



HAPPINET CORPORATION

Stock Listing :Tokyo Stock Exchange
Code Number :7552



Financial Highlights

for the 1st Quarter of the Fiscal Year

Ending March 31, 2019



Changes in business results



		1st quarter of FY2014	1st quarter of FY2015	1st quarter of FY2016	1st quarter of FY2017	1st quarter of FY2018	FY2014	FY2015	FY2016	FY2017
Net sales	¥million	40,039	37,300	32,757	35,150	47,249	217,232	187,274	174,059	197,607
Operating income	¥million	831	779	152	449	767	5,056	3,450	3,698	4,806
Ordinary income	¥million	863	794	95	392	754	5,124	3,497	3,479	4,701
Net income	¥million	928	471	-26	177	435	4,049	2,359	2,040	4,031
Comprehensive income	¥million	958	608	-66	899	258	4,349	2,328	2,559	5,043
Net assets	¥million	26,353	29,851	30,947	32,776	36,412	29,580	31,355	32,311	36,698
Total assets	¥million	53,596	56,330	55,358	57,052	70,548	59,892	56,793	61,337	75,281
Book Value per share	¥	1,156.87	1,304.00	1,346.87	1,483.98	1,644.86	1,293.00	1,364.82	1,464.82	1,659.28
Net income per share	¥	41.04	20.83	-1.16	8.18	19.97	178.91	104.06	92.32	185.31
Dividends per share (Interim dividends)	¥						28.50 (13.50)	30.00 (15.00)	35.00 (15.00)	40.00 (15.00)
No. of employees	people	997	911	885	854	969	933	883	843	964

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 affiliated company accounted for by the equity-method)

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

4. In March 2018, Seikodo Marketing Co., Ltd. joined Happinet Group.

5. FY2017 dividends include a special dividends of ¥10 per share.

Consolidated results (1) Profit & loss statement



(millions of Yen,%)

	1st quarter of FY2017 (from Apr. 1, 2017 to Jun. 30, 2017)			1st quarter of FY2018 (from Apr. 1, 2018 to Jun. 30, 2018)		
		% of total	YoY		% of total	YoY
Net sales	35,150	100.0	7.3	47,249	100.0	34.4
Cost of sales *	30,567	87.0	7.5	41,815	88.5	36.8
Gross profit	4,582	13.0	6.3	5,433	11.5	18.6
SG&A expenses	4,133	11.8	-0.6	4,666	9.9	12.9
logistics cost	735	2.1	-1.3	915	1.9	24.5
Personnel	1,835	5.2	-3.2	2,062	4.4	12.4
Depreciation	76	0.2	-20.4	110	0.2	44.6
Amortization of goodwill	-	-	-	33	0.1	-
Operating profit	449	1.3	194.1	767	1.6	70.8
Non-operating income	59	0.2	60.6	71	0.2	21.5
interest and dividends income	46	0.1	69.6	60	0.1	30.0
Other	12	0.0	34.2	11	0.0	-10.2
Non-operating expenses	115	0.3	23.8	84	0.2	-27.0
interest expenses	0	0.0	7.7	0	0.0	-
Share of loss of entities accounted for using equity method	115	0.4	23.7	83	0.2	-27.9
Other	0	0.0	467.0	0	0.0	432.6
Ordinary profit	392	1.1	309.2	754	1.6	92.3
Extraordinary income	-	-	-	-	-	-
Extraordinary losses	0	0.0	-98.4	0	0.0	-71.1
Profit before income tax	392	1.1	341.6	754	1.6	92.3
Income taxes	214	0.6	86.7	318	0.7	48.5
Profit attributable to owners of parent	177	0.5	-	435	0.9	145.3

*including stock clearances of ¥3m in FY2017, ¥74m in FY2018.

Earnings per share (¥)	8.18	-	-	19.97	-	144.0
No. of employees at end of period (people) **	854	-	-3.5	969	-	13.4

**1st quarter of FY2018 No. of employees include 129 people for Seikodo Marketing Co., Ltd.

Capital expenditures	225	-	21.3	199	-	-11.4
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① Changes by business segment

■ Net sales

(millions of Yen,%)

Segment	Period	1st quarter of FY2017 (from Apr.1,2017 to Jun.30,2017)			1st quarter of FY2018 (from Apr.1,2018 to Jun.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
			% of total	YoY		% of total	YoY		% of total	YoY
Toy business		13,450	38.3	-5.9	13,037	27.6	-3.1	71,403	36.1	-3.2
Visual and Music business		7,944	22.6	-2.4	20,292	42.9	155.4	42,466	21.5	21.7
Video-game business		9,263	26.3	58.8	9,389	19.9	1.4	63,107	31.9	40.9
Amusement business		4,492	12.8	0.1	4,529	9.6	0.8	20,630	10.5	-0.1
Total		35,150	100.0	7.3	47,249	100.0	34.4	197,607	100.0	13.5

■ Segment income

(millions of Yen,%)

Segment	Period	1st quarter of FY2017 (from Apr.1,2017 to Jun.30,2017)			1st quarter of FY2018 (from Apr.1,2018 to Jun.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
			% of total	YoY		% of total	YoY		% of total	YoY
Toy business		300	66.9	5.4	254	33.2	-15.1	2,467	51.3	-19.0
Visual and Music business		89	19.9	-	355	46.3	297.4	882	18.4	110.9
Video-game business		61	13.6	-	102	13.3	67.4	1,180	24.6	207.0
Amusement business		305	67.9	-11.6	362	47.3	18.9	1,678	34.9	31.0
Eliminations and corporate		-306	-68.3	-	-307	-40.1	-	-1,402	-29.2	-
Total		449	100.0	194.1	767	100.0	70.8	4,806	100.0	30.0

② Main business summary

■ Toy business

(100millions of Yen,%)

period	1st quarter of FY2017 (from Apr.1,2017 to Jun.30,2017)			1st quarter of FY2018 (from Apr.1,2018 to Jun.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
		% of total	YoY		% of total	YoY		% of total	YoY
Manufacturer									
BANDAI CO.,Ltd	60	45.1	-6.1	73	56.1	20.4	365	51.1	-3.0
TOMY COMPANY,LTD	15	11.4	7.8	17	13.4	14.4	73	10.3	4.0
Happinet originals	2	1.9	-45.2	4	3.4	76.8	16	2.3	-6.8
Other manufactures	55	41.6	-6.1	35	27.1	-36.9	259	36.3	-5.0
Total	134	100.0	-5.9	130	100.0	-3.1	714	100.0	-3.2

※As of April 1, 2018 BANDAI SPIRITS Co., Ltd. started its operation, the breakdown of sales was partially changed from 1st quarter of FY2018.

■ Visual and Music business

(100millions of Yen,%)

period	1st quarter of FY2017 (from Apr.1,2017 to Jun.30,2017)			1st quarter of FY2018 (from Apr.1,2018 to Jun.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
		% of total	YoY		% of total	YoY		% of total	YoY
Division									
Wholesale	53	66.7	1.9	111	55.2	111.1	280	66.1	26.1
Exclusive titles	12	15.7	17.2	8	4.0	-34.6	44	10.5	-0.1
Visual	65	82.4	4.5	120	59.2	83.4	325	76.6	21.7
Music	13	17.6	-25.4	82	40.8	493.4	99	23.4	21.8
Total	79	100.0	-2.4	202	100.0	155.4	424	100.0	21.7

※1Q of FY2018 breakdown of netsales for Seikodo Marketing Co., Ltd. Wholesale of Visual:¥6.1 billion, Music:¥6 billion

■ Sales of video game platform

(100millions of Yen,%)

Manufacturer	1st quarter of FY2017 (from Apr.1,2017 to Jun.30,2017)			1st quarter of FY2018 (from Apr.1,2018 to Jun.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
	period	% of total	YoY	% of total	YoY	% of total	YoY		
Nintendo	76	82.2	76.7	72	77.7	-4.2	539	85.6	59.4
S I E *	15	16.8	19.8	19	20.9	26.5	83	13.3	-15.3
Other	0	1.0	-56.9	1	1.4	33.7	7	1.1	-28.9
Total	92	100.0	58.8	93	100.0	1.4	631	100.0	40.9

※ S I E . . . Sony Interactive Entertainment LLC

■ Amusement Business

(100millions of Yen,%)

Division	1st quarter of FY2017 (from Apr.1,2017 to Jun.30,2017)			1st quarter of FY2018 (from Apr.1,2018 to Jun.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
	period	% of total	YoY	% of total	YoY	% of total	YoY		
Capsule toy	24	53.5	7.6	25	55.5	4.7	109	52.9	15.2
Kid's card game	16	37.2	-10.8	16	36.1	-2.3	80	39.2	-11.7
Other	4	9.3	3.4	3	8.4	-8.6	16	7.9	-19.1
Total	44	100.0	0.1	45	100.0	0.8	206	100.0	-0.1

Breakdown of Nintendo sales

(100millions of Yen,%)

Item	period	1st quarter of FY2017 (from Apr.1,2017 to Jun.30,2017)			1st quarter of FY2018 (from Apr.1,2018 to Jun.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
			% of total	YoY		% of total	YoY		% of total	YoY
Stationary	console	31	41.6	541.1	32	44.4	2.1	239	44.4	356.8
	Software	15	20.2	234.1	26	36.5	72.6	102	18.9	266.4
	Accessories	5	6.8	398.4	3	4.9	-31.0	27	5.2	270.4
Portable	console	9	12.9	-21.6	1	2.6	-80.3	55	10.2	-28.3
	Software	11	14.9	-36.7	2	3.8	-75.6	83	15.4	-42.3
	Accessories	0	0.7	-46.4	0	0.2	-70.2	2	0.4	-63.0
Other		2	2.9	98.9	5	7.6	154.4	29	5.5	27.6
Total		76	100.0	76.7	72	100.0	-4.2	539	100.0	59.4

Breakdown of *SIE sales

(100millions of Yen,%)

Item	period	1st quarter of FY2017 (from Apr.1,2017 to Jun.30,2017)			1st quarter of FY2018 (from Apr.1,2018 to Jun.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
			% of total	YoY		% of total	YoY		% of total	YoY
Stationary	console	3	24.4	64.3	4	25.1	29.9	22	26.8	-3.4
	Software	2	15.9	-19.5	9	46.7	271.9	35	42.2	9.2
	Accessories	0	4.3	51.8	0	1.7	-49.8	2	2.6	-2.9
Portable	console	1	7.2	-37.7	0	1.4	-75.7	3	4.5	-57.7
	Software	7	46.0	43.5	4	24.8	-31.7	19	22.9	-37.5
	Accessories	0	2.2	-9.0	0	0.3	-80.3	0	1.0	-44.2
Total		15	100.0	19.8	19	100.0	26.5	83	100.0	-15.3

Consolidated results (2) Balance sheet



(millions of Yen,%)

	FY2017		FY2018	
	1st quarter (As Jun.30,2017)	Full year (As Mar.31,2018)	1st quarter (As Jun.30,2018)	Change
(Assets)				
Cash and deposits	13,932	11,458	16,684	5,226
Notes and accounts receivable - trade	19,753	36,979	26,591	-10,388
Inventories	7,812	8,028	9,075	1,046
Advance payments-trade	876	1,025	1,061	36
Other	1,036	1,986	1,889	-97
Allowance for doubtful accounts	-0	-3	-1	1
Total current assets	43,410	59,474	55,299	-4,174
Total property, plant and equipment	779	758	758	-0
Buildings and structures, net	441	424	433	8
Land	65	65	65	-
Other	272	268	259	-9
Intangible assets	1,143	2,465	2,495	30
Goodwill	-	658	624	-33
Other	1,143	1,807	1,870	63
Investments and other assets	11,719	12,583	11,995	-588
Investment securities	7,989	8,323	8,024	-299
Deferred tax assets	1,225	1,525	1,425	-99
Other	2,507	2,738	2,547	-190
Allowance for doubtful accounts	-4	-3	-2	1
Total non-current assets	13,642	15,807	15,248	-558
Total assets	57,052	75,281	70,548	-4,733

Consolidated results (2) Balance sheet



(millions of Yen,%)

	FY2017		FY2018	
	1st quarter (As Jun.30,2017)	Full year (As Mar.31,2018)	1st quarter (As Jun.30,2018)	Change
(Liabilities)				
Notes and accounts payable-trade	16,904	27,785	25,383	-2,402
Accounts payable-other	2,245	3,447	2,939	-507
Income taxes payable	95	1,476	166	-1,309
Provision for bonuses	303	505	324	-181
Other	853	1,140	1,099	-40
Total current liabilities	20,402	34,354	29,913	-4,441
Net defined benefit liability	2,945	2,993	3,023	30
Deferred tax liabilities	1	59	55	-4
Other	926	1,175	1,143	-32
Total non-current liabilities	3,873	4,228	4,222	-6
Total liabilities	24,276	38,583	34,135	-4,447
(Net assets)				
Capital stock	2,751	2,751	2,751	-
Capital surplus	2,795	2,795	2,890	94
Retained earnings	26,798	30,325	30,216	-108
Treasury shares	-1,917	-1,917	-1,966	-48
Total shareholder's equity	30,427	33,954	33,891	-63
Valuation difference on available-for-sale securities	1,889	2,181	2,000	-180
Deferred gains or losses on hedges	-0	-2	1	3
Total accumulated other comprehensive income	1,888	2,179	2,001	-177
Subscription rights to shares	459	564	518	-45
Total Net assets	32,776	36,698	36,412	-286
Total liabilities and Net assets	57,052	75,281	70,548	-4,733
Net assets per share(¥)	1,483.98	1,659.28	1,644.86	-14.42

■ Net sales projection by business segment

(millions of Yen,%)

	Full Fiscal Year 2017 (from Apr.1,2017 to Mar.31,2018)			Full Fiscal Year 2018 (from Apr.1,2018 to Mar.31,2019)		
		% of total	YoY		% of total	YoY
Toy business	71,403	36.1	-3.2	72,000	31.3	0.8
Visual and Music business	42,466	21.5	21.7	78,000	33.9	83.7
Video-game business	63,107	32.0	40.9	60,000	26.1	-4.9
Amusement business	20,630	10.4	-0.1	20,000	8.7	-3.1
Total	197,607	100.0	13.5	230,000	100.0	16.4

■ Income projection by business segment

(millions of Yen,%)

	Full Fiscal Year 2017 (from Apr.1,2017 to Mar.31,2018)			Full Fiscal Year 2018 (from Apr.1,2018 to Mar.31,2019)		
		% of total	YoY		% of total	YoY
Toy business	2,467	51.3	-19.0	2,850	57.0	15.5
Visual and Music business	882	18.4	110.9	700	14.0	-20.7
Video-game business	1,180	24.6	207.0	1,200	24.0	1.6
Amusement business	1,678	34.9	31.0	1,650	33.0	-1.7
Eliminations and corporate	-1,402	-29.2	-2.0	-1,400	-28.0	-
Total	4,806	100.0	30.0	5,000	100.0	4.0

Notes

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