



HAPPINET CORPORATION

Stock Listing :Tokyo Stock Exchange

Code Number :7552



Financial Highlights

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



Changes in business results

		3rd quarter of FY2013	3rd quarter of FY2014	3rd quarter of FY2015	3rd quarter of FY2016	3rd quarter of FY2017	FY2013	FY2014	FY2015	FY2016
Net sales	¥million	165,461	174,327	150,028	133,902	153,682	206,867	217,232	187,274	174,059
Operating profit	¥million	4,023	5,149	3,213	3,270	4,694	3,888	5,056	3,450	3,698
Ordinary profit	¥million	4,062	5,219	3,251	3,090	4,540	3,917	5,124	3,497	3,479
Profit attributable to owners of parent	¥million	2,623	3,995	2,111	1,793	3,793	2,466	4,049	2,359	2,040
Comprehensive income	¥million	2,855	4,144	2,225	2,254	4,831	2,654	4,349	2,328	2,559
Net assets	¥million	25,877	29,375	31,252	32,006	36,486	25,694	29,580	31,355	32,311
Total assets	¥million	85,429	87,616	81,313	76,522	84,717	53,879	59,893	56,793	61,337
Net assets per share	¥	1,137.92	1,283.95	1,360.28	1,450.77	1,649.54	1,128.25	1,293.00	1,364.82	1,464.82
Earnings per share	¥	116.46	176.53	93.16	80.64	174.45	109.40	178.91	104.06	92.32
Dividends per share (Interim dividends)	¥	(11.25)	(13.50)	(15.00)	(15.00)	(15.00)	24.75 (11.25)	28.50 (13.50)	30.00 (15.00)	35.00 (15.00)
No. of employees	people	972	952	890	853	842	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 affiliated company accounted for by the equity-method)

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

Consolidated results (1) Profit & loss statement



(millions of Yen,%)

	3rd quarter of FY2016 (from Apr.1,2016 to Dec.31,2016)			3rd quarter of FY2017 (from Apr.1,2017 to Dec.31,2017)		
		% of total	YoY		% of total	YoY
Net sales	133,902	100.0	-10.7	153,682	100.0	14.8
Cost of sales *	116,762	87.2	-12.1	135,728	88.3	16.2
Gross profit	17,139	12.8	0.0	17,954	11.7	4.8
SG&A expenses	13,869	10.4	-0.4	13,260	8.6	-4.4
logistics cost	2,764	2.1	-4.1	2,814	1.8	1.8
Personnel cost	5,924	4.4	-4.2	5,685	3.7	-4.0
Depreciation cost	292	0.2	17.9	221	0.1	-24.2
Operating profit	3,270	2.4	1.8	4,694	3.1	43.5
Non-operating income	62	0.0	-9.5	86	0.1	37.7
interest and dividend income	38	0.0	-14.0	61	0.0	60.3
Other	23	0.0	-1.2	24	0.0	1.2
Non-operating expenses	242	0.2	668.0	239	0.2	-1.3
interest expenses	0	0.0	-96.8	0	0.0	-3.4
Share of loss of entities accounted for using equity method	237	0.2	-	238	0.2	0.4
Other	4	0.0	-84.9	0	0.0	-88.2
Ordinary profit	3,090	2.3	-4.9	4,540	3.0	46.9
Extraordinary income **	0	0.0	-99.7	1,225	0.8	-
Extraordinary losses	135	0.1	-	107	0.1	-21.3
Profit before income taxes	2,955	2.2	-10.5	5,659	3.7	91.5
Income taxes	1,161	0.9	-2.3	1,865	1.2	60.5
Profit attributable to owners of parent	1,793	1.3	-15.1	3,793	2.5	111.6

*including stock clearances of ¥877m in FY2016, ¥1,089m in FY2017.

**including compensation for damages (¥1,198m) from Software Research Associates, Inc..

Earnings per share (¥)	80.64	-	-13.4	174.45	-	116.3
No.of employees at end of period (people) ***	853	-	-4.2	842	-	-1.3

***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	559	-	4.7	597	-	6.8
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① Changes by business segment

■ Net sales

(millions of Yen,%)

Segment	Period	3rd quarter of FY2016 (from Apr.1,2016 to Dec.31,2016)			Full year of FY2016 (from Apr.1,2016 to Mar.31,2017)			3rd quarter of FY2017 (from Apr.1,2017 to Dec.31,2017)			Full year of FY2017 (projections) (from Apr.1,2017 to Mar.31,2018)		
			% of total	YoY		% of total	YoY		% of total	YoY		% of total	YoY
Toy business		59,433	44.4	-4.8	73,725	42.4	-4.1	58,145	37.8	-2.2	73,000	37.8	-1.0
Visual and Music business		25,801	19.3	-10.0	34,890	20.0	-9.1	28,148	18.3	9.1	40,000	20.7	14.6
Video-game business		33,476	25.0	-20.5	44,793	25.7	-10.4	52,424	34.1	56.6	60,000	31.1	33.9
Amusement business		15,190	11.3	-9.5	20,649	11.9	-6.2	14,963	9.8	-1.5	20,000	10.4	-3.1
Total		133,902	100.0	-10.7	174,059	100.0	-7.1	153,682	100.0	14.8	193,000	100.0	10.9

■ Segment income

(millions of Yen,%)

Segment	Period	3rd quarter of FY2016 (from Apr.1,2016 to Dec.31,2016)			Full year of FY2016 (from Apr.1,2016 to Mar.31,2017)			3rd quarter of FY2017 (from Apr.1,2017 to Dec.31,2017)			Full year of FY2017 (projections) (from Apr.1,2017 to Mar.31,2018)		
			% of total	YoY		% of total	YoY		% of total	YoY		% of total	YoY
Toy business		2,827	86.4	9.6	3,044	82.3	6.9	2,765	58.9	-2.2	3,000	62.5	-1.5
Visual and Music business		358	11.0	14.7	418	11.3	-10.4	482	10.3	34.6	550	11.5	31.4
Video-game business		249	7.6	952.4	384	10.4	-	1,194	25.4	378.0	1,200	25.0	212.0
Amusement business		889	27.2	-32.1	1,281	34.7	-22.4	1,232	26.3	38.6	1,550	32.3	21.0
Eliminations and corporate		-1,054	-32.2	-	-1,430	-38.7	-	-981	-20.9	-	-1,500	-31.3	-
Total		3,270	100.0	1.8	3,698	100.0	7.2	4,694	100.0	43.5	4,800	100.0	29.8

※We modifies our segment projections as we discloses consolidated financial forecast modifications for the Full year of FY2017.

② Main business summary

■ Toy business

(100millions of Yen,%)

period	3rd quarter of FY2016 (from Apr.1,2016 to Dec.31,2016)			3rd quarter of FY2017 (from Apr.1,2017 to Dec.31,2017)			Full year of FY2016 (from Apr.1,2016 to Mar.31,2017)		
		% of total	YoY		% of total	YoY		% of total	YoY
Manufacturer									
BANDAI CO.,Ltd	297	50.1	-12.8	291	50.1	-2.3	376	51.0	-10.4
TOMY COMPANY,LTD	57	9.7	43.7	58	10.1	2.7	70	9.6	41.6
Happinet originals	14	2.5	-6.8	13	2.3	-9.1	17	2.4	10.6
Other manufactures	224	37.7	-1.2	217	37.5	-2.8	272	37.0	-3.6
Total	594	100.0	-4.8	581	100.0	-2.2	737	100.0	-4.1

■ Visual and Music business

(100millions of Yen,%)

period	3rd quarter of FY2016 (from Apr.1,2016 to Dec.31,2016)			3rd quarter of FY2017 (from Apr.1,2017 to Dec.31,2017)			Full year of FY2016 (from Apr.1,2016 to Mar.31,2017)		
		% of total	YoY		% of total	YoY		% of total	YoY
Division									
Wholesale	163	63.4	-10.6	193	68.7	18.3	222	63.8	-10.2
Exclusive titles	34	13.3	-9.7	32	11.7	-4.0	44	12.8	-5.8
Visual	197	76.6	-10.4	226	80.4	14.4	267	76.6	-9.5
Music	60	23.4	-8.5	55	19.6	-8.4	81	23.4	-7.7
Total	258	100.0	-10.0	281	100.0	9.1	348	100.0	-9.1

■ Sales of video game platform

(100millions of Yen,%)

Manufacturer	period	3rd quarter of FY2016 (from Apr.1,2016 to Dec.31,2016)		3rd quarter of FY2017 (from Apr.1,2017 to Dec.31,2017)		Full year of FY2016 (from Apr.1,2016 to Mar.31,2017)				
		% of total	YoY	% of total	YoY	% of total	YoY			
Nintendo		248	74.3	-29.8	461	88.1	85.7	338	75.6	-16.5
S I E *		79	23.8	43.0	57	11.0	-27.5	99	22.1	24.8
Other		6	1.9	-43.3	4	0.9	-25.8	10	2.3	-33.6
Total		334	100.0	-20.5	524	100.0	56.6	447	100.0	-10.4

※ S I E . . . Sony Interactive Entertainment LLC

■ Amusement Business

(100millions of Yen,%)

Division	period	3rd quarter of FY2016 (from Apr.1,2016 to Dec.31,2016)		3rd quarter of FY2017 (from Apr.1,2017 to Dec.31,2017)		Full year of FY2016 (from Apr.1,2016 to Mar.31,2017)				
		% of total	YoY	% of total	YoY	% of total	YoY			
Capsule toy		70	46.2	-5.8	80	53.5	14.2	94	45.8	-8.6
Kid's card game		66	43.5	-7.5	57	38.4	-13.1	91	44.4	-1.7
Other		15	10.3	-28.7	12	8.1	-22.8	20	9.8	-13.9
Total		151	100.0	-9.5	149	100.0	-1.5	206	100.0	-6.2

Breakdown of Nintendo sales

(100millions of Yen,%)

Item		3rd quarter of FY2016 (from Apr.1,2016 to Dec.31,2016)			3rd quarter of FY2017 (from Apr.1,2017 to Dec.31,2017)			Full year of FY2016 (from Apr.1,2016 to Mar.31,2017)		
		period	% of total	YoY	% of total	YoY	% of total	YoY		
Stationary	console	14	5.7	-76.8	203	44.1	-	52	15.5	-17.6
	Software	14	5.7	-61.9	77	16.7	441.7	27	8.2	-38.0
	Accessories	3	1.4	-40.5	22	5.0	578.3	7	2.2	-53.3
Portable	console	68	27.6	-11.2	52	11.3	-24.0	76	22.7	-10.7
	Software	126	50.8	-17.8	78	16.9	-38.1	144	42.6	-15.1
	Accessories	4	1.9	-34.9	2	0.4	-56.6	6	1.9	-47.2
Other		17	6.9	43.2	25	5.6	50.6	23	6.9	82.9
Total		248	100.0	-29.8	461	100.0	85.7	338	100.0	-16.5

Breakdown of *SIE sales

(100millions of Yen,%)

Item		3rd quarter of FY2016 (from Apr.1,2016 to Dec.31,2016)			3rd quarter of FY2017 (from Apr.1,2017 to Dec.31,2017)			Full year of FY2016 (from Apr.1,2016 to Mar.31,2017)		
		period	% of total	YoY	% of total	YoY	% of total	YoY		
Stationary	console	18	22.9	113.1	18	31.4	-0.6	23	23.3	109.3
	Software	26	33.5	71.1	16	28.2	-38.9	32	32.7	43.3
	Accessories	2	2.6	119.5	4	7.3	100.5	2	2.3	58.4
Portable	console	7	9.7	-4.4	3	5.5	-58.4	9	9.1	-19.2
	Software	23	29.8	12.0	15	26.4	-35.9	30	31.1	-2.4
	Accessories	1	1.5	-9.4	0	1.2	-42.6	1	1.5	-3.5
Total		79	100.0	43.0	57	100.0	-27.5	99	100.0	24.8

Consolidated results (2)Balance Sheet



(millions of Yen,%)

	FY2016		FY2017	
	3rd quarter (As Dec.31,2016)	Full year (As Mar.31,2017)	3rd quarter (As Dec.31,2017)	Changes
(Assets)				
Cash and deposits	6,813	11,605	7,789	-3,815
Notes and accounts receivable - trade	46,178	28,258	52,231	23,973
Inventories	8,270	6,300	8,696	2,396
Advance payments-trade	886	782	952	169
Deferred tax assets	662	736	648	-88
Other	1,478	1,294	1,350	55
Allowance for doubtful accounts	-3	-1	-4	-2
Total current assets	64,287	48,975	71,663	22,687
Property, plant and equipment	815	777	745	-31
Buildings and structures	444	432	422	-9
Land	65	65	65	-
Other	305	279	257	-21
Intangible assets	1,194	1,005	1,367	361
Investments and other assets	10,225	10,579	10,940	360
Investment securities	6,908	7,105	8,277	1,172
Deferred tax assets	743	947	212	-735
Other	2,590	2,535	2,453	-81
Allowance for doubtful accounts	-17	-9	-3	5
Total non-current assets	12,235	12,361	13,053	691
Total assets	76,522	61,337	84,717	23,379

Consolidated results (2)Balance Sheet



(millions of Yen,%)

	FY2016		FY2017	
	3rd quarter (As Dec.31,2016)	Full year (As Mar.31,2017)	3rd quarter (As Dec.31,2017)	Changes
(Liabilities)				
Notes and accounts payable-trade	35,813	21,550	38,450	16,900
Accounts payable-other	3,739	2,184	3,734	1,550
Income taxes payable	479	624	990	366
Provision for bonuses	106	242	102	-140
Other	539	586	757	171
Total current liabilities	40,678	25,188	44,036	18,847
Net defined benefit liability	2,889	2,906	3,007	101
Deferred tax liabilities	-	-	279	279
Other	948	931	907	-24
Total non-current liabilities	3,837	3,837	4,194	356
Total liabilities	44,516	29,026	48,230	19,204
(Net assets)				
Capital stock	2,751	2,751	2,751	-
Capital surplus	2,784	2,784	2,795	11
Retained earnings	26,807	27,054	30,087	3,033
Treasury shares	-1,997	-1,997	-1,917	79
Total shareholder's equity	30,345	30,592	33,717	3,124
Valuation difference on available-for-sale securities	1,106	1,167	2,204	1,037
Deferred gains or losses on hedges	3	-0	-0	0
Total accumulated other comprehensive income	1,109	1,167	2,204	1,037
Subscription rights to shares	551	551	564	13
Total Net assets	32,006	32,311	36,486	4,175
Total liabilities and Net assets	76,522	61,337	84,717	23,379
Net assets per share(¥)	1,450.77	1,464.82	1,649.54	184.72

■ 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	73,000	37.8	-1.0
Visual and Music business	34,890	20.0	-9.1	40,000	20.7	14.6
Video-game business	44,793	25.7	-10.4	60,000	31.1	33.9
Amusement business	20,649	11.9	-6.2	20,000	10.4	-3.1
Total	174,059	100.0	-7.1	193,000	100.0	10.9

■ Income projection by business segment

(millions of Yen,%)

	FY2016			FY2017		
		% of total	YoY		% of total	YoY
Toy business	3,044	82.3	6.9	3,000	62.5	-1.5
Visual and Music business	418	11.3	-10.4	550	11.5	31.4
Video-game business	384	10.4	-	1,200	25.0	212.0
Amusement business	1,281	34.7	-22.4	1,550	32.3	21.0
Eliminations and corporate	-1,430	-38.7	-	-1,500	-31.3	-
Total	3,698	100.0	7.2	4,800	100.0	29.8

※We modifies our segment projections as we discloses consolidated financial forecast modifications for the Full year of FY2017.

Notes

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