



Consolidated Financial Results

for the 1st Quarter of the Fiscal Year Ending March 31, 2019

August 9, 2018

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Consolidated Financial Results
for the 1st Quarter of the Fiscal Year Ending March 31, 2019[Japanese GAAP]

Company name	HAPPINET CORPORATION		
Stock listing	Tokyo Stock Exchange		
Code No.	7552	URL:	http://www.happinet.co.jp/
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	August 10, 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 1st Quarter of the Fiscal Year Ending March 31, 2019
(April 1, 2018 - June 30, 2018)

(1) Consolidated Operating Results (For the three months Ended June 30, 2018)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Quarterly Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
1st Quarter of the Fiscal Year Ending March 31, 2019	47,249	34.4	767	70.8	754	92.3	435	-
1st Quarter of the Fiscal Year Ended March 31, 2018	35,150	7.3	449	194.1	392	309.2	177	-

(Note) Comprehensive income: As of June 30, 2018 258million yen (Δ71.3%)
As of June 30, 2017 899million yen (- %)

	Quarterly Earnings per share	Quarterly Earnings per share (diluted)
	¥	¥
1st Quarter of the Fiscal Year Ending March 31, 2019	19.97	19.53
1st Quarter of the Fiscal Year Ended March 31, 2018	8.18	7.98

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of June 30, 2018	70,548	36,412	50.9
As of March 31, 2018	75,281	36,698	48.0

(Reference)

Shareholder's equity: As of June 30, 2018 35,893million yen
As of March 31, 2018 36,134million yen

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, 2018	—	15.00	—	25.00	40.00
Fiscal Year Ended March 31, 2019 (Projection)	—				
Fiscal Year Ending March 31, 2019		20.00	—	20.00	40.00

(Note) Revision to the projections: No

Year-end dividends of FY2017 Ordinary dividends:15.00yen Special dividends:10.00yen

3. Consolidated Projections for the Fiscal Year ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim Year	100,000	17.9	1,600	△ 9.2	1,500	△ 8.6	1,000	△ 4.3	45.97
Full Year	230,000	16.4	5,000	4.0	4,800	2.1	3,200	△ 20.6	147.09

(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, 2019	24,050,000shares
Fiscal year ended March 31, 2018	24,050,000shares
 - b) Number of treasury shares at the end of the period

1st quarter of the fiscal year ending March 31, 2019	2,228,050shares
Fiscal year ended March 31, 2018	2,273,050shares
 - c) Average number of shares during the period

For the 1st quarter of the fiscal year ending March 31, 2019	21,805,612shares
For the 1st quarter of the fiscal year ended March 31, 2018	21,690,169shares

*Financial Summary that is not covered by Certified Public Accountants and Audit Corporations.

*Proper use of earnings projections, and other special matters

The above projections are based on information available to the Company as of the date of the announcement of these materials. Actual business results may differ from the projections due to a number of factors in the future

*The way to access the Supplement material

We will post the Supplement material in the site(http://www.happinet.co.jp/happinet_english/index.html) on.(Aug 9, 2019) .

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

(¥ million)

	Prior Fiscal Year (As of March 31, 2018)	Current 1st Quarter (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	11,458	16,684
Notes and accounts receivable - trade	36,979	26,591
Inventories	8,028	9,075
Other	3,011	2,950
Allowance for doubtful accounts	△3	△1
Total current assets	59,474	55,299
Non-current assets		
Property, plant and equipment	758	758
Intangible assets		
Goodwill	658	624
Other	1,807	1,870
Total intangible assets	2,465	2,495
Investments and other assets		
Investment securities	8,323	8,024
Other	4,263	3,973
Allowance for doubtful accounts	△3	△2
Total investments and other assets	12,583	11,995
Total non-current assets	15,807	15,248
Total assets	75,281	70,548
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,785	25,383
Income taxes payable	1,476	166
Provision for bonuses	505	324
Provision for directors' bonuses	75	—
Other provision	60	68
Other	4,451	3,970
Total current liabilities	34,354	29,913
Non-current liabilities		
Net defined benefit liability	2,993	3,023
Other	1,235	1,198
Total non-current liabilities	4,228	4,222
Total liabilities	38,583	34,135
Net assets		
Shareholders' equity		
Capital stock	2,751	2,751
Capital surplus	2,795	2,890
Retained earnings	30,325	30,216
Treasury shares	△1,917	△1,966
Total shareholders' equity	33,954	33,891
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,181	2,000
Deferred gains or losses on hedges	△2	1
Total accumulated other comprehensive income	2,179	2,001
Share acquisition rights	564	518
Total net assets	36,698	36,412
Total liabilities and net assets	75,281	70,548

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

	Prior Fiscal Year (April 1, 2017 - June 30, 2017)	Current Fiscal Year (April 1, 2018 - June 30, 2018)
Net sales	35,150	47,249
Cost of sales	30,567	41,815
Gross profit	4,582	5,433
Selling, general and administrative expenses	4,133	4,666
Operating profit	449	767
Non-operating income		
Interest income	0	0
Dividend income	46	60
Other	12	11
Total non-operating income	59	71
Non-operating expenses		
Interest expenses	0	0
Share of loss of entities accounted for using equity method	115	83
Other	0	0
Total non-operating expenses	115	84
Ordinary profit	392	754
Extraordinary income		
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	392	754
Income taxes - current	74	147
Income taxes - deferred	140	171
Total income taxes	214	318
Profit	177	435
Profit attributable to owners of parent	177	435

(Consolidated quarterly statements of comprehensive income)

(¥ million)

	Prior Fiscal Year (April 1, 2017 - June 30, 2017)	Current Fiscal Year (April 1, 2018 - June 30, 2018)
Profit	177	435
Other comprehensive income		
Valuation difference on available-for-sale securities	721	△180
Deferred gains or losses on hedges	△0	3
Share of other comprehensive income of entities accounted for using equity method	0	△0
Total other comprehensive income	721	△177
Comprehensive income	899	258
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	899	258
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, 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 profit shown on the consolidated quarterly statements of income.

(2) 1st Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018 - June 30, 2018)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	13,037	20,292	9,389	4,529	47,249	—	47,249
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	13,037	20,292	9,389	4,529	47,249	—	47,249
Segment income	254	355	102	362	1,075	△ 307	767

*1 The △307 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 profit shown on the consolidated quarterly statements of income.