



HAPPINET CORPORATION

Stock Listing :Tokyo Stock Exchange

Code Number :7552



Financial Highlights

for the 1st Quarter of the Fiscal Year
Ending March 31, 2018



Changes in business results



		1st quarter of FY2013	1st quarter of FY2014	1st quarter of FY2015	1st quarter of FY2016	1st quarter of FY2017	FY2013	FY2014	FY2015	FY2016
Net sales	¥million	36,172	40,039	37,300	32,757	35,150	206,867	217,232	187,274	174,059
Operating income	¥million	604	831	779	152	449	3,888	5,056	3,450	3,698
Ordinary income	¥million	614	863	794	95	392	3,917	5,124	3,497	3,479
Net income	¥million	260	928	471	-26	177	2,466	4,049	2,359	2,040
Comprehensive income	¥million	280	958	608	-66	899	2,654	4,349	2,328	2,559
Net assets	¥million	23,341	26,353	29,851	30,947	32,776	25,694	29,580	31,355	32,311
Total assets	¥million	50,473	53,597	56,330	55,358	57,066	53,879	59,893	56,793	61,337
Book Value per share	¥	1,036.63	1,156.87	1,304.00	1,346.87	1,483.98	1,128.25	1,293.00	1,364.82	1,464.82
Net income per share	¥	11.58	41.04	20.83	-1.16	8.18	109.40	178.91	104.06	92.32
Dividends per share (Interim dividends)	¥						24.75 (11.25)	28.50 (13.50)	30.00 (15.00)	35.00 (15.00)
No. of employees	people	924	997	911	885	854	972	933	883	843

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

2. In December 2015, creates capital and business alliance with BROCCOLI Co., Ltd. (now an equity-method affiliate)

3. FY2016 dividends include a commemorative dividend of ¥5 per share.

Consolidated results for the 1st quarter of the FY2017 (1)Profit & loss statement

(millions of Yen,%)

	1st quarter of FY2016			1st quarter of FY2017		
		% of total	YoY		% of total	YoY
Net sales	32,757	100.0	-12.2	35,150	100.0	7.3
Cost of sales *	28,445	86.8	-11.8	30,567	87.0	7.5
Gross profit	4,312	13.2	-14.4	4,582	13.0	6.3
SG&A expenses	4,160	12.7	-2.3	4,133	11.8	-0.6
logistics cost	745	2.3	-5.0	735	2.1	-1.3
Personnel	1,896	5.8	-5.2	1,835	5.2	-3.2
Depreciation	95	0.3	31.6	76	0.2	-20.4
Operating profit	152	0.5	-80.4	449	1.3	194.1
Non-operating income	36	0.1	-21.0	59	0.2	60.6
interest and dividends income	27	0.1	-13.8	46	0.1	69.6
Other	9	0.0	-36.5	12	0.0	34.2
Non-operating expenses	93	0.3	202.7	115	0.3	23.8
interest expenses	0	0.0	-54.7	0	0.0	7.7
Share of loss of entities accounted for using equity method	93	0.3	-	115	0.4	23.7
Other	0	0.0	-99.9	0	0.0	467.0
Ordinary profit	95	0.3	-87.9	392	1.1	309.2
Extraordinary income	-	-	-	-	-	-
Extraordinary losses	7	0.0	624.7	0	0.0	-98.4
Profit before income tax	88	0.3	-88.8	392	1.1	341.6
Income taxes	115	0.4	-64.3	214	0.6	86.7
Profit attributable to owners of parent	-26	-0.1	-	177	0.5	-

*including stock clearances of ¥20m in FY2016, ¥3m in FY2017.

Earnings per share (¥)	-1.16		-	8.18		-
No. of employees at end of period (people) **	885		-2.8	854		-3.5

**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	186		228.7	225		21.3
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① Change by business segment

■ Net sales

(millions of Yen,%)

Segment	Period	1st quarter of FY2016			1st quarter of FY2017			FY2016		
			% of total	YoY		% of total	YoY		% of total	YoY
Toy business		14,300	43.7	-6.0	13,450	38.3	-5.9	73,725	42.4	-4.1
Visual and Music business		8,138	24.8	-5.4	7,944	22.6	-2.4	34,890	20.0	-9.1
Video-game business		5,832	17.8	-27.3	9,263	26.3	58.8	44,793	25.7	-10.4
Amusement business		4,487	13.7	-17.8	4,492	12.8	0.1	20,649	11.9	-6.2
Total		32,757	100.0	-12.2	35,150	100.0	7.3	174,059	100.0	-7.1

■ Segment income

(millions of Yen,%)

Segment	Period	1st quarter of FY2016			1st quarter of FY2017			FY2016		
			% of total	YoY		% of total	YoY		% of total	YoY
Toy business		284	186.4	-46.6	300	66.9	5.4	3,044	82.3	6.9
Visual and Music business		-54	-35.9	-	89	19.9	-	418	11.3	-10.4
Video-game business		-129	-84.9	-	61	13.6	-	384	10.4	-
Amusement business		345	225.9	-39.8	305	67.9	-11.6	1,281	34.7	-22.4
Eliminations and corporate		-292	-191.5	-	-306	-68.3	-	-1,430	-38.7	-
Total		152	100.0	-80.4	449	100.0	194.1	3,698	100.0	7.2

② Main business summary

■ Toy business

(100millions of Yen,%)

period Manufacturer	1st quarter of FY2016			1st quarter of FY2017			FY2016		
		% of total	YoY		% of total	YoY		% of total	YoY
BANDAI CO.,Ltd	64	45.2	-	60	45.1	-6.1	376	51.0	-10.4
TOMY COMPANY,LTD	14	9.9	-	15	11.4	7.8	70	9.6	41.6
Happinet originals	4	3.2	-	2	1.9	-45.2	17	2.4	10.6
Other manufactures	59	41.7	-	55	41.6	-6.1	272	37.0	-3.6
Total	143	100.0	-6.0	134	100.0	-5.9	737	100.0	-4.1

■ Visual and Music business

(100millions of Yen,%)

period Division	1st quarter of FY2016			1st quarter of FY2017			FY2016		
		% of total	YoY		% of total	YoY		% of total	YoY
Wholesale	52	63.9	-	53	66.7	1.9	222	63.8	-10.2
Exclusive titles	10	13.1	-	12	15.7	17.2	44	12.8	-5.8
Visual	62	77.0	-	65	82.4	4.5	267	76.6	-9.5
Music	18	23.0	-	13	17.6	-25.4	81	23.4	-7.7
Total	81	100.0	-5.4	79	100.0	-2.4	348	100.0	-9.1

■ Sales of video game platform

(100millions of Yen,%)

Manufacturer	period	1st quarter of FY2016			1st quarter of FY2017			FY2016		
			% of total	YoY		% of total	YoY		% of total	YoY
Nintendo		43	73.9	-	76	82.2	76.7	338	75.6	-16.5
S I E *		12	22.2	-	15	16.8	19.8	99	22.1	24.8
Other		2	3.9	-	0	1.0	-56.9	10	2.3	-33.6
Total		58	100.0	-27.3	92	100.0	58.8	447	100.0	-10.4

※ S I E . . . Sony Interactive Entertainment LLC

■ Amusement Business

(100millions of Yen,%)

Division	period	1st quarter of FY2016			1st quarter of FY2017			FY2016		
			% of total	YoY		% of total	YoY		% of total	YoY
Capsule toy		22	49.5	-	24	53.5	7.6	94	45.8	-8.6
Kid's card game		18	40.1	-	16	37.2	-10.8	91	44.4	-1.7
Other		4	10.4	-	4	9.3	3.4	20	9.8	-13.9
Total		44	100.0	-17.8	44	100.0	0.1	206	100.0	-6.2

■ Breakdown of Nintendo sales

(100millions of Yen,%)

Item	period	1st quarter of FY2016			1st quarter of FY2017			FY2016		
			% of total	YoY		% of total	YoY		% of total	YoY
Stationary	console	4	11.5	-	31	41.6	541.1	52	15.5	-17.6
	Software	4	10.7	-	15	20.2	234.1	27	8.2	-38.0
	Accessories	1	2.4	-	5	6.8	398.4	7	2.2	-53.3
Portable	console	12	29.0	-	9	12.9	-21.6	76	22.7	-10.7
	Software	17	41.6	-	11	14.9	-36.7	144	42.6	-15.1
	Accessories	0	2.3	-	0	0.7	-46.4	6	1.9	-47.2
Other		1	2.5	-	2	2.9	98.9	23	6.9	82.9
Total		43	100.0	-32.7	76	100.0	76.7	338	100.0	-16.5

■ Breakdown of *SIE sales

(100millions of Yen,%)

Item	period	1st quarter of FY2016			1st quarter of FY2017			FY2016		
			% of total	YoY		% of total	YoY		% of total	YoY
Stationary	console	2	17.8	-	3	24.4	64.3	23	23.3	109.3
	Software	3	23.7	-	2	15.9	-19.5	32	32.7	43.3
	Accessories	0	3.4	-	0	4.3	51.8	2	2.3	58.4
Portable	console	1	13.8	-	1	7.2	-37.7	9	9.1	-19.2
	Software	4	38.4	-	7	46.0	43.5	30	31.1	-2.4
	Accessories	0	2.9	-	0	2.2	-9.0	1	1.5	-3.5
Total		12	100.0	0.1	15	100.0	19.8	99	100.0	24.8

(millions of Yen,%)

	FY2016		FY2017	
	1st quarter	Full year	1st quarter	Change
(Assets)				
Cash and deposits	12,619	11,605	13,932	2,326
Notes and accounts receivable - trade	19,270	28,258	19,753	-8,505
Inventories	7,788	6,300	7,812	1,512
Advance payments-trade	1,024	782	876	94
Deferred tax assets	733	736	619	-116
Other	2,007	1,294	1,036	-258
Allowance for doubtful accounts	-0	-1	-0	1
Total current assets	43,443	48,975	44,029	-4,946
Total property, plant and equipment	765	777	779	2
Buildings and structures, net	362	432	441	9
Land	65	65	65	-
Other	337	279	272	-6
Intangible assets	1,148	1,005	1,143	137
Investments and other assets	10,001	10,579	11,113	534
Investment securities	6,188	7,105	7,989	884
Deferred tax assets	1,275	947	620	-327
Other	2,564	2,535	2,507	-27
Allowance for doubtful accounts	-27	-9	-4	5
Total non-current assets	11,914	12,361	13,036	675
Total assets	55,358	61,337	57,066	-4,270

(millions of Yen,%)

	FY2016		FY2017	
	1st quarter	Full year	1st quarter	Change
(Liabilities)				
Notes and accounts payable-trade	17,382	21,550	16,904	-4,645
Accounts payable-other	2,250	2,184	2,245	61
Income taxes payable	72	624	95	-529
Provision for bonuses	324	242	303	60
Other	674	586	853	266
Total current liabilities	20,702	25,188	20,402	-4,786
Net defined benefit liability	2,811	2,906	2,945	39
Deferred tax liabilities	-	-	15	15
Other	895	931	926	-4
Total non-current liabilities	3,707	3,837	3,887	49
Total liabilities	24,410	29,026	24,290	-4,736
(Net assets)				
Capital stock	2,751	2,751	2,751	-
Capital surplus	2,784	2,784	2,795	11
Retained earnings	25,313	27,054	26,798	-256
Treasury shares	-906	-1,997	-1,917	80
Total shareholder's equity	29,942	30,592	30,427	-165
Valuation difference on available-for-sale securities	613	1,167	1,889	722
Deferred gains or losses on hedges	-5	-0	-0	-0
Total accumulated other comprehensive income	607	1,167	1,888	721
Subscription rights to shares	398	551	459	-91
Total Net assets	30,947	32,311	32,776	465
Total liabilities and Net assets	55,358	61,337	57,066	-4,270
Net assets per share(¥)	1,346.87	1,464.82	1,483.98	19.16

■ Net sales projection by business segment

(millions of Yen,%)

	FY2016			FY2017		
		% of total	YoY		% of total	YoY
Toy business	73,725	42.4	-4.1	75,000	41.7	1.7
Visual and Music business	34,890	20.0	-9.1	37,000	20.6	6.0
Video-game business	44,793	25.7	-10.4	46,000	25.6	2.7
Amusement business	20,649	11.9	-6.2	22,000	12.1	6.5
Total	174,059	100.0	-7.1	180,000	100.0	3.4

■ Income projection by business segment

(millions of Yen,%)

	FY2016			FY2017		
		% of total	YoY		% of total	YoY
Toy business	3,044	82.3	6.9	3,250	77.4	6.7
Visual and Music business	418	11.3	-10.4	550	13.1	31.4
Video-game business	384	10.4	—	450	10.7	17.0
Amusement business	1,281	34.7	-22.4	1,350	32.1	5.3
Eliminations and corporate	-1,430	-38.7	—	-1,400	-33.3	—
Total	3,698	100.0	7.2	4,200	100.0	13.6

Notes

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