



# FY2013 Consolidated Financial Results [Japanese GAAP]

(April 1, 2012 through March 31, 2013)

April 25, 2013

Company name : **KADOKAWA GROUP HOLDINGS, INC.**  
 Stock exchange on which the shares are listed : Tokyo Stock Exchange  
 Code number : 9477  
 URL : <http://www.kadokawa-hd.co.jp/>  
 Representative person : Tatsuo Sato, President  
 Contact person : Yasuaki Takayama, Director and Accounting Manager  
 Tel. (03)3238-8561

Expected date of ordinary general meeting of shareholders : June 22, 2013  
 Expected starting date of cash dividends paid : June 24, 2013  
 Expected reporting date of annual security report : June 25, 2013  
 Financial results supplementary explanatory documents : Yes  
 Financial results explanatory meeting : Yes

(Amounts less than one million yen are omitted)

## 1. Consolidated Financial Results of FY2013 (April 1, 2012 through March 31, 2013)

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

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY2013	<b>161,602</b>	<b>9.6</b>	<b>7,951</b>	<b>40.6</b>	<b>8,661</b>	<b>46.7</b>
FY2012	<b>147,392</b>	<b>5.2</b>	<b>5,655</b>	<b>(27.4)</b>	<b>5,905</b>	<b>(31.1)</b>

(Note) Comprehensive income: FY2013 11,317 million yen; 279.7%, FY2012 2,980 million yen; (55.6%)

	Net income		Net income per share-basic	Net income per share-diluted
	(Millions of yen)	%	(Yen)	(Yen)
FY2013	<b>5,040</b>	<b>39.8</b>	<b>194.72</b>	<b>171.03</b>
FY2012	<b>3,604</b>	<b>(43.4)</b>	<b>140.03</b>	<b>124.18</b>

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	%	%	%
FY2013	<b>6.2</b>	<b>6.4</b>	<b>4.9</b>
FY2012	<b>4.8</b>	<b>4.7</b>	<b>3.8</b>

(Reference) Equity in earnings (losses) of affiliates: FY2013 185 million yen, FY2012 (231) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
FY2013	<b>139,898</b>	<b>87,545</b>	<b>61.8</b>	<b>3,339.17</b>
FY2012	<b>128,751</b>	<b>77,050</b>	<b>59.2</b>	<b>2,945.20</b>

(Reference) Equity capital: FY2013 86,428 million yen, FY2012 76,231 million yen

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
FY2013	<b>10,335</b>	<b>(4,061)</b>	<b>(787)</b>	<b>17,876</b>
FY2012	<b>(184)</b>	<b>(14,088)</b>	<b>580</b>	<b>11,934</b>

## 2. Cash dividends

	Cash dividend per share					Total amount of annual cash dividends (Millions of yen)	Dividend payout ratio (Consolidated) %	Dividend to net assets (Consolidated) %
	1Q	2Q	3Q	Year-end	Annual			
FY2012	—	<b>0.00</b>	—	<b>35.00</b>	<b>35.00</b>	<b>905</b>	<b>25.0</b>	<b>1.2</b>
FY2013	—	<b>0.00</b>	—	<b>45.00</b>	<b>45.00</b>	<b>1,164</b>	<b>23.1</b>	<b>1.4</b>
FY2014(Forecast)	—	<b>0.00</b>	—	<b>35.00</b>	<b>35.00</b>		—	

(Note) Break down of FY2013 year-end dividend per share: ordinary dividend 35 yen, commemorative dividend 10 yen

## 3. Consolidated Forecast for FY2014 (April 1, 2013 through March 31, 2014)

The consolidated forecast for FY2014 is not presented as it is difficult to draw up the reasonable forecast.

## **Notes**

- (1) Changes in significant subsidiaries during this year (Accompanying changes in the scope of consolidation): None
- (2) Changes in accounting policy, accounting estimates and restatement of prior period financial statements
  - (a) Changes in accounting policy accompanying revisions of accounting standards, etc.: None
  - (b) Changes in accounting policy due to other than the above: None
  - (c) Changes in accounting estimates: None
  - (d) Restatement of prior period financial statements after error corrections: None
- (3) Outstanding shares (Common stock)
  - (a) Number of shares issued and outstanding at the end of each year (including treasury stock):  
FY2013 27,260,800 shares, FY2012 27,260,800 shares
  - (b) Number of treasury stock at the end of each year:  
FY2013 1,377,474 shares, FY2012 1,377,472 shares
  - (c) Number of weighted-average number of shares issued and outstanding for each year:  
FY2013 25,883,376 shares, FY2012 25,737,828 shares

## **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 FY2014” 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 Financial Statements

## (1) Consolidated balance sheets

(Millions of yen)

	<b>FY2012</b>	<b>FY2013</b>
	(As of March 31, 2012)	(As of March 31, 2013)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	12,245	18,174
Notes and accounts receivable-trade	44,315	43,218
Short-term investment securities	601	—
Inventories	14,061	14,223
Deferred tax assets	4,544	4,517
Other	3,578	3,219
Allowance for doubtful accounts	(110)	(91)
<b>Total current assets</b>	<b>79,235</b>	<b>83,262</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	17,923	14,622
Accumulated depreciation	(9,689)	(7,642)
Buildings and structures, net	8,234	6,979
Tools, furniture and fixtures	5,121	5,016
Accumulated depreciation	(3,371)	(3,468)
Tools, furniture and fixtures, net	1,749	1,547
Land	10,497	10,497
Construction in progress	306	254
Other	2,035	1,996
Accumulated depreciation	(1,620)	(1,684)
Other, net	414	311
<b>Total property, plant and equipment</b>	<b>21,202</b>	<b>19,590</b>
<b>Intangible assets</b>		
Goodwill	892	642
Other	2,250	2,685
<b>Total intangible assets</b>	<b>3,142</b>	<b>3,327</b>
<b>Investments and other assets</b>		
Investment securities	13,880	24,064
Deferred tax assets	1,946	469
Other	9,608	9,473
Allowance for doubtful accounts	(264)	(288)
<b>Total investments and other assets</b>	<b>25,170</b>	<b>33,718</b>
<b>Total noncurrent assets</b>	<b>49,515</b>	<b>56,636</b>
<b>Total assets</b>	<b>128,751</b>	<b>139,898</b>

(Millions of yen)

**FY2012**                      **FY2013**  
(As of March 31, 2012) (As of March 31, 2013)

<b>Liabilities</b>	<b>FY2012</b>	<b>FY2013</b>
	(As of March 31, 2012)	(As of March 31, 2013)
<b>Current liabilities</b>		
Notes and accounts payable-trade	19,780	19,674
Short-term loans payable	121	55
Income taxes payable	681	961
Provision for bonuses	1,366	1,568
Provision for sales returns	3,905	3,886
Other	10,273	9,123
<b>Total current liabilities</b>	<b>36,129</b>	<b>35,270</b>
<b>Noncurrent liabilities</b>		
Bonds with subscription rights to shares	11,000	11,000
Long-term loans payable	175	339
Deferred tax liabilities	349	2,195
Provision for retirement benefits	2,616	2,716
Other	1,429	831
<b>Total noncurrent liabilities</b>	<b>15,570</b>	<b>17,082</b>
<b>Total liabilities</b>	<b>51,700</b>	<b>52,353</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	26,330	26,330
Capital surplus	27,375	27,375
Retained earnings	30,695	34,787
Treasury stock	(3,932)	(3,932)
<b>Total shareholders' equity</b>	<b>80,468</b>	<b>84,561</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(885)	4,248
Revaluation reserve for land	(328)	(328)
Foreign currency translation adjustment	(3,023)	(2,052)
<b>Total accumulated other comprehensive income</b>	<b>(4,236)</b>	<b>1,867</b>
<b>Minority interests</b>	<b>819</b>	<b>1,116</b>
<b>Total net assets</b>	<b>77,050</b>	<b>87,545</b>
<b>Total liabilities and net assets</b>	<b>128,751</b>	<b>139,898</b>

## (2) Consolidated statements of income

	(Millions of yen)	
	<b>FY2012</b>	<b>FY2013</b>
	(April 2011 through March 2012)	(April 2012 through March 2013)
<b>Net sales</b>	<b>147,392</b>	<b>161,602</b>
Cost of sales	110,524	119,818
<b>Gross profit</b>	<b>36,868</b>	<b>41,783</b>
Reversal of provision for sales returns	3,906	3,920
Provision for sales returns	3,905	3,895
<b>Gross profit-net</b>	<b>36,869</b>	<b>41,809</b>
Selling, general and administrative expenses	31,213	33,857
<b>Operating income</b>	<b>5,655</b>	<b>7,951</b>
<b>Non-operating income</b>		
Interest income	49	71
Dividends income	171	177
Amortization of negative goodwill	81	81
Equity in earnings of affiliates	—	185
Insurance income	71	194
Gain on sales of used papers	162	164
Other	131	66
<b>Total non-operating income</b>	<b>668</b>	<b>942</b>
<b>Non-operating expenses</b>		
Interest expenses	143	136
Equity in losses of affiliates	231	—
Foreign exchange losses	15	87
Other	28	7
<b>Total non-operating expenses</b>	<b>419</b>	<b>232</b>
<b>Ordinary income</b>	<b>5,905</b>	<b>8,661</b>
<b>Extraordinary income</b>		
Gain on change in equity	—	120
Gain on revision of retirement benefit plan	19	—
Reversal of provision for loss on disaster	309	—
Other	6	9
<b>Total extraordinary income</b>	<b>334</b>	<b>130</b>

(Millions of yen)

	<b>FY2012</b>	<b>FY2013</b>
	(April 2011 through March 2012)	(April 2012 through March 2013)
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	217	249
Impairment loss	571	—
Loss on valuation of investment securities	476	632
Loss on sales of stocks of subsidiaries and affiliates	—	579
Loss on valuation of investments in capital	8	—
Loss on valuation of membership	21	7
Special retirement expenses	74	133
Loss on cancellation of leasehold contracts	34	7
Other	0	—
<b>Total extraordinary losses</b>	<b>1,404</b>	<b>1,610</b>
<b>Income before income taxes and minority interests</b>	<b>4,835</b>	<b>7,181</b>
Income taxes-current	975	1,310
Income taxes-deferred	139	732
Total income taxes	1,115	2,043
<b>Income before minority interests</b>	<b>3,720</b>	<b>5,138</b>
Minority interests in income	116	98
<b>Net income</b>	<b>3,604</b>	<b>5,040</b>

### (3) Consolidated statements of comprehensive income

	(Millions of yen)	
	<b>FY2012</b>	<b>FY2013</b>
	(April 2011 through March 2012)	(April 2012 through March 2013)
<b>Income before minority interests</b>	<b>3,720</b>	<b>5,138</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(198)	5,133
Foreign currency translation adjustment	(520)	972
Share of other comprehensive income of associates accounted for using equity method	(20)	72
<b>Total other comprehensive income</b>	<b>(739)</b>	<b>6,178</b>
<b>Comprehensive income</b>	<b>2,980</b>	<b>11,317</b>
Comprehensive income attributable to:		
Owners of the parent	2,888	11,144
Minority interests	92	172

**(4) Consolidated statements of changes in net assets**

(Millions of yen)

	<b>FY2012</b> (April 2011 through March 2012)	<b>FY2013</b> (April 2012 through March 2013)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the beginning of current period	26,330	26,330
Changes of items during the period		
Total changes of items during the period	—	—
<b>Balance at the end of current period</b>	<b>26,330</b>	<b>26,330</b>
<b>Capital surplus</b>		
Balance at the beginning of current period	27,704	27,375
Changes of items during the period		
Disposal of treasury stock	(329)	—
Total changes of items during the period	(329)	—
<b>Balance at the end of current period</b>	<b>27,375</b>	<b>27,375</b>
<b>Retained earnings</b>		
Balance at the beginning of current period	27,907	30,695
Changes of items during the period		
Dividends from surplus	(880)	(905)
Net income	3,604	5,040
Disposal of treasury stock	(36)	(0)
Change of scope of equity method	28	(41)
Reversal of revaluation reserve for land	71	—
Total changes of items during the period	2,787	4,092
<b>Balance at the end of current period</b>	<b>30,695</b>	<b>34,787</b>
<b>Treasury stock</b>		
Balance at the beginning of current period	(6,014)	(3,932)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	2,082	0
Total changes of items during the period	2,081	0
<b>Balance at the end of current period</b>	<b>(3,932)</b>	<b>(3,932)</b>
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	75,928	80,468
Changes of items during the period		
Dividends from surplus	(880)	(905)
Net income	3,604	5,040
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	1,716	0
Change of scope of equity method	28	(41)
Reversal of revaluation reserve for land	71	—
Total changes of items during the period	4,539	4,092
<b>Balance at the end of current period</b>	<b>80,468</b>	<b>84,561</b>



(Millions of yen)

	<b>FY2012</b> (April 2011 through March 2012)	<b>FY2013</b> (April 2012 through March 2013)
<b>Accumulated other comprehensive income</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the beginning of current period	(686)	(885)
Changes of items during the period		
Net changes of items other than shareholders' equity	(198)	5,133
Total changes of items during the period	(198)	5,133
<b>Balance at the end of current period</b>	<b>(885)</b>	<b>4,248</b>
<b>Revaluation reserve for land</b>		
Balance at the beginning of current period	(256)	(328)
Changes of items during the period		
Net changes of items other than shareholders' equity	(71)	—
Total changes of items during the period	(71)	—
<b>Balance at the end of current period</b>	<b>(328)</b>	<b>(328)</b>
<b>Foreign currency translation adjustment</b>		
Balance at the beginning of current period	(2,505)	(3,023)
Changes of items during the period		
Net changes of items other than shareholders' equity	(517)	971
Total changes of items during the period	(517)	971
<b>Balance at the end of current period</b>	<b>(3,023)</b>	<b>(2,052)</b>
<b>Total accumulated other comprehensive income</b>		
Balance at the beginning of current period	(3,449)	(4,236)
Changes of items during the period		
Net changes of items other than shareholders' equity	(787)	6,104
Total changes of items during the period	(787)	6,104
<b>Balance at the end of current period</b>	<b>(4,236)</b>	<b>1,867</b>
<b>Minority interests</b>		
Balance at the beginning of current period	671	819
Changes of items during the period		
Net changes of items other than shareholders' equity	147	297
Total changes of items during the period	147	297
<b>Balance at the end of current period</b>	<b>819</b>	<b>1,116</b>
<b>Total net assets</b>		
Balance at the beginning of current period	73,150	77,050
Changes of items during the period		
Dividends from surplus	(880)	(905)
Net income	3,604	5,040
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	1,716	0
Change of scope of equity method	28	(41)
Reversal of revaluation reserve for land	71	—
Net changes of items other than shareholders' equity	(639)	6,401
Total changes of items during the period	3,899	10,494
<b>Balance at the end of current period</b>	<b>77,050</b>	<b>87,545</b>

**(5) Consolidated statements of cash flows**

(Millions of yen)

	<b>FY2012</b> (April 2011 through March 2012)	<b>FY2013</b> (April 2012 through March 2013)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	4,835	7,181
Depreciation and amortization	2,107	2,285
Impairment loss	571	—
Amortization of goodwill	128	196
Increase (decrease) in provision for retirement benefits	127	99
Interest and dividends income	(221)	(249)
Interest expenses	143	136
Equity in (earnings) losses of affiliates	231	(185)
Loss (gain) on valuation of investment securities	476	632
Decrease (increase) in notes and accounts receivable-trade	(5,235)	1,387
Decrease (increase) in inventories	857	(129)
Increase (decrease) in notes and accounts payable-trade	(513)	(123)
Other, net	(1,606)	(108)
Subtotal	1,903	11,122
Interest and dividends income received	250	261
Interest expenses paid	(144)	(135)
Income taxes paid	(2,193)	(913)
<b>Net cash provided by (used in) operating activities</b>	<b>(184)</b>	<b>10,335</b>
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(1,157)	516
Purchase of short-term investment securities	(606)	—
Proceeds from sales and redemption of securities	—	600
Purchase of property, plant and equipment	(3,336)	(775)
Purchase of intangible assets	(1,048)	(1,353)
Purchase of investment securities	(3,142)	(2,844)
Proceeds from sales of investment securities	180	35
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(4,483)	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	105
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	641
Payments for investments in capital	(665)	(1,358)
Proceeds from cancellation of insurance funds	189	476
Other, net	(19)	(104)
<b>Net cash provided by (used in) investing activities</b>	<b>(14,088)</b>	<b>(4,061)</b>

(Millions of yen)

	<b>FY2012</b>	<b>FY2013</b>
	(April 2011 through March 2012)	(April 2012 through March 2013)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable	(62)	(50)
Proceeds from long-term loans payable	250	200
Repayment of long-term loans payable	(473)	(84)
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	1,716	0
Cash dividends paid	(880)	(905)
Other, net	29	53
<b>Net cash provided by (used in) financing activities</b>	<b>580</b>	<b>(787)</b>
Effect of exchange rate change on cash and cash equivalents	(381)	455
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(14,073)</b>	<b>5,942</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>26,007</b>	<b>11,934</b>
<b>Cash and cash equivalents at end of period</b>	<b>11,934</b>	<b>17,876</b>

## **(6) Notes on Premise of Going Concern**

Not applicable

## **(7) Segment Information**

Kadokawa Group Holdings, Inc. (“the Company”) does not present segment information by reportable segment, as the Company and its consolidated subsidiaries (“the Companies”) operate in one business category, “Content business”, namely publications, films and others which are created, produced, purchased and sold by the Companies.

## **(8) Subsequent Events**

Based on the resolution of the Company’s board of directors held on January 9, 2013, the Company entered into the absorption-type merger agreement with Kadokawa Group Publishing Co., Ltd. (“KGP”), one of consolidated subsidiaries of the Company, on January 31, 2013.

Subject to the merger agreement, the Company merged with KGP on April 1, 2013. This event has no effect on consolidated operating results because of a merger with wholly-owned consolidated subsidiary.

## **(9) Additional Information**

The Company’s board of directors held on March 28, 2013, resolved that the Company will merge with nine wholly-owned consolidated subsidiaries of the Company on October 1, 2013, subject to the approval on general shareholder’s meeting to be held on June 22, 2013.