



Consolidated Financial Results

for the Fiscal Year Ended March 31, 2025

May 13, 2025

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DISCLAIMER

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This document contains forward-looking statements that are based on management’s estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectation.

(3) Consolidated Statement of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at year-end
	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ended March 31, 2025	18,121	△ 2,802	△ 3,993	40,977
Fiscal Year Ended March 31, 2024	8,361	△ 5,075	△ 1,481	29,652

II. Dividend

Dividend record dates	Dividend per share					Total dividend payment (Full Year) ¥ million	Payout Ratio (Consolidated) %	Dividend / Net Assets (Consolidated) %
	End of 1Q	End of 2Q	End of 3Q	Fiscal Year-end	Total			
	¥	¥	¥	¥	¥			
Fiscal Year Ended March 31, 2024	—	25.00	—	100.00	125.00	2,857	42.3	5.8
Fiscal Year Ended March 31, 2025 (Projection)	—	25.00	—	105.00	130.00	2,924	42.4	5.4
Fiscal Year Ending March 31, 2026	—	25.00	—	25.00	50.00		—	

(Note) Concerning the projected amounts of the end of second quarter and year-end dividends for the fiscal year ending March 31, 2026, the stable dividend is stated based on the Company's basic policy on the distribution of profits. The year-end dividend for the fiscal year ending March 31, 2026, will be considered by the Company based on the basic policy on the distribution of profits.

III. Consolidated Projections for the Fiscal Year ending March 31, 2026 (April 1, 2025 - March 31, 2026)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim Year	180,000	6.8	5,800	△ 11.1	6,000	△ 9.9	3,600	△ 17.9	163.28
Full Year	390,000	7.0	11,800	1.0	12,000	0.3	7,200	6.4	326.57

※ Other Information

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: —

Excluded: 1 company (Happinet Marketing Corporation)

(2) Changes in accounting policies, changes in accounting estimation and restatement

a) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b) Changes in accounting policies due to revisions to other reasons: No

c) Changes in accounting estimation: No

d) Restatement: No

(3) Number of issued shares (common shares)

a) Number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025 24,050,000shares

As of March 31, 2024 24,050,000shares

b) Number of treasury shares at the end of the period

As of March 31, 2025 2,104,362shares

As of March 31, 2024 1,745,182shares

c) Average number of shares during the period

For the fiscal year ended March 31, 2025 22,047,500shares

For the fiscal year ended March 31, 2024 22,277,028shares

*Consolidated financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

*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 (<https://happinet.co.jp/english/>) on May 13, 2025.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2024)	Current Fiscal Year (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	29,680	41,005
Notes receivable - trade	123	128
Electronically recorded monetary claims - operating	4,458	2,821
Accounts receivable - trade	41,991	37,887
Inventories	7,706	8,160
Other	6,385	6,939
Allowance for doubtful accounts	△4	△4
Total current assets	90,341	96,938
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,493	3,883
Accumulated depreciation	△1,542	△1,868
Buildings and structures, net	1,951	2,015
Machinery, equipment and vehicles	845	2,087
Accumulated depreciation	△766	△310
Machinery, equipment and vehicles, net	79	1,776
Tools, furniture and fixtures	1,301	1,388
Accumulated depreciation	△1,062	△1,115
Tools, furniture and fixtures, net	238	273
Land	1,564	1,564
Construction in progress	455	—
Total property, plant and equipment	4,289	5,629
Intangible assets		
Goodwill	2,628	2,044
Other	3,976	1,867
Total intangible assets	6,604	3,911
Investments and other assets		
Investment securities	6,800	9,136
Deferred tax assets	1,307	1,338
Other	4,102	4,501
Allowance for doubtful accounts	△29	△3
Total investments and other assets	12,180	14,972
Total non-current assets	23,073	24,514
Total assets	113,415	121,452
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,022	41,814
Accounts payable - other	8,980	10,684
Income taxes payable	2,833	2,767
Contract liabilities	1,322	924
Provision for bonuses	326	338
Other	2,130	1,992
Total current liabilities	55,615	58,522
Non-current liabilities		
Provision for share awards	278	315
Provision for share awards for directors (and other officers)	193	343
Retirement benefit liability	3,640	3,434
Deferred tax liabilities	361	593
Asset retirement obligations	792	921
Other	1,233	1,649
Total non-current liabilities	6,499	7,257
Total liabilities	62,115	65,780
Net assets		
Shareholders' equity		
Share capital	2,751	2,751
Capital surplus	3,353	3,353
Retained earnings	43,187	47,103
Treasury shares	△1,866	△2,996
Total shareholders' equity	47,425	50,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,470	5,066
Deferred gains or losses on hedges	1	△8
Total accumulated other comprehensive income	3,471	5,057
Share acquisition rights	402	402
Total net assets	51,299	55,672
Total liabilities and net assets	113,415	121,452

2. Consolidated Financial Statements

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(¥ million)

	Prior Fiscal Year (April 1, 2023 - March 31, 2024)	Current Fiscal Year (April 1, 2024 - March 31, 2025)
Net sales	350,461	364,418
Cost of sales	311,577	319,489
Gross profit	38,884	44,928
Selling, general and administrative expenses		
Warehouse deposit expenses	4,005	4,654
Freight costs	2,433	2,699
Promotion expenses	1,206	1,603
Remuneration, salaries and allowances for directors (and other officers)	9,416	10,168
Provision for bonuses	212	282
Provision for share awards	61	53
Provision for share awards for directors (and other officers)	120	150
Retirement benefit expenses	505	145
Supplies expenses	2,027	2,071
Rent expenses on land and buildings	2,319	2,625
Depreciation	1,172	1,288
Amortization of goodwill	292	584
Other	6,430	6,924
Total selling, general and administrative expenses	30,205	33,250
Operating profit	8,679	11,677
Non-operating income		
Interest income	0	21
Dividend income	159	149
Gain on sales of machinery	47	59
Rental income from real estate	31	63
Other	111	97
Total non-operating income	350	391
Non-operating expenses		
Interest expenses	0	0
Share of loss of entities accounted for using equity method	26	—
Foreign exchange losses	—	34
Rental expenses on real estate	22	63
Other	5	7
Total non-operating expenses	55	105
Ordinary profit	8,974	11,963
Extraordinary income		
Gain on sale of non-current assets	—	10
Gain on step acquisitions	1,025	—
Gain on liquidation of subsidiaries and associates	—	95
Total extraordinary income	1,025	106
Extraordinary losses		
Loss on sale of non-current assets	—	0
Loss on retirement of non-current assets	19	46
Loss on valuation of investment securities	22	81
Loss on valuation of investments in capital of subsidiaries and associates	25	—
Impairment losses	30	1,356
Total extraordinary losses	98	1,485
Profit before income taxes	9,901	10,584
Income taxes - current	3,726	4,414
Income taxes - deferred	△407	△593
Total income taxes	3,319	3,820
Profit	6,581	6,764
Profit attributable to owners of parent	6,581	6,764

2. Consolidated Financial Statements

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Comprehensive Income		(¥ million)
	Prior Fiscal Year (April 1, 2023 - March 31, 2024)	Current Fiscal Year (April 1, 2024 - March 31, 2025)
Profit	6,581	6,764
Other comprehensive income		
Valuation difference on available-for-sale securities	958	1,595
Deferred gains or losses on hedges	6	△10
Share of other comprehensive income of entities accounted for using equity method	0	—
Total other comprehensive income	965	1,585
Comprehensive income	7,547	8,350
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,547	8,350
Comprehensive income attributable to non-controlling interests	—	—

2. Consolidated Financial Statements
(3) Consolidated Statements of Changes in Equity

Prior Fiscal Year (April 1, 2023 - March 31, 2024)

(¥ million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,751	3,322	38,087	△1,974	42,187
Changes during period					
Dividends of surplus			△1,481		△1,481
Profit attributable to owners of parent			6,581		6,581
Purchase of treasury shares				△0	△0
Disposal of treasury shares		30		107	137
Net changes in items other than shareholders' equity					
Total changes during period	—	30	5,100	107	5,237
Balance at end of period	2,751	3,353	43,187	△1,866	47,425

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	2,511	△4	2,506	519	45,213
Changes during period					
Dividends of surplus					△1,481
Profit attributable to owners of parent					6,581
Purchase of treasury shares					△0
Disposal of treasury shares					137
Net changes in items other than shareholders' equity	959	6	965	△117	848
Total changes during period	959	6	965	△117	6,086
Balance at end of period	3,470	1	3,471	402	51,299

2. Consolidated Financial Statements
(3) Consolidated Statements of Changes in Equity

Current Fiscal Year (April 1, 2024- March 31, 2025)

(¥ million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,751	3,353	43,187	△1,866	47,425
Changes during period					
Dividends of surplus			△2,848		△2,848
Profit attributable to owners of parent			6,764		6,764
Purchase of treasury shares				△1,142	△1,142
Disposal of treasury shares				13	13
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,916	△1,129	2,786
Balance at end of period	2,751	3,353	47,103	△2,996	50,212

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	3,470	1	3,471	402	51,299
Changes during period					
Dividends of surplus					△2,848
Profit attributable to owners of parent					6,764
Purchase of treasury shares					△1,142
Disposal of treasury shares					13
Net changes in items other than shareholders' equity	1,595	△10	1,585	—	1,585
Total changes during period	1,595	△10	1,585	—	4,372
Balance at end of period	5,066	△8	5,057	402	55,672

2. Consolidated Financial Statements

(4) Consolidated Statements of Cash Flows

(¥ million)

	Prior Fiscal Year (April 1, 2023 - March 31, 2024)	Current Fiscal Year (April 1, 2024 - March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	9,901	10,584
Depreciation	1,232	1,817
Impairment losses	30	1,356
Amortization of goodwill	292	584
Loss (gain) on step acquisitions	△1,025	—
Increase (decrease) in allowance for doubtful accounts	7	△26
Increase (decrease) in provision for bonuses	△39	11
Increase (decrease) in retirement benefit liability	120	△206
Interest and dividend income	△159	△171
Interest expenses	0	0
Foreign exchange losses (gains)	0	△7
Loss (gain) on sale and retirement of non-current assets	19	36
Loss (gain) on valuation of investment securities	22	81
Loss on valuation of investments in capital of subsidiaries and associates	25	—
Share of loss (profit) of entities accounted for using equity method	26	—
Decrease (increase) in trade receivables	△8,257	5,762
Decrease (increase) in inventories	159	△454
Increase (decrease) in trade payables	6,055	1,792
Increase (decrease) in accounts payable - other	1,990	1,908
Decrease (increase) in guarantee deposits	△255	△161
Increase (decrease) in accrued consumption taxes	254	△353
Decrease (increase) in other assets	△1,384	△526
Increase (decrease) in other liabilities	952	423
Subtotal	9,971	22,451
Interest and dividends received	159	165
Dividends received from entities accounted for using equity method	67	—
Interest paid	△0	△0
Income taxes paid	△2,002	△4,495
Income taxes refund	166	0
Net cash provided by (used in) operating activities	8,361	18,121
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	3,000	—
Purchase of property, plant and equipment	△695	△2,135
Proceeds from sale of property, plant and equipment	—	14
Purchase of intangible assets	△693	△412
Purchase of investment securities	△41	△8
Loan advances	—	△241
Purchase of shares of subsidiaries	—	△14
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△6,644	—
Other, net	△0	△3
Net cash provided by (used in) investing activities	△5,075	△2,802
Cash flows from financing activities		
Proceeds from disposal of treasury shares	0	—
Purchase of treasury shares	△0	△1,142
Dividends paid	△1,481	△2,850
Net cash provided by (used in) financing activities	△1,481	△3,993
Effect of exchange rate change on cash and cash equivalents	△0	△0
Net increase (decrease) in cash and cash equivalents	1,805	11,324
Cash and cash equivalents at beginning of period	27,846	29,652
Cash and cash equivalents at end of period	29,652	40,977

3. Consolidated Financial Results by Business Segments

(1) Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	150,009	64,884	93,922	41,643	350,461	—	350,461
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	150,009	64,884	93,922	41,643	350,461	—	350,461
Segment income or loss(△)	6,859	△ 128	1,514	2,236	10,482	△ 1,803	8,679
Segment assets	35,373	16,390	19,401	8,786	79,952	33,463	113,415
Others							
Depreciation*3	482	133	89	435	1,140	82	1,222
Amortization of goodwill	191	32	68	—	292	—	292
Increase in Property, plant and equipment and Intangible assets	697	155	370	756	1,980	25	2,005

*1 (1) The △1,803million yen adjustment to segment income or loss(△) 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) The 33,463 million yen adjustment to segment assets includes unallocated operating assets.

The assets cannot be assigned to any particular segment and are mostly administrative assets incurred by the administration sector of the HAPPINET CORPORATION.

*2 Segment income is adjusted to be consistent with operating income shown on the consolidated statements of income.

*3 Depreciation includes amortization of long-term prepaid expenses.

(2) Fiscal Year Ended March 31, 2025 (April 1, 2024 - March 31, 2025)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	169,465	64,524	78,070	52,358	364,418	—	364,418
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	169,465	64,524	78,070	52,358	364,418	—	364,418
Segment income	9,118	976	252	3,023	13,370	△ 1,692	11,677
Segment assets	34,909	16,924	14,776	10,914	77,526	43,926	121,452
Others							
Depreciation*3	562	147	578	424	1,713	84	1,797
Amortization of goodwill	382	64	136	—	584	—	584
Increase in Property, plant and equipment and Intangible assets	1,401	122	467	641	2,633	27	2,660

*1 (1) The △1,692million yen adjustment to segment income or loss(△) 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) The 43,926 million yen adjustment to segment assets includes unallocated operating assets.

The assets cannot be assigned to any particular segment and are mostly administrative assets incurred by the administration sector of the HAPPINET CORPORATION.

*2 Segment income is adjusted to be consistent with operating income shown on the consolidated statements of income.

*3 Depreciation includes amortization of long-term prepaid expenses.