

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2022 (Japanese Accounting Standards)

May 12, 2022

Avex Inc.

Tokyo Stock Exchange, Prime Market
(URL <https://avex.com/jp/en/>)

Code No: 7860

Representative: Katsumi Kuroiwa, President, CEO

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Ordinary General Meeting of Shareholders: June 24, 2022

Scheduled date for commencement of dividend payments: June 9, 2022

Scheduled date to submit the Securities Report (*Yukashoken Houkokusho*): June 27, 2022

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, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

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

Year ended	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2022	98,437	20.7	2,582	—	2,351	—	919	(92.8)
March 31, 2021	81,527	(39.8)	(6,278)	—	(6,538)	—	12,831	—

(Note) Comprehensive income Year ended March 31, 2022: ¥2,538 million (-81.8%)

Year ended March 31, 2021: ¥13,978 million (-%)

Year ended	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
	yen	yen	%	%	%
March 31, 2022	20.77	20.76	1.6	2.3	2.6
March 31, 2021	298.11	—	25.3	(5.8)	(7.7)

(Reference) Equity in earnings of affiliates Year ended March 31, 2022: ¥(218) million

Year ended March 31, 2021: ¥(337) million

(2) Consolidated financial position

As of	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
March 31, 2022	97,801	60,694	59.2	1,285.20
March 31, 2021	105,105	58,339	52.6	1,335.38

(Reference) Shareholders' equity As of March 31, 2022: ¥57,872 million

As of March 31, 2021: ¥55,306 million

(3) Consolidated statement of cash flows

Year ended	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
March 31, 2022	(4,464)	(3,387)	(314)	44,671
March 31, 2021	(6,480)	70,041	(28,928)	52,654

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, 2021	—	25.00	—	96.00	121.00	5,067	40.6	10.1
March 31, 2022	—	25.00	—	25.00	50.00	2,251	240.7	3.8
Year ending	—	25.00	—	25.00	50.00		553.7	
March 31, 2023 (forecast)								

3. Forecasts for consolidated operating results for the year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

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

Year ending	Operating income		Profit (loss) attributable to owners of parent		Net income per share
	million yen	%	million yen	%	Yen
March 31, 2023	1,000	(61.3)	400	(56.5)	9.03

* 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: Yes
 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, 2022: 45,440,100 shares
 As of March 31, 2021: 45,343,500 shares
 b. Treasury stock at end of term
 As of March 31, 2022: 410,124 shares
 As of March 31, 2021: 3,927,388 shares
 c. Average number of shares during term
 Year ended March 31, 2022: 44,281,705 shares
 Year ended March 31, 2021: 43,042,553 shares

(Reference) Overview of non-consolidated business results

Non-consolidated business results for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

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

Year ended	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2022	9,805	190.1	903	–	(741)	–	(1,920)	–
March 31, 2021	3,379	(77.7)	(6,258)	–	(9,528)	–	10,971	152.7

Year ended	Net income per share	Diluted net income per share
	yen	yen
March 31, 2022	(43.37)	–
March 31, 2021	254.91	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
March 31, 2022	70,033	45,759	65.3	1,016.20
March 31, 2021	76,754	47,308	61.5	1,139.39

(Reference) Shareholders' equity
 Year ended March 31, 2022: ¥45,759 million
 Year ended March 31, 2021: ¥47,189 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, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	163,375	160,126	135,469	81,527	98,437
Cost of sales	114,967	113,820	96,375	55,908	63,209
Gross profit	48,408	46,306	39,093	25,618	35,228
Gross profit margin	29.6%	28.9%	28.9%	31.4%	35.8%
Personnel expenses	13,232	13,200	12,170	12,128	11,029
Sales promotion and advertising expenses	9,848	9,967	8,336	6,875	7,993
General expenses	18,388	16,048	14,553	12,893	13,622
Total SG&A expenses	41,469	39,216	35,060	31,897	32,645
Operating income (loss)	6,939	7,089	4,033	(6,278)	2,582
Operating margin	4.2%	4.4%	3.0%	−%	2.6%

During the fiscal year under review, the economic outlook in Japan remains uncertain due to the prolonged COVID-19 pandemic, despite a temporary recovery after the lifting of restrictions on activities imposed with occasional declaration of a state of emergency and implementation of Focused Anti-infection Measures.

In the entertainment industry, to which the Group belongs, the production of music software, including music videos, was down 0.4% year on year, to 193,638 million yen (January to December 2021; according to a survey by the Recording Industry Association of Japan). Sales of paid music downloads were up 14.4% year on year, to 89,538 million yen (January to December 2021; according to a survey by the Recording Industry Association of Japan). In the video-related market, sales of video software fell 0.2% year on year, to 136,926 million yen (January to December 2021; according to a survey by the Japan Video Software Association). The scale of the digital video distribution market, on the other hand, increased by 14.0% year on year, to 423,000 million yen (January to December 2021; according to a survey by the Digital Content Association of Japan), which is expected to continue to grow.

In this business environment, in an effort to achieve medium- to long-term growth, the Group sought to fulfill two missions, including the establishment of an earnings structure not dependent on the live performance market and the entry into the global market and a new technology market, during the fiscal year under review. To establish a new earnings structure, the Group signed new contracts with artists, celebrities, personalities, and creative professionals popular among young people, engaged in content production, launched a paid distribution service for online live performances with the cooperation of large partner companies in Japan and overseas, and expanded the market for a music streaming service. As part of its approach to the global market and the new technology market, the Group took steps to explore the potential for future entertainment, such as the development of new artists targeting the global market, the launch of worldwide distribution of the Group's content and artists' official merchandise, and the launch of sales of NFT content in the virtual world called the Metaverse.

In addition, the Company relocated its head office in March 2022 and gathered various companies and divisions from the Avex Group at the largest one-floor working space (approx. 750 seats) in Tokyo to promote teamwork and active communication. The Group also promoted hybrid working styles allowing employees to select freer and more flexible ways of working using approximately 400 new co-working spaces.

In addition to these activities, an increase in the number of live events thanks to gradual easing of restrictions on live events and strong sales of music packaged products during the fiscal year under review resulted in year-on-year growth in sales.

As a result, net sales stood at 98,437 million yen (up 20.7% year on year) while operating income came to 2,582 million yen (in comparison with an operating loss of 6,278 million yen in the previous fiscal year), and profit attributable to owners of parent came to 919 million yen (down 92.8% year on year).

Operating results for the main business segments are as follows.

a) Music Business

(Unit: million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Net sales	50,349	67,600	17,250
Cost of sales	35,293	43,981	8,687
Gross profit	15,055	23,618	8,562
Gross profit margin	29.9%	34.9%	5.0%
Total SG&A expenses	17,828	19,078	1,250
Operating income (loss)	(2,772)	4,540	7,312
Operating margin	-%	6.7%	-%
Sales to external customers	42,818	54,737	11,918

Net sales stood at 67,600 million yen (up 34.3% year on year) and operating profit came to 4,540 million yen (in comparison with an operating loss of 2,772 million yen in the previous fiscal year), the result mainly of an increase in live performance events and growth in sales of music packaged products.

b) Anime & Visual Content Business

(Unit: million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Net sales	12,095	10,390	(1,704)
Cost of sales	8,910	6,424	(2,486)
Gross profit	3,185	3,966	781
Gross profit margin	26.3%	38.2%	11.9%
Total SG&A expenses	3,404	2,707	(697)
Operating income (loss)	(219)	1,259	1,478
Operating margin	-%	12.1%	-%
Sales to external customers	7,792	9,423	1,630

Net sales stood at 10,390 million yen (down 14.1% year on year) and operating profit came to 1,259 million yen (in comparison with an operating loss of 219 million yen in the previous fiscal year), thanks in part to an increase in the profit margin of non-package products such as movies.

c) Digital Platform Business

(Unit: million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Net sales	26,108	27,516	1,407
Cost of sales	19,777	21,729	1,951
Gross profit	6,330	5,787	(543)
Gross profit margin	24.2%	21.0%	(3.2%)
Total SG&A expenses	7,229	6,362	(866)
Operating loss	(898)	(575)	323
Operating margin	-%	-%	-%
Sales to external customers	25,935	26,690	754

Net sales stood at 27,516 million yen (up 5.4% year on year) while the operating loss came to 575 million yen (in comparison with an operating loss of 898 million yen in the previous fiscal year), primarily due to an increase in e-commerce sales.

d) Overseas Business

(Unit: million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Net sales	2,239	3,029	790
Cost of sales	1,449	1,960	511
Gross profit	790	1,069	278
Gross profit margin	35.3%	35.3%	(0.0%)
Total SG&A expenses	1,448	1,471	23
Operating loss	(657)	(402)	254
Operating margin	-%	-%	-%
Sales to external customers	2,190	2,976	786

Net sales stood at 3,029 million yen (up 35.3% year on year) while operating loss came to 402 million yen (in comparison with an operating loss of 657 million yen in the previous fiscal year.)

e) Technology Business

(Unit: million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Net sales	1,879	2,914	1,034
Cost of sales	1,270	2,297	1,027
Gross profit	609	617	7
Gross profit margin	32.4%	21.2%	(11.2%)
Total SG&A expenses	2,234	2,314	80
Operating loss	(1,624)	(1,697)	(72)
Operating margin	-%	-%	-%
Sales to external customers	1,877	2,904	1,027

Net sales stood at 2,914 million yen (up 55.1% year on year) while operating loss came to 1,697 million yen (in comparison with an operating loss of 1,624 million yen in the previous fiscal year.)

f) Other Businesses

(Unit: million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Net sales	2,242	3,062	819
Cost of sales	1,100	2,363	1,262
Gross profit	1,141	699	(442)
Gross profit margin	50.9%	22.8%	(28.1%)
Total SG&A expenses	1,285	1,246	(39)
Operating loss	(144)	(547)	(402)
Operating margin	–%	–%	–%
Sales to external customers	912	1,704	792

Net sales stood at 3,062 million yen (up 36.5% year on year) while operating loss came to 547 million yen (in comparison with an operating loss of 144 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 7,303 million yen compared to the end of the previous consolidated fiscal year, to 97,801 million yen. This was chiefly attributable to a decline of 7,983 million yen in cash and deposits and a decrease of 2,043 million yen in accounts receivable - other, which more than offset an increase of 1,420 million yen in investment securities.

Liabilities were reduced by 9,658 million yen from the end of the previous consolidated fiscal year, to 37,106 million yen. This was primarily a result of decreases of 5,775 million yen in income taxes payable, 2,428 million yen in other current liabilities, and 2,289 million yen in accounts payable – other, which more than offset an increase of 1,098 million yen in notes and accounts payable – trade.

Net assets increased 2,354 million yen from the end of the previous consolidated fiscal year, to 60,694 million yen. This was mainly due to a decrease of 5,065 million yen in treasury shares (increase in net assets) and an increase of 1,629 million yen in valuation difference on available-for-sale securities, despite a decrease of 4,284 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 44,671 million yen (52,654 million yen at the end of the previous fiscal year).

Net cash used in operating activities stood at 4,464 million yen (outflow of 6,480 million yen a year earlier). This was primarily a result of a decrease in cash caused by income taxes paid of 6,430 million yen and a fall of 2,885 million yen in accounts payable - other, which more than offset an increase in cash caused by income before income taxes of 2,231 million yen, depreciation of 2,170 million yen, and a decrease of 1,923 million yen in accounts receivable - other.

Net cash used in investing activities was 3,387 million yen (inflow of 70,041 million yen a year earlier). This was a result chiefly of a decrease in cash caused by purchase of intangible assets of 2,297 million yen.

Net cash used in financing activities stood at 314 million yen (outflow of 28,928 million yen a year earlier). This was attributable largely to a decrease in cash caused by dividends paid of 5,094 million yen and dividends paid to non-controlling interests of 331 million yen, which more than offset an increase in cash caused by proceeds from the disposal of treasury shares of 5,208 million yen.

(Reference) Trends in cash flow indices

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Shareholders' equity ratio (%)	36.6	38.6	38.2	52.6	59.2
Shareholders' equity ratio at market base (%)	48.5	50.8	30.7	53.9	61.4
Debt to cash flow ratio (%)	1.9	1.7	(5.9)	(0.0)	(0.0)
Interest coverage ratio	177.2	152.2	(54.3)	(72.2)	(444.4)

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 400 million 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, creators 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 to reduce the risk of infection and a cluster of infections of employees by taking various preventive measures in the Group's internal working areas and by having employees telecommute.

However, the end to the pandemic is not yet in sight, and the requests of the national and/or local governments for reduction or suspension of activities may have an adverse effect on the Group's business, performance, and financial position.

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, tsunamis, 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 and a large shareholder, has been playing an important role in formulating and determining Group management strategies and establishing contracts with important business partners and artists. In the event that Mr. Matsuura leaves the Group for any reason, the business and 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, 2021	As of March 31, 2022
(Assets)		
Current assets		
Cash and deposits	52,654	44,671
Notes and accounts receivable-trade	14,120	13,855
Merchandise and finished goods	1,366	1,058
Programs and works in progress	4,652	5,175
Raw materials and supplies	300	301
Advance payments-trade	1,217	1,433
Prepaid expenses	1,189	1,264
Advance royalty payments	1,851	1,298
Accounts receivable - other	6,373	4,329
Other current assets	1,273	2,110
Allowance for doubtful accounts	(281)	(172)
Total current assets	84,716	75,326
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	1,082	1,945
Land	1,548	1,548
Other property, plant and equipment, net	479	860
Total property, plant and equipment	3,110	4,354
Intangible assets	3,864	4,156
Investments and other assets		
Investment securities	7,143	8,564
Long-term prepaid expenses	198	2
Deferred tax assets	5,048	3,777
Other investments and other assets	1,073	1,811
Allowance for doubtful accounts	(49)	(191)
Total investments and other assets	13,414	13,964
Total noncurrent assets	20,389	22,475
Total assets	105,105	97,801

(Unit: million yen)

	As of March 31, 2021	As of March 31, 2022
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	1,457	2,556
Current portion of long-term loans payable	54	7
Accounts payable - other	18,341	16,052
Accrued royalties	7,650	7,016
Income taxes payable	6,040	264
Refund liabilities	–	2,446
Contract liabilities	–	46
Advances received	2,659	3,543
Provision for bonuses	500	575
Provision for contingent loss	225	95
Allowance for returned goods	2,892	–
Provision for point card certificates	37	–
Other current liabilities	5,278	2,847
Total current liabilities	45,138	35,451
Noncurrent liabilities		
Long-term loans payable	4	9
Liabilities for retirement benefits	390	350
Other noncurrent liabilities	1,231	1,295
Total noncurrent liabilities	1,626	1,655
Total liabilities	46,765	37,106
(Net assets)		
Shareholders' equity		
Capital stock	4,443	4,521
Capital surplus	5,171	5,422
Retained earnings	50,209	45,924
Treasury stock	(5,655)	(590)
Total shareholders' equity	54,168	55,278
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,120	2,750
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustments	(119)	(160)
Total of accumulated retirement benefits	135	4
Total of accumulated other comprehensive income	1,137	2,593
Subscription rights to shares	119	–
Non-controlling interests	2,914	2,822
Total net assets	58,339	60,694
Total liabilities and net assets	105,105	97,801

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

(Unit: million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	81,527	98,437
Cost of sales	55,908	63,209
Gross profit	25,618	35,228
Selling, general and administrative expenses		
Advertising expenses	5,735	6,719
Promotion expenses	1,140	1,273
Provision of allowance for doubtful accounts	103	(38)
Employee salaries and bonuses	6,969	7,135
Provision for bonuses	498	575
Retirement benefit cost	496	93
Depreciation	1,810	910
Commission fee	5,087	5,853
Other selling, general and administrative expenses	10,054	10,123
Total selling, general and administrative expenses	31,897	32,645
Operating income (loss)	(6,278)	2,582
Non-operating income		
Interest income	22	19
Dividend income	4	16
Subsidy income	35	48
Surrender value of insurance policies	167	—
Other non-operating income	101	52
Total non-operating income	330	136
Non-operating expenses		
Interest expenses	88	11
Equity in losses of affiliates	337	218
Commission fee	26	18
Loss on investments in investment partnerships	28	13
Other non-operating expenses	109	106
Total non-operating expenses	591	368
Ordinary income (loss)	(6,538)	2,351
Extraordinary income		
Gain on sales of noncurrent assets	28,757	2
Gain on reversal of subscription rights to shares	142	114
Gain on sales of investment securities	2,043	88
Reversal of provision for contingent loss	201	62
Subsidies for employment adjustment	472	41
Other extraordinary income	—	17
Total extraordinary income	31,616	326

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Extraordinary loss		
Impairment loss	1,863	174
Loss on disaster	1,311	233
Loss on retirement of noncurrent assets	6	27
Loss on valuation of investment securities	391	10
Extra retirement payments	1,338	–
Provision for contingent loss	50	–
Other extraordinary loss	600	–
Total extraordinary loss	5,562	446
Income before income taxes	19,515	2,231
Income taxes-current	5,824	512
Income taxes-deferred	528	636
Total income and other taxes	6,353	1,148
Net income	13,162	1,082
Profit attributable to non-controlling interests	330	162
Profit attributable to owners of parent	12,831	919

(Consolidated statements of comprehensive income)

(Unit: million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net income	13,162	1,082
Other comprehensive income		
Valuation difference on available-for-sale securities	429	1,612
Foreign currency translation adjustments	(31)	(41)
Adjustment for retirement benefits	401	(123)
Share of other comprehensive income of associates accounted for using equity method	16	8
Total other comprehensive income	816	1,456
Comprehensive income	13,978	2,538
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	13,647	2,375
Comprehensive income attributable to non-controlling interests	330	162

(3) Consolidated statements of changes in shareholders' equity

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
Cumulative effects of changes in accounting policies					-
Restated balance	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 attributable to owners of parent			12,831		12,831
Purchase of treasury stock				(2,585)	(2,585)
Disposal of treasury stock		10		301	311
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
Cumulative effects of changes in accounting policies								-
Restated balance	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 attributable to owners of parent								12,831
Purchase of treasury stock								(2,585)
Disposal of treasury stock								311
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

Fiscal year ended March 31, 2022

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the fiscal year	4,443	5,171	50,209	(5,655)	54,168
Cumulative effects of changes in accounting policies			(21)		(21)
Restated balance	4,443	5,171	50,188	(5,655)	54,147
Changes of items during the period					
Issuance of new shares	78	78			156
Dividends from surplus			(5,101)		(5,101)
Profit attributable to owners of parent			919		919
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		172		5,065	5,238
Change in scope of consolidation			(64)		(64)
Change of scope of equity method			(17)		(17)
Net changes of items other than shareholders' equity					
Total changes of items during the period	78	251	(4,263)	5,065	1,130
Balance at end of the fiscal year	4,521	5,422	45,924	△590	55,278

	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	1,120	0	(119)	135	1,137	119	2,914	58,339
Cumulative effects of changes in accounting policies								(21)
Restated balance	1,120	0	(119)	135	1,137	119	2,914	58,318
Changes of items during the period								
Issuance of new shares								156
Dividends from surplus								(5,101)
Profit attributable to owners of parent								919
Purchase of treasury stock								(0)
Disposal of treasury stock								5,238
Change in scope of consolidation								(64)
Change of scope of equity method								(17)
Net changes of items other than shareholders' equity	1,629	(0)	(41)	(131)	1,456	(119)	(91)	1,244
Total changes of items during the period	1,629	(0)	(41)	(131)	1,456	(119)	(91)	2,375
Balance at end of the fiscal year	2,750	–	(160)	4	2,593	–	2,822	60,694

(4) Consolidated statements of cash flows

(Unit: million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flow from operating activities		
Income before income taxes	19,515	2,231
Depreciation and amortization	2,888	2,170
Impairment loss	1,863	174
Loss on disaster	1,311	233
Increase (decrease) in provision for bonuses	(5)	72
Increase (decrease) in allowance for returned goods	(351)	–
Increase (decrease) in provision for point card certificates	(5)	–
Increase (decrease) in provision for contingent loss	(230)	(130)
Increase (decrease) in net defined benefit liability	243	(214)
Interest and dividend income	(26)	(36)
Interest expenses	88	11
Loss (gain) on sales of investment securities	(2,043)	(88)
Loss (gain) on investments in partnership	28	13
Equity in (earnings) losses of affiliates	337	218
Gain on reversal of subscription rights to shares	(142)	(114)
Loss (gain) on valuation of investment securities	391	10
Share-based compensation expenses	109	142
Loss (gain) on sales of noncurrent assets	(28,757)	(2)
Decrease (increase) in notes and accounts receivable-trade	3,991	295
Decrease (increase) in inventories	(785)	(215)
Decrease (increase) in advance payments	289	(211)
Decrease (increase) in advance royalty payments	1,307	658
Increase (decrease) in notes and accounts payable-trade	(18)	1,057
Decrease (increase) in accounts receivable-other	(1,594)	1,923
Increase (decrease) in accounts payable-other	(4,658)	(2,885)
Increase (decrease) in accrued royalties	951	(685)
Increase (decrease) in advances received	(1,608)	870
Increase (decrease) in refund liabilities	–	(446)
Increase (decrease) in contract liabilities	–	8
Other	(205)	(3,187)
Subtotal	(7,115)	1,876
Interest and dividends income received	25	53
Interest expenses paid	(89)	(10)
Income taxes refund	1,335	46
Income taxes paid	(636)	(6,430)
Net cash provided by (used in) operating activities	(6,480)	(4,464)

(Unit: million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,055)	(659)
Proceeds from sales of property, plant and equipment	72,001	2
Purchase of intangible assets	(2,311)	(2,297)
Purchase of investment securities	(240)	(424)
Proceeds from sales of investment securities	2,244	99
Payments for lease and guarantee deposits	(67)	(729)
Proceeds from collection of lease and guarantee deposit	207	41
Proceeds from maturity of insurance funds	305	–
Other	(42)	579
Net cash provided by (used in) investing activities	70,041	(3,387)
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	(16,000)	–
Proceeds from long-term loans payable	90	–
Repayment of long-term loans payable	(7,658)	(54)
Repayment of lease obligations	(45)	(41)
Purchase of treasury stock	(2,587)	(0)
Proceeds from disposal of treasury stock	57	5,208
Cash dividends paid	(2,179)	(5,094)
Dividends paid to non-controlling interests	(604)	(331)
Net cash provided by (used in) financing activities	(28,928)	(314)
Effect of exchange rate change on cash and cash equivalents	64	183
Net increase (decrease) in cash and cash equivalents	34,698	(7,983)
Cash and cash equivalents at beginning of period	17,956	52,654
Cash and cash equivalents at end of period	52,654	44,671