



HAPPINET CORPORATION

Stock Listing :Tokyo Stock Exchange

Code Number :7552



# Financial Highlights

## for the First Half of the Fiscal Year Ending March 31, 2019



# Changes in business results



		1st Half of FY2014	1st Half of FY2015	1st Half of FY2016	1st Half of FY2017	1st Half of FY2018	FY2014	FY2015	FY2016	FY2017
Net sales	¥million	93,437	83,993	72,448	84,827	<b>104,580</b>	217,232	187,274	174,059	197,607
Operating income	¥million	2,362	1,837	844	1,761	<b>1,920</b>	5,056	3,450	3,698	4,806
Ordinary income	¥million	2,413	1,857	741	1,640	<b>1,851</b>	5,124	3,497	3,479	4,701
Net income	¥million	1,814	1,185	329	1,044	<b>1,103</b>	4,049	2,359	2,040	4,031
Comprehensive income	¥million	1,957	1,291	699	1,961	<b>951</b>	4,349	2,328	2,559	5,043
Net assets	¥million	27,356	30,535	30,623	33,838	<b>37,105</b>	29,580	31,355	32,311	36,698
Total assets	¥million	61,985	62,443	58,329	65,126	<b>73,076</b>	59,892	56,793	61,337	75,281
Book Value per share	¥	1,200.85	1,334.12	1,394.01	1,532.75	<b>1,676.61</b>	1,293.00	1,364.82	1,464.82	1,659.28
Net income per share	¥	80.21	52.33	14.63	48.06	<b>50.60</b>	178.91	104.06	92.32	185.31
Dividends per share (Interim dividends)	¥	(13.50)	(15.00)	(15.00)	(15.00)	<b>(20.00)</b>	28.50 (13.50)	30.00 (15.00)	35.00 (15.00)	40.00 (15.00)
No. of employees	people	959	904	865	850	<b>975</b>	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 Half of FY2017 (from Apr.1,2017 to Sep.30,2017)			1st Half of FY2018 (from Apr.1,2018 to Sep.30,2018)		
		% of total	YoY		% of total	YoY
<b>Net sales</b>	<b>84,827</b>	<b>100.0</b>	<b>17.1</b>	<b>104,580</b>	<b>100.0</b>	<b>23.3</b>
<b>Cost of sales *</b>	<b>74,561</b>	<b>87.9</b>	<b>18.5</b>	<b>92,850</b>	<b>88.8</b>	<b>24.5</b>
<b>Gross profit</b>	<b>10,266</b>	<b>12.1</b>	<b>7.6</b>	<b>11,729</b>	<b>11.2</b>	<b>14.3</b>
<b>SG&amp;A expenses</b>	<b>8,504</b>	<b>10.0</b>	<b>-2.2</b>	<b>9,809</b>	<b>9.4</b>	<b>15.3</b>
logistics cost	1,623	1.9	2.5	1,982	1.9	22.1
Personnel	3,693	4.4	-3.0	4,246	4.1	15.0
Depreciation	149	0.2	-22.6	222	0.2	49.0
Amortization of goodwill	-	-	-	66	0.1	-
<b>Operating profit</b>	<b>1,761</b>	<b>2.1</b>	<b>108.6</b>	<b>1,920</b>	<b>1.8</b>	<b>9.0</b>
<b>Non-operating income</b>	<b>65</b>	<b>0.1</b>	<b>48.1</b>	<b>83</b>	<b>0.1</b>	<b>28.4</b>
interest and dividends income	48	0.1	67.6	63	0.1	32.2
Other	17	0.0	11.4	20	0.0	18.0
<b>Non-operating expenses</b>	<b>186</b>	<b>0.2</b>	<b>27.2</b>	<b>151</b>	<b>0.1</b>	<b>-18.7</b>
interest expenses	0	0.0	-3.8	0	0.0	-
Share of loss of entities accounted for using equity method	186	0.2	30.9	145	0.2	-21.7
Other	0	0.0	-89.8	5	0.0	-
<b>Ordinary profit</b>	<b>1,640</b>	<b>1.9</b>	<b>121.1</b>	<b>1,851</b>	<b>1.8</b>	<b>12.9</b>
<b>Extraordinary income</b>	<b>27</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0</b>
<b>Extraordinary losses</b>	<b>0</b>	<b>0.0</b>	<b>-99.9</b>	<b>5</b>	<b>0.0</b>	<b>-</b>
<b>Profit before income tax</b>	<b>1,667</b>	<b>2.0</b>	<b>152.2</b>	<b>1,846</b>	<b>1.8</b>	<b>10.7</b>
<b>Income taxes</b>	<b>623</b>	<b>0.7</b>	<b>87.8</b>	<b>742</b>	<b>0.7</b>	<b>19.2</b>
<b>Profit attributable to owners of parent</b>	<b>1,044</b>	<b>1.2</b>	<b>217.0</b>	<b>1,103</b>	<b>1.1</b>	<b>5.7</b>

\*including stock clearances of ¥536m in FY2017, ¥485m in FY2018.

<b>Earnings per share (¥)</b>	<b>48.06</b>	<b>-</b>	<b>228.4</b>	<b>50.60</b>	<b>-</b>	<b>5.3</b>
<b>No. of employees at end of period (people) **</b>	<b>850</b>	<b>-</b>	<b>-1.7</b>	<b>975</b>	<b>-</b>	<b>-100.0</b>

\*\*First Half of FY2018 No. of employees include 129 people for Seikodo Marketing Co., Ltd.

<b>Capital expenditures</b>	<b>442</b>	<b>-</b>	<b>27.3</b>	<b>395</b>	<b>-</b>	<b>-10.7</b>
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## ① Changes by business segment

### ■ Net sales

(millions of Yen,%)

Segment	Period	FY2017						FY2018					
		1st Half	% of total	YoY	Full Year	% of total	YoY	1st Half	% of total	YoY	Full Year	% of total	YoY
Toy business		31,206	36.8	-1.2	71,403	36.1	-3.2	31,736	30.4	1.7	72,000	31.3	0.8
Visual and Music business		18,930	22.3	14.6	42,466	21.5	21.7	42,896	41.0	126.6	78,000	33.9	83.7
Video-game business		24,856	29.3	73.8	63,107	31.9	40.9	20,111	19.2	-19.1	60,000	26.1	-4.9
Amusement business		9,833	11.6	-2.1	20,630	10.5	-0.1	9,836	9.4	0.0	20,000	8.7	-3.1
Total		84,827	100.0	17.1	197,607	100.0	13.5	104,580	100.0	23.3	230,000	100.0	16.4

### ■ Segment income

(millions of Yen,%)

Segment	Period	FY2017						FY2018					
		1st Half	% of total	YoY	Full Year	% of total	YoY	1st Half	% of total	YoY	Full Year	% of total	YoY
Toy business		891	50.6	16.0	2,467	51.3	-19.0	808	42.1	-9.3	2,850	57.0	15.5
Visual and Music business		311	17.7	112.5	882	18.4	110.9	759	39.5	143.8	700	14.0	-20.7
Video-game business		402	22.8	-	1,180	24.6	207.0	212	11.1	-47.2	1,200	24.0	1.6
Amusement business		761	43.2	18.5	1,678	34.9	31.0	762	39.7	0.2	1,650	33.0	-1.7
Eliminations and corporate		-604	-34.3	-	-1,402	-29.2	-	-622	-32.4	-	-1,400	-28.0	-
Total		1,761	100.0	108.6	4,806	100.0	30.0	1,920	100.0	9.0	5,000	100.0	4.0

## ② Main business summary

### ■ Toy business

(100millions of Yen,%)

period	1st Half of FY2017 (from Apr.1,2017 to Sep.30,2017)			1st Half of FY2018 (from Apr.1,2018 to Sep.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
		% of total	YoY		% of total	YoY		% of total	YoY
Manufacturer									
BANDAI CO.,Ltd	151	48.5	-2.1	190	60.0	25.8	365	51.1	-3.0
TOMY COMPANY,LTD	32	10.5	7.5	40	12.8	23.7	73	10.3	4.0
Happinet originals	7	2.5	-11.1	9	3.1	27.2	16	2.3	-6.8
Other manufactures	120	38.5	-1.5	76	24.1	-36.3	259	36.3	-5.0
<b>Total</b>	<b>312</b>	<b>100.0</b>	<b>-1.2</b>	<b>317</b>	<b>100.0</b>	<b>1.7</b>	<b>714</b>	<b>100.0</b>	<b>-3.2</b>

※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 Half of FY2017 (from Apr.1,2017 to Sep.30,2017)			1st Half of FY2018 (from Apr.1,2018 to Sep.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
		% of total	YoY		% of total	YoY		% of total	YoY
Division									
Wholesale	129	68.3	20.5	247	57.7	91.5	280	66.1	26.1
Exclusive titles	23	12.3	21.1	15	3.5	-35.1	44	10.5	-0.1
Visual	152	80.6	20.6	262	61.2	72.2	325	76.6	21.7
Music	36	19.4	-5.0	166	38.8	352.0	99	23.4	21.8
<b>Total</b>	<b>189</b>	<b>100.0</b>	<b>14.6</b>	<b>428</b>	<b>100.0</b>	<b>126.6</b>	<b>424</b>	<b>100.0</b>	<b>21.7</b>

※First Half of FY2018 breakdown of netsales for Seikodo Marketing Co., Ltd. Wholesale of Visual:¥14.8 billion, Music:¥12billion

## ■ Sales of video game platform

(100millions of Yen,%)

Manufacturer	1st Half of FY2017 (from Apr.1,2017 to Sep.30,2017)			1st Half of FY2018 (from Apr.1,2018 to Sep.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
	period	% of total	YoY	% of total	YoY	% of total	YoY		
Nintendo	212	85.5	108.9	164	81.9	-22.5	539	85.6	59.4
S I E *	33	13.4	-10.2	33	16.4	-0.9	83	13.3	-15.3
Other	2	1.1	-35.5	3	1.7	28.6	7	1.1	-28.9
<b>Total</b>	<b>248</b>	<b>100.0</b>	<b>73.8</b>	<b>201</b>	<b>100.0</b>	<b>-19.1</b>	<b>631</b>	<b>100.0</b>	<b>40.9</b>

※ S I E . . . Sony Interactive Entertainment LLC

## ■ Amusement Business

(100millions of Yen,%)

Division	1st Half of FY2017 (from Apr.1,2017 to Sep.30,2017)			1st Half of FY2018 (from Apr.1,2018 to Sep.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
	period	% of total	YoY	% of total	YoY	% of total	YoY		
Capsule toy	53	54.4	10.1	54	55.9	2.8	109	52.9	15.2
Kid's card game	37	38.2	-11.6	34	34.6	-9.4	80	39.2	-11.7
Other	7	7.4	-22.1	9	9.5	28.8	16	7.9	-19.1
<b>Total</b>	<b>98</b>	<b>100.0</b>	<b>-2.1</b>	<b>98</b>	<b>100.0</b>	<b>0.0</b>	<b>206</b>	<b>100.0</b>	<b>-0.1</b>

## ■ Breakdown of Nintendo sales

(100millions of Yen,%)

Item	period	1st Half of FY2017 (from Apr.1,2017 to Sep.30,2017)			1st Half of FY2018 (from Apr.1,2018 to Sep.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
			% of total	YoY		% of total	YoY		% of total	YoY
Stationary	console	89	42.0	716.2	77	47.1	-13.0	239	44.4	356.8
	Software	37	17.4	360.2	52	32.0	42.1	102	18.9	266.4
	Accessories	14	6.9	579.3	9	5.6	-37.9	27	5.2	270.4
Portable	console	31	14.9	4.9	7	4.8	-75.2	55	10.2	-28.3
	Software	30	14.1	-31.0	6	3.8	-79.2	83	15.4	-42.3
	Accessories	2	1.2	10.4	0	0.2	-85.9	2	0.4	-63.0
Other		7	3.5	59.1	10	6.5	46.1	29	5.5	27.6
<b>Total</b>		<b>212</b>	<b>100.0</b>	<b>108.9</b>	<b>164</b>	<b>100.0</b>	<b>-22.5</b>	<b>539</b>	<b>100.0</b>	<b>59.4</b>

## ■ Breakdown of \*SIE sales

(100millions of Yen,%)

Item	period	1st Half of FY2017 (from Apr.1,2017 to Sep.30,2017)			1st Half of FY2018 (from Apr.1,2018 to Sep.30,2018)			FY2017 (from Apr.1,2017 to Mar.31,2018)		
			% of total	YoY		% of total	YoY		% of total	YoY
Stationary	console	10	30.4	76.3	8	26.9	-12.2	22	26.8	-3.4
	Software	9	28.7	-23.9	15	46.4	60.4	35	42.2	9.2
	Accessories	1	3.6	100.8	0	2.3	-38.7	2	2.6	-2.9
Portable	console	1	4.7	-51.8	0	1.2	-75.1	3	4.5	-57.7
	Software	10	31.0	-27.7	7	22.9	-26.7	19	22.9	-37.5
	Accessories	0	1.6	-22.8	0	0.3	-79.7	0	1.0	-44.2
<b>Total</b>		<b>33</b>	<b>100.0</b>	<b>-10.2</b>	<b>33</b>	<b>100.0</b>	<b>-0.9</b>	<b>83</b>	<b>100.0</b>	<b>-15.3</b>

# Consolidated results (2) Balance sheet



(millions of Yen,%)

	FY2017		FY2018	
	1st Half (As Sep.30,2017)	Full year (As Mar.31,2018)	1st Half (As Sep.30,2018)	Change
<b>(Assets)</b>				
Cash and deposits	12,350	11,458	15,436	3,977
Notes and accounts receivable - trade	28,884	36,979	30,004	-6,974
Inventories	7,885	8,028	9,291	1,262
Advance payments-trade	844	1,025	1,409	383
Other	1,378	1,986	1,896	-89
Allowance for doubtful accounts	-2	-3	-2	0
<b>Total current assets</b>	<b>51,341</b>	<b>59,474</b>	<b>58,035</b>	<b>-1,439</b>
Total property, plant and equipment	765	758	730	-28
Buildings and structures, net	433	424	421	-3
Land	65	65	65	-
Other	266	268	242	-25
Intangible assets	1,291	2,465	2,520	54
Goodwill	-	658	591	-66
Other	1,291	1,807	1,928	121
Investments and other assets	11,727	12,583	11,791	-792
Investment securities	8,151	8,323	7,997	-325
Deferred tax assets	1,092	1,525	1,252	-272
Other	2,487	2,738	2,543	-194
Allowance for doubtful accounts	-3	-3	-2	1
<b>Total non-current assets</b>	<b>12,784</b>	<b>15,807</b>	<b>15,041</b>	<b>-765</b>
<b>Total assets</b>	<b>65,126</b>	<b>75,281</b>	<b>73,076</b>	<b>-2,205</b>

# Consolidated results (2)Balance sheet



(millions of Yen,%)

	FY2017		FY2018	
	1st Half (As Sep.30,2017)	Full year (As Mar.31,2018)	1st Half (As Sep.30,2018)	Change
<b>(Liabilities)</b>				
Notes and accounts payable-trade	23,646	27,785	26,960	-824
Accounts payable-other	2,512	3,447	3,130	-316
Income taxes payable	350	1,476	432	-1,044
Provision for bonuses	201	505	219	-286
Other	619	1,140	948	-192
<b>Total current liabilities</b>	<b>27,329</b>	<b>34,354</b>	<b>31,691</b>	<b>-2,662</b>
Provision for stocks payment	-	-	52	52
Net defined benefit liability	2,981	2,993	3,027	33
Deferred tax liabilities	71	59	72	12
Other	904	1,175	1,127	-48
<b>Total non-current liabilities</b>	<b>3,958</b>	<b>4,228</b>	<b>4,279</b>	<b>50</b>
<b>Total liabilities</b>	<b>31,288</b>	<b>38,583</b>	<b>35,971</b>	<b>-2,611</b>
<b>(Net assets)</b>				
Capital stock	2,751	2,751	2,751	-
Capital surplus	2,795	2,795	2,890	94
Retained earnings	27,665	30,325	30,884	559
Treasury shares	-1,917	-1,917	-1,966	-48
<b>Total shareholder's equity</b>	<b>31,294</b>	<b>33,954</b>	<b>34,560</b>	<b>605</b>
Valuation difference on available-for-sale securities	2,079	2,181	2,025	-155
Deferred gains or losses on hedges	4	-2	1	3
<b>Total accumulated other comprehensive income</b>	<b>2,084</b>	<b>2,179</b>	<b>2,026</b>	<b>-152</b>
Subscription rights to shares	459	564	518	-45
<b>Total Net assets</b>	<b>33,838</b>	<b>36,698</b>	<b>37,105</b>	<b>406</b>
<b>Total liabilities and Net assets</b>	<b>65,126</b>	<b>75,281</b>	<b>73,076</b>	<b>-2,205</b>
<b>Net assets per share(¥)</b>	<b>1,532.75</b>	<b>1,659.28</b>	<b>1,676.61</b>	<b>17.32</b>

# Consolidated results (3) Statements of Cash Flows

(millions of Yen,%)

	1st half of FY2017	1st half of FY2018	Change
profit before income taxes	1,667	1,846	179
Depreciation	165	243	78
Amortization of goodwill	-	66	66
Share of loss of entities accounted for using equity method	186	145	-40
Decrease (increase) in notes and accounts receivable - trade	-625	6,976	7,601
Decrease (increase) in inventories	-1,585	-1,262	322
Increase (decrease) in notes and accounts payable - trade	2,095	-824	-2,919
Increase (decrease) in accounts payable - other	282	-307	-589
Decrease (increase) in accounts receivable - other	-94	116	211
Other	35	-606	-641
Income taxes paid	-624	-1,395	-771
<b>Net cash provided by (used in) operating activities</b>	<b>1,502</b>	<b>4,999</b>	<b>3,497</b>
Purchase of property, plant and equipment and intangible assets	-393	-353	39
Proceeds from sales of property, plant and equipment and intangible assets	0	-	-0
Purchase of investment securities	-7	-106	-98
Proceeds from sales of investment securities	78	-	-78
Other, net	-	-10	-10
<b>Net cash provided by (used in) investing activities</b>	<b>-322</b>	<b>-470</b>	<b>-147</b>
Proceeds from disposal of treasury shares	0	0	-0
Purchase of treasury shares	-0	-	0
Cash dividends paid	-433	-544	-110
Other, net	-	-6	-6
<b>Net cash provided by (used in) financing activities</b>	<b>-434</b>	<b>-551</b>	<b>-117</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>-0</b>	<b>0</b>	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>745</b>	<b>3,977</b>	<b>3,232</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,605</b>	<b>11,458</b>	<b>-147</b>
<b>Cash and cash equivalents at end of period</b>	<b>12,350</b>	<b>15,436</b>	<b>3,085</b>

## ■ 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	<b>72,000</b>	<b>31.3</b>	<b>0.8</b>
Visual and Music business	42,466	21.5	21.7	<b>78,000</b>	<b>33.9</b>	<b>83.7</b>
Video-game business	63,107	32.0	40.9	<b>60,000</b>	<b>26.1</b>	<b>-4.9</b>
Amusement business	20,630	10.4	-0.1	<b>20,000</b>	<b>8.7</b>	<b>-3.1</b>
Total	197,607	100.0	13.5	<b>230,000</b>	<b>100.0</b>	<b>16.4</b>

## ■ 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	<b>2,850</b>	<b>57.0</b>	<b>15.5</b>
Visual and Music business	882	18.4	110.9	<b>700</b>	<b>14.0</b>	<b>-20.7</b>
Video-game business	1,180	24.6	207.0	<b>1,200</b>	<b>24.0</b>	<b>1.6</b>
Amusement business	1,678	34.9	31.0	<b>1,650</b>	<b>33.0</b>	<b>-1.7</b>
Eliminations and corporate	-1,402	-29.2	-2.0	<b>-1,400</b>	<b>-28.0</b>	<b>-</b>
Total	4,806	100.0	30.0	<b>5,000</b>	<b>100.0</b>	<b>4.0</b>

## Notes

This material is for informational purposes only, and is not intended to solicit any action.

This document (including the performance plan) was prepared by Happinet based on the information currently available, however it contains risks and uncertainties. Happinet accepts no liability for the certainty and completeness of the information.

Please use this material at your own discretion. Happinet is not responsible for any losses that may arise from investment decisions based entirely on the outlook, target figures, and other factors described in this material.

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