



# Consolidated Financial Results

for the 3rd Quarter of the Fiscal Year Ending March 31, 2018

February 8, 2018

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**Consolidated Financial Results**  
**for the 3rd Quarter of the Fiscal Year Ending March 31, 2018 [Japanese GAAP]**

Company name	HAPPINET CORPORATION		
Stock listing	Tokyo Stock Exchange		
Code No.	7552	URL:	<a href="http://www.happinet.co.jp/">http://www.happinet.co.jp/</a>
Representative	Seiichi Enomoto, Representative Director, President and COO		
Contact	Toru Shibata, Director, Executive Officer, Head of the Corporate Management Division		
Scheduled filing date of the quarterly report	February 9, 2018		
Scheduled starting date for dividend payments:	-		
The additional materials of the financial results:	Yes		
The information session of the financial results:	No		

(Figures are in millions of yen, rounded down)

**1. Consolidated Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2018**

**(April 1, 2017 - December 31, 2017)**

**(1) Consolidated Operating Results (For the nine months Ended December 31, 2017)**

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Quarterly Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
<b>3rd Quarter of the Fiscal Year Ending March 31, 2018</b>	153,682	14.8	4,694	43.5	4,540	46.9	3,793	111.6
3rd Quarter of the Fiscal Year Ended March 31, 2017	133,902	Δ 10.7	3,270	1.8	3,090	Δ 4.9	1,793	Δ 15.1

Note: Comprehensive income: As of December 31, 2017 4,831million yen (114.3%)  
As of December 31, 2016 2,254million yen (1.3%)

	Quarterly Earnings per share	Quarterly Earnings per share (diluted)
	¥	¥
<b>3rd Quarter of the Fiscal Year Ending March 31, 2018</b>	174.45	170.56
3rd Quarter of the Fiscal Year Ended March 31, 2017	80.64	79.09

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
<b>As of December 31, 2017</b>	84,717	36,486	42.4
As of March 31, 2017	61,337	32,311	51.8

(Reference)

Shareholder's equity: As of December 31, 2017 35,922million yen  
As of March 31, 2017 31,760million yen

## 2. Dividend

Dividend record date	Dividends 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 Ending March 31, 2018	—	15.00			
(Projection) Fiscal Year Ending March 31, 2018			—	25.00	40.00

(Note) Revision to the projections: Yes  
 Year-end dividends of FY2017 Ordinary dividends:15.00yen Commemorative dividends:5.00yen  
 Year-end dividends of FY2018 Ordinary dividends:15.00yen Special dividends:10.00yen

## 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		Quarterly Profit attributable to owners of parent		Earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full Year	193,000	10.9	4,800	29.8	4,600	32.2	3,800	86.2	171.95

(Note) Revision to the projections: Yes

### ※ 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 principles, accounting estimation change and error correction.
  - a) Changes in accounting principles due to revisions to accounting standards and other regulations: No
  - b) Changes in accounting principles 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)
 

3rd 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
 

3rd quarter of the fiscal year ending March 31, 2018	2,273,050shares
Fiscal year ended March 31, 2017	2,368,110shares
  - c) Average number of shares during the period
 

For the 3rd quarter of the fiscal year ending March 31, 2018	21,748,283shares
For the 3rd quarter of the fiscal year ended March 31, 2017	22,236,842shares

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

( ¥ million)

	Prior Fiscal Year (As of Mar. 31, 2017)	Current Fiscal Year (As of Dec. 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	11,605	7,789
Notes and accounts receivable - trade	28,258	52,231
Inventories	6,300	8,696
Other	2,813	2,950
Allowance for doubtful accounts	△1	△4
Total current assets	48,975	71,663
Non-current assets		
Property, plant and equipment	777	745
Intangible assets	1,005	1,367
Investments and other assets		
Investment securities	7,105	8,277
Other	3,483	2,666
Allowance for doubtful accounts	△9	△3
Total investments and other assets	10,579	10,940
Total non-current assets	12,361	13,053
Total assets	61,337	84,717
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,550	38,450
Income taxes payable	624	990
Provision for bonuses	242	102
Other provision	12	17
Other	2,758	4,474
Total current liabilities	25,188	44,036
Non-current liabilities		
Net defined benefit liability	2,906	3,007
Other	931	1,186
Total non-current liabilities	3,837	4,194
Total liabilities	29,026	48,230
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,751	2,751
Capital surplus	2,784	2,795
Retained earnings	27,054	30,087
Treasury shares	△1,997	△1,917
Total shareholders' equity	30,592	33,717
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,167	2,204
Deferred gains or losses on hedges	△0	△0
Total accumulated other comprehensive income	1,167	2,204
Subscription rights to shares	551	564
Total net assets	32,311	36,486
Total liabilities and net assets	61,337	84,717

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

( ¥ million)

	Prior Fiscal Year (Apr. 1, 2016 - Dec. 31, 2016)	Current Fiscal Year (Apr. 1, 2017 - Dec. 31, 2017)
Net sales	133,902	153,682
Cost of sales	116,762	135,728
Gross profit	17,139	17,954
Selling, general and administrative expenses	13,869	13,260
Operating profit	3,270	4,694
Non-operating income		
Interest income	0	0
Dividend income	38	61
Other	23	24
Total non-operating income	62	86
Non-operating expenses		
Interest expenses	0	0
Share of loss of entities accounted for using equity method	237	238
Other	4	0
Total non-operating expenses	242	239
Ordinary profit	3,090	4,540
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	—	27
Income on compensation	—	1,198
Total extraordinary income	0	1,225
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	55	10
Loss on valuation of shares of subsidiaries and associates	—	17
Warehouse transfer expenses	28	—
Litigation expenses	51	78
Total extraordinary losses	135	107
Profit before income taxes	2,955	5,659
Income taxes - current	706	1,227
Income taxes - deferred	455	638
Total income taxes	1,161	1,865
Profit	1,793	3,793
Profit attributable to owners of parent	1,793	3,793

(Consolidated Quarterly Statements of Comprehensive Income)

(¥ million)

	Prior Fiscal Year (Apr. 1, 2016 - Dec. 31, 2016)	Current Fiscal Year (Apr. 1, 2017 - Dec. 31, 2017)
Profit	1,793	3,793
Other comprehensive income		
Valuation difference on available-for-sale securities	448	1,037
Deferred gains or losses on hedges	12	0
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	461	1,037
Comprehensive income	2,254	4,831
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,254	4,831
Comprehensive income attributable to non-controlling interests	—	—

### (iii) Notes to the Consolidated Financial

(Notes regarding going concern assumptions)  
Not applicable

(Notes regarding significant changes in shareholders' equity accounts)  
Not applicable

(Segments Information)

(1) 3rd Quarter of the Fiscal Year Ended March 31, 2017 (April 1, 2016 - December 31, 2016)  
Information on net sales and profits or losses by reported segment

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	59,433	25,801	33,476	15,190	133,902	—	133,902
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	59,433	25,801	33,476	15,190	133,902	—	133,902
Segment income(loss)	2,827	358	249	889	4,325	△ 1,054	3,270

\*1 The △1,054 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(loss) is adjusted to be consistent with operating income shown on the consolidated quarterly statements of income.

(2) 3rd Quarter of the Fiscal Year Ended March 31, 2018 (April 1, 2017 - December 31, 2017)  
Information on net sales and profits or losses by reported segment

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	58,145	28,148	52,424	14,963	153,682	—	153,682
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	58,145	28,148	52,424	14,963	153,682	—	153,682
Segment income	2,765	482	1,194	1,232	5,675	△ 981	4,694

\*1 The △981 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.