

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2021 (Japanese Accounting Standards)

May 13, 2021

Avex Inc.

Tokyo Stock Exchange, First Section

Code No: 7860

(URL <https://avex.com/jp/en/>)

Representative: Katsumi Kuroiwa, President, CEO

Contact: Shinji Hayashi, Representative Director, CFO

TEL: (03) 6447-5366

Ordinary General Meeting of Shareholders: June 25, 2021

Scheduled date for commencement of dividend payments: June 28, 2021

Scheduled date to submit the Securities Report (*Yukashoken Houkokusho*): June 28, 2021

Supplementary documents for financial results: Yes

Financial results briefing: Yes (briefing for institutional investors and securities analysts planned to be held by video streaming)

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated business results for the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

Note: Figures in percentages denote the year-on-year change.

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2021	81,527	(39.8)	(6,278)	—	(6,538)	—	12,831	—
March 31, 2020	135,469	(15.4)	4,033	(43.1)	3,017	(53.8)	(1,102)	—

(Note) Comprehensive income Year ended March 31, 2021: ¥13,978 million (—%)

Year ended March 31, 2020: ¥(36) million (—%)

	Net income per share	Diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Year ended	yen	yen	%	%	%
March 31, 2021	298.11	—	25.3	(5.8)	(7.7)
March 31, 2020	(25.39)	—	(2.3)	2.5	3.0

(Reference) Equity in earnings of affiliates Year ended March 31, 2021: ¥(337) million

Year ended March 31, 2020: ¥(813) million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	million yen	million yen	%	yen
March 31, 2021	105,105	58,339	52.6	1,335.38
March 31, 2020	120,414	49,449	38.2	1,058.01

(Reference) Shareholders' equity As of March 31, 2021: ¥55,306 million

As of March 31, 2020: ¥46,010 million

(3) Consolidated statement of cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
Year ended	million yen	million yen	million yen	million yen
March 31, 2021	(6,480)	70,041	(28,928)	52,654
March 31, 2020	(4,032)	(3,444)	2,659	17,956

2. Status of dividend payments

(Record date)	Annual dividends					Total dividend payment (annual)	Payout ratio (consolidated)	Dividend on equity (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of year	Annual			
Year ended	yen	yen	yen	yen	yen	million yen	%	%
March 31, 2020	—	25.00	—	25.00	50.00	2,177	—	4.6
March 31, 2021	—	25.00	—	96.00	121.00	5,067	40.6	10.1
Year ending March 31, 2022 (forecast)	—	25.00	—	25.00	50.00		—	

3. Forecasts for consolidated business results for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

Note: Figures in percentages denote the year-on-year change.

	Operating income		Profit (loss) attributable to owners of parent		Net income per share
Year ending	million yen	%	million yen	%	Yen
March 31, 2022	1,000	—	0	—	0.00

* Notes

(1) Changes in significant subsidiaries during the term (changes in specified subsidiaries in conjunction with changes in the scope of consolidation): None

New: – company (Company name) – Excluded: – company (Company name) –

(2) Changes in accounting policies and changes in or restatement of accounting estimates

1. Changes in accounting policies in conjunction with revisions to accounting standards: None
 2. Changes in accounting policies other than 1: None
 3. Changes in accounting estimates: None
 4. Restatement: None

(3) Outstanding shares (ordinary shares)

a. Shares outstanding at end of term (including treasury stock)

As of March 31, 2021: 45,343,500 shares

As of March 31, 2020: 45,223,600 shares

b. Treasury stock at end of term

As of March 31, 2021: 3,927,388 shares

As of March 31, 2020: 1,735,298 shares

c. Average number of shares during term

Year ended March 31, 2021: 43,042,553 shares

Year ended March 31, 2020: 43,435,389 shares

(Note) The number of shares of treasury stock at the end of term, includes shares of Avex Inc. (the “Company”) (no shares in the fiscal year ended March 31, 2021, and 57,700 shares in the fiscal year ended March 31, 2020) held in trust-type employee stock ownership plan (ESOP) accounts. The shares of the Company held in the ESOP accounts are included in the treasury shares that are deducted in the calculation of the average number of shares outstanding during the term (25,676 shares in the fiscal year ended March 31, 2021, and 86,487 shares in the fiscal year ended March 31, 2020).

(Reference) Overview of non-consolidated business results

Non-consolidated business results for the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results

Note: Figures in percentages denote the year-on-year change.

	Net sales		Operating income		Ordinary income		Net income	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2021	3,379	(77.7)	(6,258)	–	(9,528)	–	10,971	152.7
March 31, 2020	15,175	3.7	4,447	18.7	4,222	18.7	4,342	39.8

	Net income per share	Diluted net income per share
Year ended	yen	yen
March 31, 2021	254.91	–
March 31, 2020	99.98	99.81

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	million yen	million yen	%	yen
March 31, 2021	76,754	47,308	61.5	1,139.39
March 31, 2020	93,002	40,980	43.7	933.83

(Reference) Shareholders' equity
 Year ended March 31, 2021: ¥47,189 million
 Year ended March 31, 2020: ¥40,610 million

* This summary of financial statements is outside the scope of audit procedures by certified public accountants and audit firm.

* Explanation for forecasts of business results and other notes

The forecasts for operating results and others contained in this release are based on data and information that the Group has obtained so far and specific assumptions that the Group judges to be reasonable. Please note, therefore, that the actual results and others may greatly differ from the forecasts due to various factors.

1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year under review

(Unit: million yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	161,592	163,375	160,126	135,469	81,527
Cost of sales	116,043	114,967	113,820	96,375	55,908
Gross profit	45,549	48,408	46,306	39,093	25,618
Gross profit margin	28.2%	29.6%	28.9%	28.9%	31.4%
Personnel expenses	13,694	13,232	13,200	12,170	12,128
Sales promotion and advertising expenses	9,938	9,848	9,967	8,336	6,875
General expenses	16,187	18,388	16,048	14,553	12,893
Total SG&A expenses	39,820	41,469	39,216	35,060	31,897
Operating income (loss)	5,728	6,939	7,089	4,033	(6,278)
Operating margin	3.5%	4.2%	4.4%	3.0%	−%

During the fiscal year under review, although the Japanese economy experienced a significant deterioration in business confidence due to the COVID-19 pandemic, there were signs of recovery for a time as measures to prevent the spread of COVID-19 and many other policies were implemented. However, the number of infections again increased in the latter half of the year and the outlook for the future remains harsh.

In the entertainment industry, to which the Group belongs, the production of music software, including music videos, was down 15.2% year on year, to 194,400 million yen (January to December 2020; according to a survey by the Recording Industry Association of Japan). Sales of paid music downloads were up 10.8% year on year, to 78,255 million yen (January to December 2020; according to a survey by the Recording Industry Association of Japan). In the video-related market, sales of video software fell 13.8% year on year, to 137,137 million yen (January to December 2020; according to a survey by the Japan Video Software Association). The scale of the digital video distribution market, on the other hand, increased by 33.9% year on year, to 371,000 million yen (January to December 2020; according to a survey by the Digital Content Association of Japan). In the live market, the total number of live industry performances declined 66.6% year on year to 10,637. Additionally, total sales decreased 78.7%, year on year to 77,980 million yen (January to December 2020; according to a survey by the All Japan Concert & Live Entertainment Promoters Conference). The business environment remains severe.

In these business conditions, it has been difficult for the Group to actively hold live performances and events due to the stretch of cancelations, postponements, and the scaling down of live performances and audience events in accordance with the government's "Basic Policies for Novel Coronavirus Disease Control." Meanwhile, the Group has been reinforcing its use of digital technology, including the holding of online live performances and events such as "a-nation online 2020" and the expansion of internet sales channels for artists' official goods as a new initiative. Further, the Group is seeking to achieve medium- to long-term growth by working to create strong intellectual properties by discovering and developing artists, talent and creators and reinforcing the lineup of works handled through the planning and development of original works including music, anime productions, video content and the licensing of other companies' works. The Group has also actively facilitated the joint development of new content and the overseas expansion of content owned by the Company in collaboration with promising partners both in Japan and overseas who operate globally. In addition, the Group strives to improve the efficiency of management in line with changes in workstyles such as the establishment of an appropriate personnel structure through the implementation of a voluntary retirement plan and the effective use of management resources by selling the head office building.

Consequently, the Group's consolidated net sales totaled 81,527 million yen (down 39.8% year on year), operating loss came to 6,278 million yen (whereas in the previous fiscal year operating income of 4,033 million yen), and profit attributable to owners of parent stood at 12,831 million yen (whereas in the previous fiscal year loss attributable to

owners of parent stood at 1,102 million yen) mainly due to the recording of extraordinary income from sale of noncurrent assets.

Operating results for the main business segments are as follows.

As of the fiscal year under review, the Company has changed the business segments that it lists as its reported segments. Comparisons and analyses for the fiscal year under review are based on the segments after this change.

a) Music Business

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Net sales	98,882	50,349	(48,532)
Cost of sales	75,093	35,293	(39,799)
Gross profit	23,788	15,055	(8,733)
Gross profit margin	24.1%	29.9%	5.8%
Total SG&A expenses	21,652	17,828	(3,823)
Operating income (loss)	2,136	(2,772)	(4,909)
Operating margin	2.2%	—%	—%
Sales to external customers	84,008	42,818	(41,190)

Net sales decreased to 50,349 million yen (down 49.1% year on year) while the operating loss came to 2,772 million yen (compared with operating income of 2,136 million yen in the previous fiscal year), due to voluntary restraints on the holding of live performances and events to prevent the spread of COVID-19.

b) Anime & Visual Content Business

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Net sales	14,142	12,095	(2,046)
Cost of sales	9,641	8,910	(731)
Gross profit	4,500	3,185	(1,315)
Gross profit margin	31.8%	26.3%	(5.5%)
Total SG&A expenses	3,399	3,404	5
Operating income (loss)	1,101	(219)	(1,320)
Operating margin	7.8%	—%	—%
Sales to external customers	11,339	7,792	(3,546)

Net sales stood at 12,095 million yen (down 14.5% year on year) while operating loss came to 219 million yen (operating income of 1,101 million yen in the previous fiscal year), due to the decline in anime and video package work sales and a decrease in event-related sales.

c) Digital Platform Business

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Net sales	35,616	26,108	(9,507)
Cost of sales	25,493	19,777	(5,715)
Gross profit	10,122	6,330	(3,791)
Gross profit margin	28.4%	24.2%	(4.2%)
Total SG&A expenses	7,359	7,229	(129)
Operating income (loss)	2,763	(898)	(3,662)
Operating margin	7.8%	–%	–%
Sales to external customers	35,577	25,935	(9,642)

Net sales stood at 26,108 million yen (down 26.7% year on year) while operating loss came to 898 million yen (in comparison with operating income of 2,763 million yen in the previous fiscal year), as a result of factors such as a decrease in sales of e-commerce and video distribution.

d) Technology Business

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Net sales	1,834	1,879	45
Cost of sales	1,536	1,422	(114)
Gross profit	297	457	159
Gross profit margin	16.2%	24.3%	8.1%
Total SG&A expenses	1,371	2,081	710
Operating loss	(1,073)	(1,624)	(550)
Operating margin	–%	–%	–%
Sales to external customers	1,834	1,877	42

Net sales stood at 1,879 million yen (up 2.5% year on year) while operating loss came to 1,624 million yen (in comparison with an operating loss of 1,073 million yen in the previous fiscal year.)

e) Other Businesses

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Net sales	3,878	4,482	603
Cost of sales	2,368	2,550	182
Gross profit	1,510	1,932	421
Gross profit margin	39.0%	43.1%	4.1%
Total SG&A expenses	2,417	2,734	316
Operating loss	(906)	(801)	104
Operating margin	–%	–%	–%
Sales to external customers	2,708	3,102	394

Net sales stood at 4,482 million yen (up 15.6% year on year) while operating loss came to 801 million yen (in comparison with an operating loss of 906 million yen in the previous fiscal year.)

(2) Overview of financial position for the fiscal year under review

At the end of the consolidated fiscal year under review, total assets decreased by 15,308 million yen compared to the end of the previous consolidated fiscal year, to 105,105 million yen. This was mainly due to a decrease of 28,222 million yen in land, 14,199 million yen in buildings and structures (net), and 3,980 million yen in notes and accounts receivable - trade, despite an increase of 34,698 million yen in cash and deposits.

Liabilities decreased by 24,199 million yen compared to the end of the previous consolidated fiscal year, to 46,765 million yen. This was mainly due to a decrease of 16,000 million yen in short-term loans payable, 7,569 million yen in long-term loans payable (including the current portion), and 3,482 million yen in accounts payable-other, despite an increase of 5,407 million yen in income taxes payable.

Net assets increased 8,890 million yen from the end of the previous consolidated fiscal year, to 58,339 million yen. This was mainly due to an increase of 2,283 million yen in treasury shares (net assets decreased) but it was offset by an increase of 10,650 million yen in retained earnings.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter “cash”) at the end of the consolidated fiscal year under review was 52,654 million yen (17,956 million yen at the end of the previous fiscal year).

Net cash used in operating activities stood at 6,480 million yen (4,032 million yen a year earlier). This was mainly due to a decrease in cash due to a decrease of 28,757 million yen in gain on sales of noncurrent assets and a decrease of 4,658 million yen in accounts payable-other which offset an increase in cash from 19,515 million yen in income before income taxes, a decrease of 3,991 million yen in notes and accounts receivable-trade, and 2,888 million yen in depreciation and amortization.

Net cash provided by investing activities was 70,041 million yen (outflow of 3,444 million yen a year earlier). This was mainly due to an increase in cash from 72,001 million yen in proceeds from sales of property, plant and equipment. Net cash used in financing activities stood at 28,928 million yen (inflow of 2,659 million yen a year earlier). This was primarily a result of a decrease in cash due to a decrease of 16,000 million yen in short-term loans payable, the repayment of long-term loans payable of 7,658 million yen, expenses of 2,587 million yen for the purchase of treasury stock, and cash dividends paid of 2,179 million yen.

(Reference) Trends in cash flow indices

	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021
Shareholders' equity ratio (%)	40.6	36.6	38.6	38.2	52.6
Shareholders' equity ratio at market base (%)	58.6	48.5	50.8	30.7	53.9
Debt to cash flow ratio (%)	2.3	1.9	1.7	(5.9)	(0.0)
Interest coverage ratio	283.2	177.2	152.2	(54.3)	(72.2)

Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio at market base: Market capitalization/Total assets

Debt to cash flow ratio: Interest-bearing liabilities/Operating cash flows

Interest coverage ratio: Operating cash flow/Interest payments

Note: 1. All indices are calculated based on consolidated figures.

2. Market capitalization = Closing share price at fiscal year end × Outstanding shares at fiscal year end (after deducting treasury stock)

3. Operating cash flow: Cash flow from operating activities in the consolidated cash flow statement

4. Interest-bearing liabilities: All interest-bearing liabilities that are booked on the consolidated balance sheet and for which interest has been paid

5. Interest payments: Interest payments from the consolidated cash flow statement

(4) Future outlook

Regarding forecasts for consolidated business results, the Group expects operating income of 1,000 million yen and profit attributable to owners of parent of 0 yen.

(5) Business and other risks

a) The impact of the COVID-19 pandemic

The Group will conduct business activities taking the necessary and sufficient measures to protect its artists, talent, and customers and prevent the spread of COVID-19 while keeping an eye on the trends of the COVID-19 pandemic and identifying changes in demand and opportunities to provide entertainment. Meanwhile, the Group will continue to work actively to respond to requests from local and national governments and fulfill the social responsibilities that we bear as a company. Moreover, the Group is working on initiatives such as the implementation of many preventive measures in the Group's internal work areas and the expanding facilitation of teleworking to reduce risks to employees including the risk of infection or the development of a cluster of infections.

However, it is assumed that the conditions surrounding the economies of Japan and other countries will remain harsh and it is unclear when the pandemic will end and concerns about the spread of COVID-19 remain. Consequently, initiatives may not demonstrate the expected effects, and this may significantly impact business activities, business results, and the financial position of the Group.

b) Occurrence of disasters

The Group's artists, talent, creators, and employees are active in the provision of entertainment services throughout Japan. For this reason, the occurrence of natural disasters such as earthquakes, tsunami, typhoons and floods, and the spread of infectious diseases such as COVID-19 coronavirus have the possibility of impacting the Group's business performance due to the cancelation of large-scale live performances and events, and the suspension of content production activities.

c) Trends in major titles, artists and talents

The Group utilizes the rights that it holds as a content holder in its various businesses. Consequently, the Group's business performance can be affected by whether or not the Group has any hit artists and hit content, and by the popularity of major artists and talents, contract duration, and growth of new artists and talent.

d) Operations in overseas markets

Our overseas businesses have been developing in Asia where significant growth is expected in the future and other regions all over the world. In the event that an unexpected incident occurs in any of the overseas markets due to a change in political or economic conditions or legal or regulatory elements, disadvantageous taxes, or social disorder caused by terrorist attack, war, or the like, it is possible that our overseas operations and performance may be affected.

e) Response to technical innovations

Although the Group is pursuing the possibilities of new businesses utilizing technology, there is an undeniable possibility of the occurrence of risks due to sudden changes in the business environment (such as due to technical innovations and the emergence of competitors) or other difficult-to-predict problems which may become apparent later in the process of executing these businesses, and these risks may impact the Group's business performance.

f) Impairment loss

When market values of the assets held by the Group decrease significantly, or business profitability deteriorates, an impairment loss in noncurrent assets may be recorded by applying impairment accounting, which would affect the Group's businesses and financial position.

g) Dependency on the specific corporate manager

Chairman, Masato Matsuura, one of the founders of Avex, has been playing the important role in formulating and determining Group management strategies and concluding contracts with important business partners and artists. In the event that Mr. Matsuura leaves the Group for any reason, the performance of the Group may be affected.

2. Basic Approach to the Selection of Accounting Standards

The Group's policy is to prepare its consolidated financial statements in accordance with Japanese accounting standards for the time being, to facilitate comparisons between periods and comparisons between companies.

The Group will address the issue of adoption of International Financial Reporting Standards (IFRS) as appropriate, taking into consideration conditions both inside and outside of Japan.

3. Consolidated Financial Statements and Key Notes**(1) Consolidated Balance Sheets**

(Unit: million yen)

	As of March 31, 2020	As of March 31, 2021
(Assets)		
Current assets		
Cash and deposits	17,956	52,654
Notes and accounts receivable-trade	18,100	14,120
Merchandise and finished goods	1,243	1,366
Programs and works in progress	4,012	4,652
Raw materials and supplies	275	300
Advance payments-trade	1,505	1,217
Prepaid expenses	966	1,189
Advance royalty payments	3,163	1,851
Accounts receivable - other	4,193	6,373
Other current assets	3,196	1,273
Allowance for doubtful accounts	(181)	(281)
Total current assets	54,432	84,716
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,282	1,082
Land	29,770	1,548
Other property, plant and equipment, net	892	479
Total property, plant and equipment	45,945	3,110
Intangible assets	4,878	3,864
Investments and other assets		
Investment securities	7,490	7,143
Long-term prepaid expenses	43	198
Deferred tax assets	5,545	5,048
Other investments and other assets	2,110	1,073
Allowance for doubtful accounts	(31)	(49)
Total investments and other assets	15,158	13,414
Total noncurrent assets	65,981	20,389
Total assets	120,414	105,105

(Unit: million yen)

	As of March 31, 2020	As of March 31, 2021
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	1,470	1,457
Short-term loans payable	16,000	—
Current portion of long-term loans payable	3,065	54
Accounts payable - other	21,824	18,341
Accrued royalties	6,666	7,650
Income taxes payable	632	6,040
Advances received	4,262	2,659
Provision for bonuses	503	500
Allowance for returned goods	3,244	2,892
Provision for point card certificates	43	37
Provision for contingent loss	455	225
Other current liabilities	6,281	5,278
Total current liabilities	64,449	45,138
Noncurrent liabilities		
Long-term loans payable	4,563	4
Liabilities for retirement benefits	711	390
Other noncurrent liabilities	1,240	1,231
Total noncurrent liabilities	6,515	1,626
Total liabilities	70,964	46,765
(Net assets)		
Shareholders' equity		
Capital stock	4,392	4,443
Capital surplus	5,109	5,171
Retained earnings	39,559	50,209
Treasury stock	(3,371)	(5,655)
Total shareholders' equity	45,689	54,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	686	1,120
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustments	(87)	(119)
Total of accumulated retirement benefits	(277)	135
Total of accumulated other comprehensive income	321	1,137
Subscription rights to shares	370	119
Non-controlling interests	3,068	2,914
Total net assets	49,449	58,339
Total liabilities and net assets	120,414	105,105

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

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	135,469	81,527
Cost of sales	96,375	55,908
Gross profit	39,093	25,618
Selling, general and administrative expenses		
Advertising expenses	6,328	5,735
Promotion expenses	2,008	1,140
Provision of allowance for doubtful accounts	4	103
Employee salaries and bonuses	7,526	6,969
Provision for bonuses	503	498
Retirement benefit cost	411	496
Depreciation	1,949	1,810
Commission fee	6,392	5,087
Other selling, general and administrative expenses	9,935	10,054
Total selling, general and administrative expenses	35,060	31,897
Operating income (loss)	4,033	(6,278)
Non-operating income		
Interest income	21	22
Dividend income	8	4
Surrender value of insurance policies	—	167
Subsidy income	—	35
Compensation income	26	—
Other non-operating income	80	101
Total non-operating income	137	330
Non-operating expenses		
Interest expenses	74	88
Equity in losses of affiliates	813	337
Loss on investments in investment partnerships	123	28
Commission fee	23	26
Other non-operating expenses	117	109
Total non-operating expenses	1,152	591
Ordinary income (loss)	3,017	(6,538)
Extraordinary income		
Gain on sales of noncurrent assets	—	28,757
Gain on sales of investment securities	492	2,043
Subsidies for employment adjustment	—	472
Gain on reversal of subscription rights to shares	89	142
Other extraordinary income	—	201
Total extraordinary income	581	31,616

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Extraordinary loss		
Impairment loss	1,253	1,863
Loss on disaster	534	1,311
Extra retirement payments	—	1,338
Loss on valuation of investment securities	385	391
Provision for contingent loss	455	50
Loss on retirement of noncurrent assets	87	6
Loss on liquidation of business	30	—
Other extraordinary loss	169	600
Total extraordinary loss	2,915	5,562
Income before income taxes	684	19,515
Income taxes-current	1,480	5,824
Income taxes-deferred	(255)	528
Total income and other taxes	1,225	6,353
Net income (loss)	(540)	13,162
Profit attributable to non-controlling interests	561	330
Profit (loss) attributable to owners of parent	(1,102)	12,831

(Consolidated statements of comprehensive income)

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net income (loss)	(540)	13,162
Other comprehensive income		
Valuation difference on available-for-sale securities	575	429
Foreign currency translation adjustments	(19)	(31)
Adjustment for retirement benefits	(28)	401
Share of other comprehensive income of associates accounted for using equity method	(22)	16
Total other comprehensive income	504	816
Comprehensive income	(36)	13,978
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(597)	13,647
Comprehensive income attributable to non-controlling interests	561	330

(3) Consolidated statements of changes in shareholders' equity

Fiscal year ended March 31, 2020

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the fiscal year	4,333	5,051	42,888	(3,565)	48,708
Changes of items during the period					
Issuance of new shares	58	58			116
Dividends from surplus			(2,173)		(2,173)
Profit (loss) attributable to owners of parent			(1,102)		(1,102)
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(33)		193	160
Transfer to capital surplus from retained earnings		33	(33)		-
Change in scope of consolidation			(17)		(17)
Change of scope of equity method			(0)		(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	58	58	(3,329)	193	(3,018)
Balance at end of the fiscal year	4,392	5,109	39,559	(3,371)	45,689

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total of accumulated retirement benefits	Total of accumulated other comprehensive income			
Balance at beginning of the fiscal year	120	-	(67)	(237)	(183)	513	3,017	52,055
Changes of items during the period								
Issuance of new shares								116
Dividends from surplus								(2,173)
Profit (loss) attributable to owners of parent								(1,102)
Purchase of treasury stock								(0)
Disposal of treasury stock								160
Transfer to capital surplus from retained earnings								-
Change in scope of consolidation								(17)
Change of scope of equity method								(0)
Net changes of items other than shareholders' equity	565	0	(20)	(40)	504	(143)	51	412
Total changes of items during the period	565	0	(20)	(40)	504	(143)	51	(2,605)
Balance at end of the fiscal year	686	0	(87)	(277)	321	370	3,068	49,449

Fiscal year Ended March 31, 2021

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the fiscal year	4,392	5,109	39,559	(3,371)	45,689
Changes of items during the period					
Issuance of new shares	51	51			102
Dividends from surplus			(2,180)		(2,180)
Profit (loss) attributable to owners of parent			12,831		12,831
Purchase of treasury stock				(2,585)	(2,585)
Disposal of treasury stock		10		301	311
Transfer to capital surplus from retained earnings					—
Change in scope of consolidation			(0)		(0)
Change of scope of equity method					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	51	61	10,650	(2,283)	8,479
Balance at end of the fiscal year	4,443	5,171	50,209	(5,655)	54,168

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total of accumulated retirement benefits	Total of accumulated other comprehensive income			
Balance at beginning of the fiscal year	686	0	(87)	(277)	321	370	3,068	49,449
Changes of items during the period								
Issuance of new shares								102
Dividends from surplus								(2,180)
Profit (loss) attributable to owners of parent								12,831
Purchase of treasury stock								(2,585)
Disposal of treasury stock								311
Transfer to capital surplus from retained earnings								—
Change in scope of consolidation								(0)
Change of scope of equity method								—
Net changes of items other than shareholders' equity	434	0	(31)	413	816	(250)	(154)	411
Total changes of items during the period	434	0	(31)	413	816	(250)	(154)	8,890
Balance at end of the fiscal year	1,120	0	(119)	135	1,137	119	2,914	58,339

(4) Consolidated statements of cash flows

	(Unit: million yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flow from operating activities		
Income before income taxes	684	19,515
Depreciation and amortization	3,292	2,888
Impairment loss	1,253	1,863
Loss on liquidation of business	30	—
Loss on disaster	534	1,311
Increase (decrease) in provision for bonuses	(760)	(5)
Increase (decrease) in allowance for returned goods	(583)	(351)
Increase (decrease) in provision for point card certificates	(12)	(5)
Increase (decrease) in provision for contingent loss	455	(230)
Increase (decrease) in net defined benefit liability	106	243
Interest and dividend income	(30)	(26)
Interest expenses	74	88
Loss (gain) on sales of investment securities	(492)	(2,043)
Loss (gain) on investments in partnership	123	28
Equity in (earnings) losses of affiliates	813	337
Gain on reversal of subscription rights to shares	(89)	(142)
Loss (gain) on valuation of investment securities	385	391
Share-based compensation expenses	141	109
Compensation income	(26)	—
Loss (gain) on sales of noncurrent assets	1	(28,757)
Decrease (increase) in notes and accounts receivable-trade	(183)	3,991
Decrease (increase) in inventories	583	(785)
Decrease (increase) in advance payments	(213)	289
Decrease (increase) in advance royalty payments	396	1,307
Increase (decrease) in notes and accounts payable-trade	35	(18)
Decrease (increase) in accounts receivable-other	(1,649)	(1,594)
Increase (decrease) in accounts payable-other	(3,873)	(4,658)
Increase (decrease) in accrued royalties	(878)	951
Increase (decrease) in advances received	(1,840)	(1,608)
Other	(51)	(205)
Subtotal	(1,775)	(7,115)
Interest and dividends income received	43	25
Interest expenses paid	(74)	(89)
Proceeds from compensation	26	—
Income taxes refund	987	1,335
Income taxes paid	(3,240)	(636)
Net cash provided by (used in) operating activities	(4,032)	(6,480)

	(Unit: million yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flow from investing activities		
Purchase of property, plant and equipment	(332)	(2,055)
Proceeds from sales of property, plant and equipment	22	72,001
Purchase of intangible assets	(2,880)	(2,311)
Purchase of investment securities	(1,038)	(240)
Proceeds from sales of investment securities	1,021	2,244
Payments of loans receivable	(27)	—
Payments for lease and guarantee deposits	(19)	(67)
Proceeds from collection of lease and guarantee deposit	9	207
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(172)	—
Proceeds from maturity of insurance funds	16	305
Other-net	(43)	(42)
Net cash provided by (used in) investing activities	(3,444)	70,041
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	8,500	(16,000)
Proceeds from long-term loans payable	—	90
Repayment of long-term loans payable	(3,093)	(7,658)
Repayment of lease obligations	(58)	(45)
Proceeds from share issuance to non-controlling shareholders	50	—
Redemption of bonds	(8)	—
Purchase of treasury stock	(0)	(2,587)
Proceeds from disposal of treasury stock	67	57
Cash dividends paid	(2,174)	(2,179)
Dividends paid to non-controlling interests	(623)	(604)
Net cash provided by (used in) financing activities	2,659	(28,928)
Effect of exchange rate change on cash and cash equivalents	(58)	64
Net increase (decrease) in cash and cash equivalents	(4,876)	34,698
Cash and cash equivalents at beginning of period	22,832	17,956
Cash and cash equivalents at end of period	17,956	52,654