167
Profit	2,026
Profit attributable to non-controlling interests	112
Profit attributable to owners of parent	1,914

Consolidated Statement of Comprehensive Income

( Unit : Millions of yen )

2Q ended Sept 30, 2015  
From April 1, 2015  
to Sept 30, 2015

Profit	2,026
Other comprehensive income	
Valuation difference on available-for-sale securities	715
Foreign currency translation adjustment	225
Remeasurements of defined benefit plans, net of tax	28
Share of other comprehensive income of entities accounted for using equity method	21
Total other comprehensive income	989
Comprehensive income	3,016
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	2,890
Comprehensive income attributable to non-controlling interests	125

Consolidated Statement of Cash Flows

( Unit : Millions of yen )

2Q ended Sept 30, 2015  
From April 1, 2015  
to Sept 30, 2015

Cash flows from operating activities	
Income before income taxes and minority interests	4,194
Depreciation	2,048
Amortization of goodwill	135
Increase (decrease) in allowance for doubtful accounts	726
Increase (decrease) in net defined benefit liability	△94
Increase (decrease) in provision for sales returns	△738
Increase (decrease) in provision for bonuses	95
Interest and dividend income	△247
Share of (profit) loss of entities accounted for using equity method	△370
Loss (gain) on valuation of investment securities	124
Decrease (increase) in notes and accounts receivable - trade	2,852
Decrease (increase) in inventories	△2,418
Increase (decrease) in notes and accounts payable - trade	△2,701
Other, net	△796
Subtotal	2,807
Interest and dividend income received	356
Interest expenses paid	△50
Business structure improvement expenses paid	△5,118
Income taxes paid	△1,520
Net cash provided by (used in) operating activities	△3,524
Cash flows from investing activities	
Net decrease (increase) in time deposits	△3,057
Purchase of property, plant and equipment	△1,512
Purchase of intangible assets	△1,326
Purchase of investment securities	△354
Proceeds from share of profits on investments in capital	388
Proceeds from liquidation of subsidiaries	300
Other, net	△255
Net cash provided by (used in) investing activities	△5,816
Cash flows from financing activities	
Repayments of long-term loans payable	△1,104
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△1,329
Proceeds from share issuance to non-controlling shareholders	284
Purchase of treasury shares	△3,946
Cash dividends paid	△707
Other, net	△29
Net cash provided by (used in) financing activities	△6,832

Effect of exchange rate change on cash and cash equivalents	51
Net increase (decrease) in cash and cash equivalents	△16,121
Cash and cash equivalents at beginning of period	59,201
Cash and cash equivalents at end of period	43,080