



Consolidated Financial Results

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

August 9, 2017

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DISCLAIMER

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This document contains forward-looking statements that are based on management’s estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectation.

2. Dividend

Dividend record dates	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Fiscal Year-end	Total
	¥	¥	¥	¥	¥
Fiscal Year Ended March 31, 2017	—	15.00	—	20.00	35.00
Fiscal Year Ended March 31, 2018	—				
(Projection) Fiscal Year Ending March 31, 2018		15.00	—	15.00	30.00

(Note) Revision to the projections: No

Year-end dividends of FY2016 Ordinary dividends:15.00yen Commemorative dividends:5.00yen

3. Consolidated Projections for the Fiscal Year ending March 31, 2018 (April 1, 2017 - March 31, 2018)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim Year	77,000	6.3	1,200	42.1	1,100	48.3	700	112.4	31.67
Full Year	180,000	3.4	4,200	13.6	4,000	14.9	2,500	22.5	113.12

(Note) Revision to the projections: No

※ Other Information

- (1) Significant changes in consolidated subsidiaries during the period: No
- (2) Application of special accounting methods for quarterly consolidated financial statements: No
- (3) Changes in accounting policies, accounting estimation change and error correction.
 - a) Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - b) Changes in accounting policies due to revisions to other reasons: No
 - c) Changes in accounting estimation: No
 - d) Error correction: No
- (4) Number of shares issued (common shares)
 - a) Number of shares issued at the end of the period (including treasury shares)

1st quarter of the fiscal year ending March 31, 2018	24,050,000shares
Fiscal year ended March 31, 2017	24,050,000shares
 - b) Number of treasury shares at the end of the period

1st quarter of the fiscal year ending March 31, 2018	2,272,970shares
Fiscal year ended March 31, 2017	2,368,110shares
 - c) Average number of shares during the period

For the 1st quarter of the fiscal year ending March 31, 2018	21,690,169shares
For the 1st quarter of the fiscal year ended March 31, 2017	22,682,130shares

II . Consolidated Quarterly Financial Statements
 (i) Consolidated Quarterly Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2017)	Current 1st Quarter (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	11,605	13,932
Notes and accounts receivable - trade	28,258	19,753
Inventories	6,300	7,812
Other	2,813	2,532
Allowance for doubtful accounts	△1	△0
Total current assets	48,975	44,029
Non-current assets		
Property, plant and equipment	777	779
Intangible assets	1,005	1,143
Investments and other assets	10,579	11,113
Total non-current assets	12,361	13,036
Total assets	61,337	57,066
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,550	16,904
Income taxes payable	624	95
Provision for bonuses	242	303
Other provision	12	10
Other	2,758	3,088
Total current liabilities	25,188	20,402
Non-current liabilities		
Net defined benefit liability	2,906	2,945
Other	931	942
Total non-current liabilities	3,837	3,887
Total liabilities	29,026	24,290
Net assets		
Shareholders' equity		
Capital stock	2,751	2,751
Capital surplus	2,784	2,795
Retained earnings	27,054	26,798
Treasury shares	△1,997	△1,917
Total shareholders' equity	30,592	30,427
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,167	1,889
Deferred gains or losses on hedges	△0	△0
Total accumulated other comprehensive income	1,167	1,888
Subscription rights to shares	551	459
Total net assets	32,311	32,776
Total liabilities and net assets	61,337	57,066

(ii) Consolidated Quarterly Statements of Income and Consolidated quarterly Statements of Comprehensive Income
(Consolidated Quarterly Statements of Income)

(¥ million)

	Prior Fiscal Year (April 1, 2016 - June 30, 2016)	Current Fiscal Year (April 1, 2017 - June 30, 2017)
Net sales	32,757	35,150
Cost of sales	28,445	30,567
Gross profit	4,312	4,582
Selling, general and administrative expenses	4,160	4,133
Operating profit	152	449
Non-operating income		
Interest income	0	0
Dividend income	27	46
Other	9	12
Total non-operating income	36	59
Non-operating expenses		
Interest expenses	0	0
Share of loss of entities accounted for using equity method	93	115
Other	0	0
Total non-operating expenses	93	115
Ordinary profit	95	392
Extraordinary income		
Extraordinary losses		
Loss on retirement of non-current assets	7	0
Total extraordinary losses	7	0
Profit before income taxes	88	392
Income taxes - current	44	74
Income taxes - deferred	70	140
Total income taxes	115	214
Profit (loss)	△26	177
Profit (loss) attributable to owners of parent	△26	177

(Consolidated quarterly statements of comprehensive income)

(¥ million)

	Prior Fiscal Year (April 1, 2016 - June 30, 2016)	Current Fiscal Year (April 1, 2017 - June 30, 2017)
Profit (loss)	Δ26	177
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ44	721
Deferred gains or losses on hedges	3	Δ0
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	Δ40	721
Comprehensive income	Δ66	899
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	Δ66	899
Comprehensive income attributable to non-controlling interests	—	—

III. Consolidated Quarterly Financial Results by Business Segments

(1) 1st Quarter of the Fiscal Year Ended March 31, 2017 (April 1, 2016 - June 30, 2016)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	14,300	8,138	5,832	4,487	32,757	—	32,757
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	14,300	8,138	5,832	4,487	32,757	—	32,757
Segment income(loss)	284	△ 54	△ 129	345	445	△ 292	152

*1 The △292 million yen adjustment to segment income(loss) includes unallocated operating expenses.

The expenses cannot be assigned to any particular segment and are mostly administrative expenses incurred by the administration sector of the HAPPINET CORPORATION.

*2 Segment income(loss) is adjusted to be consistent with operating income shown on the consolidated quarterly statements of income.

(2) 1st Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 - June 30, 2017)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	13,450	7,944	9,263	4,492	35,150	—	35,150
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	13,450	7,944	9,263	4,492	35,150	—	35,150
Segment income	300	89	61	305	755	△ 306	449

*1 The △306 million yen adjustment to segment income includes unallocated operating expenses.

The expenses cannot be assigned to any particular segment and are mostly administrative expenses incurred by the administration sector of the HAPPINET CORPORATION.

*2 Segment income is adjusted to be consistent with operating income shown on the consolidated quarterly statements of income.