Translation

May 14, 2021

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 <under IFRS>

Company name: PRONEXUS Inc.
Listing: First Section of the Tokyo Stock Exchange
Stock code: 7893
URL: https://www.pronexus.co.jp
Representative: Takeshi Ueno, President and Representative Director
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Scheduled date of ordinary general meeting of shareholders: June 28, 2021
Scheduled date to commence dividend payments: June 14, 2021
Scheduled date to file Securities Report: June 29, 2021
Preparation of supplementary material on earnings: Yes
Holding of earnings performance review: Yes (We plan to upload a video recording of the earnings performance review)

(Millions of yen with fractional amounts rounded, unless otherwise noted)

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

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	24,997	2.3	2,130	(18.1)	2,503	(8.3)	1,696	(8.5)
March 31, 2020	24,446	5.6	2,600	5.4	2,729	0.5	1,853	0.9

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2021	1,691	(8.4)	2,119	14.9	62.87	–
March 31, 2020	1,846	0.6	1,844	15.3	68.53	–

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended	%	%	%
March 31, 2021	7.4	7.2	8.5
March 31, 2020	8.3	8.4	10.6

Reference: Share of profit (loss) of investments accounted for using equity method
For the fiscal year ended March 31, 2021: 80 million yen
For the fiscal year ended March 31, 2020: 73 million yen

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2021	36,337	23,452	23,423	64.5	877.73
March 31, 2020	33,049	22,506	22,451	67.9	834.02

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	3,917	(1,339)	(1,660)	12,845
March 31, 2020	4,172	(1,716)	(2,436)	11,911

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	–	15.00	–	15.00	30.00
Fiscal year ended March 31, 2021	–	17.00	–	16.00	33.00
Fiscal year ending March 31, 2022 (Forecast)	–	16.00	–	16.00	32.00

	Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	Millions of yen	%	%
Fiscal year ended March 31, 2020	808	43.8	3.7
Fiscal year ended March 31, 2021	885	52.5	3.9
Fiscal year ending March 31, 2022 (Forecast)		56.2	

Note: The second quarter-end dividends for the fiscal year ended March 31, 2021 are 17.00 yen, the total combining the ordinary dividends of 15.00 yen with the 90th anniversary commemorative dividends of 2.00 yen.

3. Consolidated earnings forecasts for the fiscal year 2021 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months ending September 30, 2021	14,700	2.2	2,400	(9.5)	2,400	(15.0)	1,660	(15.3)	1,660	(15.1)	62.21
Fiscal year ending March 31, 2022	25,500	2.0	2,200	3.3	2,200	(12.1)	1,520	(10.4)	1,520	(10.1)	56.96

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates
   a. Changes in accounting policies required by IFRS: None
   b. Changes in accounting policies due to other reasons: None
   c. Changes in accounting estimates: None

(3) Number of issued shares (common shares)
   a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2021	28,716,688 shares
As of March 31, 2020	30,716,688 shares

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

As of March 31, 2021	2,031,321 shares
As of March 31, 2020	3,797,152 shares

   c. Average number of shares during the period

For the fiscal year ended March 31, 2021	26,898,026 shares
For the fiscal year ended March 31, 2020	26,940,547 shares

[Reference] Overview of non-consolidated performance

1. Non-consolidated performance for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	23,785	1.9	2,110	(4.3)	2,338	(0.8)	1,369	(14.9)
March 31, 2020	23,334	2.5	2,205	5.7	2,357	(0.3)	1,609	(3.6)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2021	50.89	–
March 31, 2020	59.73	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	27,838	21,465	77.1	804.39
March 31, 2020	26,671	20,913	78.4	776.88

Reference: Equity
As of March 31, 2021: 21,465 million yen
As of March 31, 2020: 20,913 million yen

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

*** Proper use of earnings forecasts, and other special matters**

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to PRONEXUS Inc. (hereinafter the "Company") and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Please refer to the section of "(4) Future outlook" of "1. Review of operating results and others" on page 5 of [Attached Material] for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(Means of access to contents of supplementary material on earnings and earnings performance review)

Regarding the earnings performance review for the fiscal year ended March 31, 2021, to prevent the spread of novel coronavirus disease (COVID-19), and assuming that many people are teleworking, we have decided not to hold the briefing in person, and instead to upload a video recording of the earnings performance review on a later day. We also plan to post the supplementary material on earnings on the Company's website.

[Attached Material]

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1. Review of operating results and others

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

(i) Condition of Japanese economy

During the fiscal year ended March 31, 2021, economic activities in the Japanese economy were significantly negatively impacted by restrictions on corporate activities and personal consumption in Japan and overseas due to the prolonged effects of the global spread of COVID-19. At present, economic activities are gradually reopening, and while we see a move toward recovery in certain corporate activities, overall, the future remains uncertain.

In the securities market of Japan, to which the business of the Company is closely linked, while the Nikkei Stock Average was in decline when the state of emergency was declared last April due to a sense of caution regarding the prevailing circumstances, it recovered from the 18,000-yen level at the beginning of the fiscal year to reach the 30,000-yen barrier temporarily for the first time in around 30 years this February.

(ii) Review of performance

1) Sales performance

In the fiscal year under review, we continued our progress in strengthening disclosure and IR for Japanese and overseas investors, leading to increased sales of shareholder convocation notices, English translation services, and other services. In addition, sales of products related to financing and IPOs and the website production-related businesses increased. These increases in sales made up for a reduction in new investment trusts established and a fall in revenue from financial instruments-related products associated with a pullback following the special demand related to the revised consumption tax rate in the same period of the previous fiscal year. As a result, consolidated revenue in the fiscal year ended March 31, 2021 was 24,997 million yen, an increase of 550 million yen, or 2.3%, year on year.

<Listed companies disclosure-related business>

In addition to higher revenue due to the conversion of shareholder convocation notices to color printing, a rise in revenue in outsourcing services for the preparation of disclosure documents also contributed to sales. Furthermore, an increase in orders for products related to financing and IPOs against the backdrop of recovering stock prices in the securities markets of Japan led to revenue in the listed companies disclosure-related business of 10,880 million yen, an increase of 593 million yen, or 5.8%, year on year.

<Listed companies IR-related, etc. business>

In addition to decreased revenue from business reports for shareholders, the cancellation of face-to-face events and seminars during the COVID-19 pandemic had somewhat of a negative effect. Meanwhile, amidst the response to the Japan's Corporate Governance Code, orders increased for English translation services. Furthermore, revenue of Rainbow Japan Inc., a website production company, which was made a consolidated subsidiary of the Company on October 1, 2019, was added. As a result, revenue of the listed companies IR-related, etc. business was 6,400 million yen, an increase of 263 million yen, or 4.3%, year on year.

<Financial instruments disclosure-related business>

Orders for financial instruments-related printed materials decreased due to a pullback following the spot demand related to the revised consumption tax rate in the same period of the previous fiscal year. Furthermore, in the market for investment trusts, there was a partial slowdown in the establishment of new funds as well as progressive digitalization, which led to a contraction in the order volume for prospectuses. In addition, there was a decrease in revenue from products related to foreign bonds due to changes in financing demand. As a result, revenue of the financial instruments disclosure-related business was 6,629 million yen, a decrease of 291 million yen, or 4.2%, year on year.

<Database-related business>

For both corporate information databases and economic and industry information databases, although progresses were made in pursuit of new customers, there were some cancellations and decrease in unit prices. As a result, revenue of the database-related business was 1,088 million yen, a decrease of 15 million yen, or 1.3%, year on year.

Revenue by product areas

(Thousands of yen, with fractional amounts discarded)

	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021		Change	
	Amount (Thousands of yen)	Composition ratio (%)	Amount (Thousands of yen)	Composition ratio (%)	Amount (Thousands of yen)	(%)
Listed companies disclosure-related business	10,286,753	42.1	10,879,556	43.5	592,803	5.8
Listed companies IR-related, etc. business	6,136,833	25.1	6,399,854	25.6	263,022	4.3
Financial instruments disclosure-related business	6,919,949	28.3	6,629,012	26.5	(290,937)	(4.2)
Database-related business	1,102,802	4.5	1,088,152	4.4	(14,650)	(1.3)
Total	24,446,337	100.0	24,996,575	100.0	550,238	2.3

Notes: 1. Amounts are based on sales prices.
2. Consumption taxes are excluded from the above amounts.

2) Earnings summary

In the fiscal year under review, consolidated revenue increased by 550 million yen, or 2.3%, year on year due to the contribution of increased revenue in the listed companies disclosure-related business and the listed companies IR-related, etc. business. However, cost of sales rose by 568 million yen, or 3.8%, year on year mainly due to higher labor costs associated with strengthening production systems and improving services. Consequently, the cost-to-sales ratio rose to 61.7%, an increase of 1.0 percentage points year on year. As a result, gross profit was 9,583 million yen, a decrease of 17 million yen, or 0.2%, year on year. Meanwhile, selling, general and administrative expenses amounted to 7,162 million yen, an increase of 100 million yen, or 1.4%, year on year mainly due to a rise in personnel expenses associated with strengthening the sales structure, the recording of expenses for countermeasures against COVID-19, and DX investment targeting the post-COVID-19 world (the ratio of selling, general and administrative expenses was 28.7%, a decrease of 0.2 percentage points year on year). Operating profit was 2,130 million yen, a decrease of 470 million yen, or 18.1%, year on year due to the recording of impairment losses of 351 million yen as other expenses at our consolidated subsidiaries Rainbow Japan Inc. and PRONEXUS VIETNAM CO., LTD due to the impact of COVID-19.

Additionally, finance income was 163 million yen due to dividend income and others, and finance costs were 9 million yen. Share of profit of investments accounted for using equity method was 80 million yen, and with the acquisition of additional shares in July 2020 in DISCLOSURE PRO Inc., which had been an associate accounted for by the equity method, we recorded 139 million yen in gain on step acquisitions with the company becoming a wholly owned subsidiary. As a result, profit was 1,696 million yen, a decrease of 157 million yen, or 8.5%, year on year. Profit attributable to owners of parent was 1,691 million yen, a decrease of 155 million yen, or 8.4%, year on year.

Furthermore, compared to our consolidated earnings forecasts for the fiscal year ended March 31, 2021 released on August 28, 2020, we achieved all our targets for revenue and each type of profit.

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

At the end of the fiscal year under review, total assets increased by 3,288 million yen from the previous fiscal year-end to 36,337 million yen.

Current assets increased by 460 million yen to 18,025 million yen. The main components included an increase of 934 million yen in cash and cash equivalents and a decrease of 577 million yen in other financial assets. Non-current assets increased by 2,828 million yen to 18,312 million yen. The main components included an increase of 1,808 million yen in right-of-use assets and an increase of 699 million yen in other financial assets.

At the end of the fiscal year under review, total liabilities increased by 2,342 million yen from the previous fiscal year-end to 12,884 million yen.

Current liabilities increased by 203 million yen to 6,304 million yen. The main components included an increase of 72 million yen in lease liabilities. Non-current liabilities increased by 2,139 million yen to 6,581 million yen. The main components included an increase of 1,844 million yen in lease liabilities.

Equity totaled 23,452 million yen at the end of the fiscal year under review, an increase of 946 million yen from the previous fiscal year-end. The main components included an increase due to the recording of 1,691 million yen in profit attributable to owners of parent, and a decrease due to dividends of surplus of 861 million yen.

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

The balance of cash and cash equivalents (hereinafter "cash") as of March 31, 2021 amounted to 12,845 million yen, up 934 million yen (up 7.8% year on year) compared with the previous fiscal year-end.

The respective cash flow positions and the factors thereof in the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 3,917 million yen (4,172 million yen was provided in the previous fiscal year). As a main breakdown of cash provided, profit before tax was 2,503 million yen, while income from operations after adjustment for non-cash items was 4,959 million yen and interest and dividends received was 56 million yen. As a main breakdown of cash used, income taxes paid totaled 1,090 million yen.

Cash flows from investing activities

Net cash used in investing activities was 1,339 million yen (1,716 million yen was used in the previous fiscal year). As a main breakdown of cash used, purchase of property, plant and equipment was 448 million yen and purchase of intangible assets was 1,213 million yen.

Cash flows from financing activities

Net cash used in financing activities was 1,660 million yen (2,436 million yen was used in the previous fiscal year). As a main breakdown of cash used, dividends paid was 861 million yen and repayments of lease liabilities was 781 million yen.

(4) Future outlook

(Percentages indicate year-on-year changes.)

Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
25,500	2.0	2,200	3.3	2,200	(12.1)	1,520	(10.1)	56.96

(i) Background and factors in fluctuations of revenue projection

Next fiscal year, consolidated revenue is expected to be 25,500 million yen, an increase of 503 million yen year on year. The main factor is that we expect a strong increase in orders centered on the listed companies disclosure-related business and the listed companies IR-related, etc. business.

Furthermore, in the fiscal year under review, the negative effects of COVID-19 were limited to certain products, and factors contributing to increased revenue outweighed these negative factors. At the current stage, we envision the same business environment in the next fiscal year. However there are factors of uncertainty, including the possibility for stronger restrictions on corporate activities due to the spread of COVID-19.

Revenue by product areas

(Thousands of yen, with fractional amounts discarded)

	Fiscal year ended March 31, 2021		Fiscal year ending March 31, 2022		Change	
	Amount (Thousands of yen)	Composition ratio (%)	Amount (Thousands of yen)	Composition ratio (%)	Amount (Thousands of yen)	(%)
Listed companies disclosure-related business	10,879,556	43.5	11,000,000	43.1	120,444	1.1
Listed companies IR-related, etc. business	6,399,854	25.6	6,700,000	26.3	300,146	4.7
Financial instruments disclosure-related business	6,629,012	26.5	6,700,000	26.3	70,988	1.1
Database-related business	1,088,152	4.4	1,100,000	4.3	11,848	1.1
Total	24,996,575	100.0	25,500,000	100.0	503,425	2.0

(ii) Background and factors in fluctuations of profits projection

In terms of costs, we expect increases in labor costs and personnel expenses as we are reinforcing our internal structures and human resources in response to increased orders and business area expansion. Furthermore, as we have been carrying out in the fiscal year under review, we will continue our countermeasures against COVID-19 and our promotion of DX investment targeting the post-COVID-19 world. Moreover, while there were factors in the fiscal year under review, including impairment losses at consolidated subsidiaries, finance income centered on gain on investments in investment partnership, and the gain on step acquisitions of shares in DISCLOSURE PRO Inc., at present, we do not expect these fluctuation factors in our profits projection for the next fiscal year. Therefore, we expect ordinary profit of 2,200 million yen, up 70 million yen year on year, profit before tax of 2,200 million yen, down 303 million yen year on year, and profit attributable to owners of parent of 1,520 million yen, down 171 million yen year on year.

(iii) Relevance to medium-term management plan

The Company is promoting its three-year New Medium-Term Management Plan 2021, lasting until next fiscal year (the fiscal year ending March 31, 2022). However, we withdrew our numerical targets on May 14, 2020 due to COVID-19. In the above projections, the numerical targets for the final year of the New Medium-Term Management Plan 2021 have been reset.

(5) Basic policy on profit distribution and dividends for fiscal 2020 and fiscal 2021

(i) Dividends

The Company believes that returning profits to shareholders is a vital issue facing company management, and is taking a series of measures corresponding to our belief. The Company's basic dividend policy is to conduct the stable, continuous payment of dividends, taking a comprehensive evaluation of business performance and the business environment into account. The Company has revised the dividend payout ratio from the previous standard of 40% or higher and increased it to 50% or higher.

The Company forecasts annual dividends of 33 yen per share for the fiscal year under review with a year-end dividend of 16 yen in addition to the second quarter-end dividend of 17 yen (comprising the ordinary dividend of 15 yen and the 90th anniversary commemorative dividend of 2 yen), which has already been paid. This is expected to result in a dividend payout ratio of 52.5%.

Regarding the dividends for the next fiscal year, as shown in "1. Review of operating results and others, (4) Future outlook" on page 5, considering our basic policy based on stable dividends, the Company forecasts an annual dividend of 32 yen, comprising the second quarter-end and year-end dividends of 16 yen each.

(ii) Share buyback for treasury

The Company places importance on share buyback for treasury in consideration that it will contribute to returning profits to shareholders and improving capital efficiency. During the fiscal year under review, the Company purchased 234 thousand shares of common shares. Combining the dividends and a share buyback for treasury during the fiscal year ended March 31, 2021, this maintained the total shareholder return ratio at a high level with a ratio of 69.4%.

Furthermore, based on this same intent, on February 15, 2021, the Company canceled 2,000,000 treasury shares.

(iii) Shareholders benefit program

The Company also operates a shareholders benefit program using QUO prepaid card. The Company has established criteria under which the values of benefits awarded increase in accordance with the number of shares owned and the number of years they were owned. Moreover, to make investing in the Company's shares more attractive and to entice shareholders to hold more shares over the long term, we added a new holding period criterion (10 years or more) to our benefit program, based on the shareholder record as of March 31, 2021.

Number of shares owned	Number of years owned				
	Less than 1 year	1 or more years but less than 3 years	3 or more years but less than 5 years	5 or more years but less than 10 years	[New] 10 years or more
100 or more but less than 1,000 shares	¥500	¥1,000	¥1,500	¥2,000	¥3,000
1,000 shares or more	¥1,000	¥3,000	¥5,000	¥7,000	¥10,000

2. Basic concept regarding selection of accounting standards

The Company and its subsidiaries (the "Group") has adopted International Financial Reporting Standards from the fiscal year ended March 31, 2020, to enhance the international comparability and convenience of its financial reporting in capital markets.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated statement of financial position

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	11,910,898	12,845,107
Trade and other receivables	2,548,657	2,585,575
Other financial assets	2,310,915	1,733,522
Inventories	511,471	573,928
Other current assets	283,600	286,949
Total current assets	17,565,541	18,025,083
Non-current assets		
Property, plant and equipment	4,657,122	4,675,332
Right-of-use assets	1,988,261	3,796,143
Goodwill	304,485	466,875
Intangible assets	2,246,279	2,530,475
Investment property	186,322	186,322
Investments accounted for using equity method	728,142	763,050
Other financial assets	4,233,973	4,933,152
Deferred tax assets	1,078,340	918,943
Other non-current assets	60,678	41,529
Total non-current assets	15,483,602	18,311,822
Total assets	33,049,144	36,336,904

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	56,672	56,672
Lease liabilities	752,312	824,803
Trade and other payables	1,434,026	1,531,750
Income taxes payable	689,136	465,438
Contract liabilities	651,858	674,124
Other current liabilities	2,517,150	2,751,141
Total current liabilities	6,101,154	6,303,927
Non-current liabilities		
Borrowings	8,324	301,652
Lease liabilities	1,262,247	3,106,445
Retirement benefit liability	2,523,384	2,523,647
Provisions	188,201	191,390
Other non-current liabilities	459,592	457,429
Total non-current liabilities	4,441,749	6,580,563
Total liabilities	10,542,902	12,884,490
Equity		
Share capital	3,058,651	3,058,651
Capital surplus	4,683,596	4,691,776
Treasury shares	(3,801,143)	(2,082,303)
Other components of equity	348,191	721,958
Retained earnings	18,162,035	17,032,541
Total equity attributable to owners of parent	22,451,330	23,422,622
Non-controlling interests	54,911	29,792
Total equity	22,506,241	23,452,414
Total liabilities and equity	33,049,144	36,336,904

(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income

(Consolidated statement of profit or loss)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Revenue	24,446,337	24,996,575
Cost of sales	(14,846,057)	(15,413,739)
Gross profit	9,600,279	9,582,836
Selling, general and administrative expenses	(7,061,475)	(7,161,710)
Other income	72,223	82,220
Other expenses	(10,869)	(373,203)
Operating profit	2,600,158	2,130,143
Finance income	67,527	163,205
Finance costs	(10,842)	(8,775)
Share of profit of investments accounted for using equity method	72,620	79,721
Revaluation gain on step acquisition	–	139,122
Profit before tax	2,729,463	2,503,416
Income tax expense	(876,222)	(807,140)
Profit	1,853,241	1,696,276
Profit attributable to		
Owners of parent	1,846,291	1,691,145
Non-controlling interests	6,950	5,131
Profit	1,853,241	1,696,276
Earnings per share		
Basic earnings per share (Yen)	68.53	62.87
Diluted earnings per share (Yen)	–	–

(Consolidated statement of comprehensive income)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,853,241	1,696,276
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(26,515)	352,716
Remeasurements of defined benefit plans	19,077	48,919
Total of items that will not be reclassified to profit or loss	(7,438)	401,635
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2,121)	21,087
Total of items that may be reclassified to profit or loss	(2,121)	21,087
Other comprehensive income, net of tax	(9,559)	422,722
Comprehensive income	1,843,682	2,118,998
Comprehensive income attributable to		
Owners of parent	1,836,615	2,113,549
Non-controlling interests	7,067	5,449
Comprehensive income	1,843,682	2,118,998

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2020

(Thousands of yen)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined benefit plans
Balance as of April 1, 2019	3,058,651	4,683,596	(3,324,251)	(12,249)	381,514	–
Profit						
Other comprehensive income				(2,121)	(26,515)	18,960
Total comprehensive income	–	–	–	(2,121)	(26,515)	18,960
Purchase of treasury shares			(476,892)			
Dividends						
Obtaining of control of subsidiaries						
Transfer from other components of equity to retained earnings					7,563	(18,960)
Total transactions with owners	–	–	(476,892)	–	7,563	(18,960)
Balance as of March 31, 2020	3,058,651	4,683,596	(3,801,143)	(14,370)	362,561	–

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity	Retained earnings	Total		
	Total				
Balance as of April 1, 2019	369,265	17,117,366	21,904,626	43,231	21,947,857
Profit	–	1,846,291	1,846,291	6,950	1,853,241
Other comprehensive income	(9,676)		(9,676)	117	(9,559)
Total comprehensive income	(9,676)	1,846,291	1,836,615	7,067	1,843,682
Purchase of treasury shares	–		(476,892)		(476,892)
Dividends	–	(813,019)	(813,019)		(813,019)
Obtaining of control of subsidiaries	–		–	4,613	4,613
Transfer from other components of equity to retained earnings	(11,397)	11,397	–		–
Total transactions with owners	(11,397)	(801,622)	(1,289,911)	4,613	(1,285,297)
Balance as of March 31, 2020	348,191	18,162,035	22,451,330	54,911	22,506,241

Fiscal year ended March 31, 2021

(Thousands of yen)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined benefit plans
Balance as of April 1, 2020	3,058,651	4,683,596	(3,801,143)	(14,370)	362,561	–
Profit						
Other comprehensive income				21,051	352,716	48,637
Total comprehensive income	–	–	–	21,051	352,716	48,637
Purchase of treasury shares			(289,014)			
Cancellation of treasury shares			2,007,854			
Dividends						
Changes in ownership interest in subsidiaries		8,180				
Transfer from other components of equity to retained earnings						(48,637)
Total transactions with owners	–	8,180	1,718,840	–	–	(48,637)
Balance as of March 31, 2021	3,058,651	4,691,776	(2,082,303)	6,681	715,277	–

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity	Retained earnings	Total		
	Total				
Balance as of April 1, 2020	348,191	18,162,035	22,451,330	54,911	22,506,241
Profit	–	1,691,145	1,691,145	5,131	1,696,276
Other comprehensive income	422,404		422,404	318	422,722
Total comprehensive income	422,404	1,691,145	2,113,549	5,449	2,118,998
Purchase of treasury shares	–		(289,014)		(289,014)
Cancellation of treasury shares	–	(2,007,854)	–		–
Dividends	–	(861,422)	(861,422)		(861,422)
Changes in ownership interest in subsidiaries	–		8,180	(30,569)	(22,389)
Transfer from other components of equity to retained earnings	(48,637)	48,637	–		–
Total transactions with owners	(48,637)	(2,820,639)	(1,142,257)	(30,569)	(1,172,826)
Balance as of March 31, 2021	721,958	17,032,541	23,422,622	29,792	23,452,414

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before tax	2,729,463	2,503,416
Depreciation and amortization	1,829,723	1,962,130
Impairment losses	–	350,554
Finance income	(67,527)	(163,205)
Finance costs	10,842	8,775
Share of loss (profit) of investments accounted for using equity method	(72,620)	(79,721)
Revaluation loss (gain) on step acquisition	–	(139,122)
Decrease (increase) in inventories	(40,480)	(53,943)
Decrease (increase) in trade and other receivables	(208,164)	113,926
Increase (decrease) in trade and other payables	309,260	124,553
Increase (decrease) in retirement benefit liability	133,764	90,091
Increase (decrease) in accrued consumption taxes	150,954	265,835
Other	(6,479)	(24,308)
Subtotal	4,768,738	4,958,983
Interest and dividends received	51,112	56,299
Interest paid	(10,625)	(8,323)
Income taxes paid	(637,008)	(1,089,501)
Net cash provided by (used in) operating activities	4,172,217	3,917,459
Cash flows from investing activities		
Payments into time deposits	(400,232)	(73,003)
Proceeds from withdrawal of time deposits	153,901	556,005
Purchase of property, plant and equipment	(346,271)	(448,451)
Purchase of intangible assets	(1,054,455)	(1,213,085)
Purchase of investments	(213,821)	(359,700)
Proceeds from sale and redemption of investments	14,288	100,000
Proceeds (payments) for obtaining of control of subsidiaries	(192,825)	(231,157)
Other	323,532	330,148
Net cash provided by (used in) investing activities	(1,715,883)	(1,339,242)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	300,000
Repayments of long-term borrowings	(370,566)	(6,672)
Repayments of lease liabilities	(780,281)	(781,306)
Purchase of treasury shares	(476,892)	(289,014)
Dividends paid	(812,782)	(860,906)
Payments for acquisition of interests in subsidiaries from non-controlling interests	–	(22,389)
Other	4,760	–
Net cash provided by (used in) financing activities	(2,435,760)	(1,660,287)
Net increase (decrease) in cash and cash equivalents	20,573	917,929
Cash and cash equivalents at beginning of period	11,892,304	11,910,898
Effect of exchange rate changes on cash and cash equivalents	(1,980)	16,280
Cash and cash equivalents at end of period	11,910,898	12,845,107

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report

(Segment information)

As the Group consists of a single business segment, the disclosure-related business, this information is omitted.

(Per share information)

The basis of calculating basic earnings per share is as follows:

		Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit attributable to owners of parent	(Thousands of yen)	1,846,291	1,691,145
Weighted average number of common shares outstanding	(Shares)	26,940,547	26,898,026
Basic earnings per share	(Yen)	68.53	62.87

Note: Diluted earnings per share is not presented because there were no dilutive potential shares.

(Significant subsequent events)

No items to report