

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2024 (Japanese Accounting Standards)

May 9, 2024

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 21, 2024

Scheduled date for commencement of dividend payments: June 7, 2024

Scheduled date to submit the Securities Report (*Yukashoken Houkokusho*): June 24, 2024

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 operating results for the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2024	133,387	9.7	1,633	(51.7)	1,506	(62.9)	987	(64.0)
March 31, 2023	121,561	23.5	3,385	31.1	4,055	72.5	2,742	198.2

(Note) Comprehensive income

Year ended March 31, 2024: ¥-257 million (-%)

Year ended March 31, 2023: ¥2,626 million (3.5%)

Year ended	Profit per share	Diluted profit per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating profit to net sales
	yen	yen	%	%	%
March 31, 2024	21.83	–	1.7	1.4	1.2
March 31, 2023	60.80	–	4.7	3.9	2.8

(Reference) Equity in earnings of affiliates

Year ended March 31, 2024: ¥13 million

Year ended March 31, 2023: ¥(20) 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, 2024	109,887	56,099	50.2	1,219.58
March 31, 2023	108,915	58,838	53.3	1,286.29

(Reference) Shareholders' equity

As of March 31, 2024: ¥55,189 million

As of March 31, 2023: ¥58,074 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, 2024	3,691	(2,399)	(2,360)	46,933
March 31, 2023	9,192	(3,131)	(2,493)	48,143

2. Status of dividend payments

	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, 2023	–	25.00	–	25.00	50.00	2,257	82.2	3.9
March 31, 2024	–	25.00	–	25.00	50.00	2,262	229.0	4.0
Year ending March 31, 2025 (forecast)	–	25.00	–	25.00	50.00		68.5	

3. Forecasts for consolidated operating results for the year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

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

Year ending	Operating profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	yen
March 31, 2025	2,000	22.4	3,300	234.3	72.98

* 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, 2024: 45,663,400 shares
 As of March 31, 2023: 45,558,800 shares
 b. Treasury stock at end of term
 As of March 31, 2024: 410,546 shares
 As of March 31, 2023: 410,302 shares
 c. Average number of shares during term
 Year ended March 31, 2024: 45,220,132 shares
 Year ended March 31, 2023: 45,110,898 shares

(Reference) Overview of non-consolidated business results

Non-consolidated operating results for the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2024	11,156	10.0	1,928	285.8	218	–	600	–
March 31, 2023	10,144	3.5	499	(44.6)	(153)	–	(885)	–

Year ended	Profit per share	Diluted profit per share
	yen	yen
March 31, 2024	13.29	–
March 31, 2023	(19.62)	–

(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, 2024	68,462	32,657	47.7	721.67
March 31, 2023	74,722	42,791	57.3	947.80

(Reference) Shareholders' equity
 As of March 31, 2024: ¥32,657 million
 As of March 31, 2023: ¥42,791 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 business results and other forward-looking statements 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, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	135,469	81,527	98,437	121,561	133,387
Cost of sales	96,375	55,908	63,209	82,574	94,097
Gross profit	39,093	25,618	35,228	38,987	39,289
Gross profit margin	28.9%	31.4%	35.8%	32.1%	29.5%
Personnel expenses	12,170	12,128	11,029	12,671	13,421
Sales promotion and advertising expenses	8,336	6,875	7,993	8,354	8,049
General expenses	14,553	12,893	13,622	14,576	16,184
Total SG&A expenses	35,060	31,897	32,645	35,602	37,655
Operating profit (loss)	4,033	(6,278)	2,582	3,385	1,633
Operating margin	3.0%	-%	2.6%	2.8%	1.2%

During the fiscal year under review, the Japanese economy showed signs of a moderate recovery with the easing of restrictions on economic and social activity on the reclassification of COVID-19 as a Class 5 disease under the Infectious Disease Control Act in May 2023. Nonetheless, the outlook remained uncertain amid global inflation and exchange rate volatility.

In the entertainment industry, to which the Group belongs, the total number of live performances increased 6.8% year on year, to 34,545 performances, with total sales reaching 514,007 million yen, up 29.0% year on year (January to December 2023; according to survey by All Japan Concert & Live Entertainment Promoters Conference). Production of music software, including music videos, was up 9.1% year on year, to 220,722 million yen (January to December 2023; according to a survey by the Recording Industry Association of Japan). Sales of paid music downloads were up 10.9% year on year, to 116,498 million yen (January to December 2023; according to a survey by the Recording Industry Association of Japan). In the video-related market, sales of video software climbed 0.4% year on year, to 115,235 million yen (January to December 2023; according to a survey by the Japan Video Software Association). The scale of the digital video distribution market increased by 8.0% year on year, to 525,000 million yen (January to December 2023; according to a survey by the Digital Content Association of Japan) and is expected to continue growing.

In this business environment, the Group worked to achieve the quantitative targets under the Medium-Term Management Plan “avex vision 2027” by making aggressive investments, with emphasis on “seeking out and cultivating new talent” as the starting point of value creation and by building a structure that will allow it to aim for long-term growth, while at the same time implementing strategic initiatives for overseas markets. Through these initiatives, the Group made progress discovering, developing, creating and acquiring new IP in each business field, further enhancing its IP portfolio. In addition, the Group strategically reviewed its business portfolio to clarify the domains it will focus on and to optimize management resources, and sought to lay the foundations for achieving the Medium-term Management Plan.

As a result, although consolidated net sales climbed to 133,387 million yen (up 9.7% year on year), consolidated operating profit came to 1,633 million yen (down 51.7% year on year) mainly due to a lower gross profit margin and increases in the cost of sales and SG&A expenses associated with continued investment for the creation of IP. Consolidated profit attributable to owners of parent came to 987 million yen (down 64.0% year on year).

Operating results for the main business segments are as follows.

a) Music Business

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Net sales	94,173	113,195	19,022
Cost of sales	64,524	81,143	16,618
Gross profit	29,649	32,052	2,403
Gross profit margin	31.5%	28.3%	(3.2%)
Total SG&A expenses	27,305	30,164	2,858
Operating profit	2,343	1,888	(455)
Operating margin	2.5%	1.7%	(0.8%)
Sales to external customers	90,101	109,555	19,453

Net sales stood at 113,195 million yen (up 20.2% year on year), and operating profit came to 1,888 million yen (down 19.4% year on year), reflecting an increase in sales from live performances, e-commerce and merchandizing but increases in the cost of sales and SG&A expenses.

b) Anime & Visual Content Business

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Net sales	15,253	16,118	865
Cost of sales	11,296	12,324	1,027
Gross profit	3,957	3,794	(162)
Gross profit margin	25.9%	23.5%	(2.4%)
Total SG&A expenses	3,335	3,923	587
Operating profit (loss)	621	(129)	(750)
Operating margin	4.1%	-	-
Sales to external customers	14,065	15,403	1,338

Net sales were 16,118 million yen (up 5.7% year on year) and there was an operating loss of 129 million yen (compared to operating profit of 621 million yen in the previous fiscal year), reflecting an increase in overseas sales and non-package sales from events, etc. but lower gross profit margin and higher SG&A expenses.

c) Digital Business

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Net sales	12,345	2,935	(9,409)
Cost of sales	9,190	1,544	(7,645)
Gross profit	3,155	1,390	(1,764)
Gross profit margin	25.6%	47.4%	21.8%
Total SG&A expenses	3,272	1,307	(1,965)
Operating profit (loss)	(117)	83	200
Operating margin	–	2.8%	–
Sales to external customers	11,949	2,720	(9,228)

Net sales stood at 2,935 million yen (down 76.2% year on year) and operating profit was 83 million yen (compared to an operating loss of 117 million yen in the previous fiscal year), reflecting decreased revenue from a digital video distribution service with the end of a joint venture and the recording of consignment fee income for said service.

d) Overseas Business

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Net sales	5,199	5,684	485
Cost of sales	2,626	3,235	609
Gross profit	2,573	2,448	(124)
Gross profit margin	49.5%	43.1%	(6.4%)
Total SG&A expenses	2,095	2,610	515
Operating profit (loss)	477	(161)	(639)
Operating margin	9.2%	–	–
Sales to external customers	5,199	5,657	457

Net sales stood at 5,684 million yen (up 9.3% year on year) while there was an operating loss of 161 million yen (compared to operating profit of 477 million yen in the previous fiscal year), reflecting higher sales due mainly to higher royalty income but increases in the cost of sales and SG&A expenses.

e) Other Businesses

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Net sales	821	586	(234)
Cost of sales	613	545	(68)
Gross profit	207	41	(166)
Gross profit margin	25.3%	7.1%	(18.2%)
Total SG&A expenses	159	86	(72)
Operating profit (loss)	48	(45)	(93)
Operating margin	5.9%	–	–
Sales to external customers	246	50	(195)

Net sales stood at 586 million yen (down 28.6% year on year) while operating loss came to 45 million yen (in comparison with an operating profit of 48 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 increased by 972 million yen compared to the end of the previous consolidated fiscal year, to 109,887 million yen. This was chiefly attributable to increases of 1,443 million yen in other under current assets, 1,032 million yen in land, and 655 million yen in other property, plant and equipment, net, which more than offset decreases of 1,757 million yen in accounts receivable-other and 1,338 million yen in intangible assets.

Liabilities increased by 3,711 million yen from the end of the previous consolidated fiscal year, to 53,787 million yen. This was primarily due to an increase of 5,483 million yen in accounts payable-other, despite a decrease of 1,672 million yen in notes and accounts payable - trade.

Net assets decreased 2,739 million yen from the end of the previous consolidated fiscal year, to 56,099 million yen. This mainly reflected decreases of 1,743 million yen in valuation difference on available-for-sale securities and 1,596 million yen in retained earnings respectively.

(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 46,933 million yen (48,143 million yen at the end of the previous fiscal year).

Net cash provided by operating activities stood at 3,691 million yen (inflow of 9,192 million yen a year earlier). This mainly reflected an increase in cash due to an increase of 5,672 million yen in accounts payable - other and profit before income taxes of 2,764 million yen, which more than offset a decrease in cash due to income taxes paid of 2,780 million yen and a decrease of 1,708 million yen in notes and accounts payable-trade.

Net cash used in investing activities was 2,399 million yen (outflow of 3,131 million yen a year earlier). This was mainly due to a decrease of cash due to 2,293 million yen in the purchase of property, plant and equipment, 1,265 million yen in the purchase of intangible assets, and 1,534 million yen in the purchase of investment securities, which offset an increase in cash due to 1,906 million yen in proceeds from sales of investment securities and 1,271 million yen in proceeds from sales of intangible assets.

Net cash used in financing activities stood at 2,360 million yen (outflow of 2,493 million yen a year earlier). This was mainly due to a decrease in cash attributable to dividends paid of 2,258 million yen.

(Reference) Trends in cash flow indices

	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024
Shareholders' equity ratio (%)	38.2	52.6	59.2	53.3	50.2
Shareholders' equity ratio at market base (%)	30.7	53.9	61.4	62.1	52.7
Debt to cash flow ratio (%)	(5.9)	(0.0)	(0.0)	0.0	0.0
Interest coverage ratio	(54.3)	(72.2)	(444.4)	859.2	586.5

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

Notes: 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 profit of 2,000 million yen and profit attributable to owners of parent of 3,300 million yen.

(5) Business and other risks

a) Trends in major titles, artists and talents

The Group has been making the most of rights in a range of businesses, irrespective of whether such rights are owned by the Group internally as a content holder or whether they are obtained through collaboration with artists and/or other client companies. 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 and growth of new artists and talent.

b) Occurrence of disasters and the spread of infectious diseases

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) 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.

d) 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.

e) Information system risks

In the provision of the Group's services and operations within the Group, the Group uses a wide range of services delivered through information systems. Consequently, we take a range of securities measures to enable us to respond to incidents such as the loss, leakage or alteration of important data or system failure caused by cyber attack, unauthorized system access, natural disaster, or server overload due to a traffic spike, and we also implement preventive measures such as building a backup environment. However, cyber attacks have become increasingly sophisticated in recent years and there is no guarantee that our measures to prevent the loss, alteration or leakage of information can completely foil such cyber attacks, and the Group's business activities and business performance may be affected as a result of the stoppage of services until system recovery, the rising cost of security measures, etc.

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) Management of personal information

The Group holds customer information and other personal information. We, therefore, try to protect personal information by establishing rules for the protection of personal information, providing information security training to employees and other means. However, if personal information was leaked, the Group's business and performance may be affected as a result of the compensation of damage or loss of public confidence.

h) Legal constraints and compliance with laws and regulations

The Group is subject to all kinds of legal constraints including the Copyright Act, Patent Act, Trademark Act, Act on Specified Commercial Transactions, Act against Unjustifiable Premiums and Misleading Representations, Act on the Protection of Personal Information, Financial Instruments and Exchange Act, Companies Act, Subcontract Act and Labor Standards Act, and we work to develop internal rules and strengthen our compliance structure to comply with all such constraints. However, amendments or changes to such laws and regulations in the future could lead to restriction of our business activities and higher costs to comply with these constraints, and may affect the Group's business and performance.

i) 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, 2023	As of March 31, 2024
(Assets)		
Current assets		
Cash and deposits	48,143	47,075
Notes and accounts receivable - trade	22,206	22,700
Merchandise and finished goods	1,172	845
Work in process	2,801	3,356
Raw materials and supplies	221	300
Advance payments - trade	1,110	1,468
Prepaid expenses	1,516	1,895
Advance royalty payments	2,020	2,381
Accounts receivable - other	5,463	3,705
Other	1,909	3,353
Allowance for doubtful accounts	(350)	(621)
Total current assets	86,217	86,463
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,110	2,513
Land	1,548	2,580
Other, net	892	1,548
Total property, plant and equipment	4,551	6,642
Intangible assets	3,505	2,167
Investments and other assets		
Investment securities	9,228	8,214
Deferred tax assets	3,979	4,582
Other	1,486	1,841
Allowance for doubtful accounts	(54)	(22)
Total investments and other assets	14,640	14,615
Total non-current assets	22,697	23,424
Total assets	108,915	109,887

(Unit: million yen)

	As of March 31, 2023	As of March 31, 2024
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	3,434	1,762
Current portion of long-term loans payable	3	3
Accounts payable - other	25,679	31,163
Accrued royalties	6,660	6,746
Income taxes payable	1,482	1,050
Refund Liabilities	2,168	1,705
Advances received	3,032	2,014
Provision for bonuses	884	561
Other	4,757	6,581
Total current liabilities	48,104	51,587
Non-current liabilities		
Long-term borrowings	6	3
Liabilities for retirement benefits	529	381
Other	1,436	1,815
Total non-current liabilities	1,972	2,200
Total liabilities	50,076	53,787
(Net assets)		
Shareholders' equity		
Share capital	4,599	4,678
Capital surplus	5,526	5,598
Retained earnings	46,343	44,746
Treasury shares	(590)	(590)
Total shareholders' equity	55,878	54,432
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,538	795
Foreign currency translation adjustment	(182)	(98)
Remeasurements of defined benefit plans	(160)	60
Total of accumulated other comprehensive income	2,195	757
Non-controlling interests	764	910
Total net assets	58,838	56,099
Total liabilities and net assets	108,915	109,887

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

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	121,561	133,387
Cost of sales	82,574	94,097
Gross profit	38,987	39,289
Selling, general and administrative expenses		
Advertising expenses	6,599	5,907
Promotion expenses	1,754	2,141
Provision of allowance for doubtful accounts	27	124
Employees' salaries and bonuses	7,620	8,251
Provision for bonuses	900	571
Retirement benefit expenses	253	466
Depreciation	926	773
Commission fee	6,637	6,892
Other	10,880	12,527
Total selling, general and administrative expenses	35,602	37,655
Operating profit	3,385	1,633
Non-operating income		
Interest income	18	21
Dividend income	8	14
Share of profit of entities accounted for using equity method	–	13
Gain on valuation of investment securities	822	224
Compensation income	–	38
Other	122	25
Total non-operating income	972	337
Non-operating expenses		
Interest expenses	9	6
Share of loss of entities accounted for using equity method	20	–
Foreign exchange losses	146	344
Commission fee	16	37
Loss on valuation of cryptocurrencies	70	–
Other	38	76
Total non-operating expenses	301	465
Ordinary profit	4,055	1,506
Extraordinary income		
Gain on sales of investment securities	1,390	1,675
Reversal of provision for contingent loss	50	–
Other	225	356
Total extraordinary income	1,666	2,031

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary losses		
Impairment loss	851	132
Provision of allowance for doubtful accounts	–	368
Compensation for damage	–	160
Loss on valuation of investment securities	87	49
Other	131	62
Total extraordinary losses	1,070	773
Profit before income Taxes	4,651	2,764
Income taxes - current	1,813	1,354
Income taxes - deferred	(186)	230
Total income taxes	1,626	1,584
Profit	3,024	1,180
Profit attributable to non-controlling interests	281	193
Profit attributable to owners of parent	2,742	987

(Consolidated statements of comprehensive income)

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	3,024	1,180
Other comprehensive income		
Valuation difference on available-for-sale securities	(213)	(1,733)
Foreign currency translation adjustment	(21)	94
Remeasurements of defined benefit plans	(152)	246
Share of other comprehensive income of associates accounted for using equity method	(10)	(45)
Total other comprehensive income	(398)	(1,438)
Comprehensive income	2,626	(257)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,344	(451)
Comprehensive income attributable to non-controlling interests	281	193

(3) Consolidated statements of changes in shareholders' equity

Fiscal year ended March 31, 2023

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the fiscal year	4,521	5,422	45,924	(590)	55,278
Changes of items during the period					
Issuance of new shares	77	77			155
Dividends from surplus			(2,254)		(2,254)
Profit attributable to owners of parent			2,742		2,742
Purchase of treasury stock				(0)	(0)
Change in scope of consolidation			(37)		(37)
Change of scope of equity method			(32)		(32)
Change in ownership interest of parent due to transactions with non-controlling interests		26			26
Net changes of items other than shareholders' equity					
Total changes of items during the period	77	104	418	(0)	600
Balance at end of the fiscal year	4,599	5,526	46,343	(590)	55,878

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total of accumulated other comprehensive income		
Balance at beginning of the fiscal year	2,750	(160)	4	2,593	2,822	60,694
Changes of items during the period						
Issuance of new shares						155
Dividends from surplus						(2,254)
Profit attributable to owners of parent						2,742
Purchase of treasury stock						(0)
Change in scope of consolidation						(37)
Change of scope of equity method						(32)
Change in ownership interest of parent due to transactions with non-controlling interests						26
Net changes of items other than shareholders' equity	(211)	(21)	(164)	(398)	(2,057)	(2,455)
Total changes of items during the period	(211)	(21)	(164)	(398)	(2,057)	(1,855)
Balance at end of the fiscal year	2,538	(182)	(160)	2,195	764	58,838

Fiscal year ended March 31, 2024

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the fiscal year	4,599	5,526	46,343	(590)	55,878
Changes of items during the period					
Issuance of new shares	78	78			156
Dividends from surplus			(2,260)		(2,260)
Profit attributable to owners of parent			987		987
Purchase of treasury stock				(0)	(0)
Change in scope of consolidation					-
Change of scope of equity method			(323)		(323)
Change in ownership interest of parent due to transactions with non-controlling interests		(6)			(6)
Net changes of items other than shareholders' equity					
Total changes of items during the period	78	71	(1,596)	(0)	(1,446)
Balance at end of the fiscal year	4,678	5,598	44,746	(590)	54,432

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total of accumulated other comprehensive income		
Balance at beginning of the fiscal year	2,538	(182)	(160)	2,195	764	58,838
Changes of items during the period						
Issuance of new shares						156
Dividends from surplus						(2,260)
Profit attributable to owners of parent						987
Purchase of treasury stock						(0)
Change in scope of consolidation						-
Change of scope of equity method						(323)
Change in ownership interest of parent due to transactions with non-controlling interests						(6)
Net changes of items other than shareholders' equity	(1,743)	83	221	(1,438)	145	(1,292)
Total changes of items during the period	(1,743)	83	221	(1,438)	145	(2,739)
Balance at end of the fiscal year	795	(98)	60	757	910	56,099

(4) Consolidated statements of cash flows

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flow from operating activities		
Profit before income taxes	4,651	2,764
Depreciation	2,346	1,772
Impairment loss	851	132
Increase (decrease) in provision for bonuses	316	(328)
Increase (decrease) in provision for contingent loss	(95)	–
Increase (decrease) in net defined benefit liability	(36)	201
Interest and dividend income	(27)	(35)
Interest expenses	9	6
Loss (gain) on sales of investment securities	(1,390)	(1,675)
Equity in (earnings) losses of affiliates	20	(13)
Loss (gain) on valuation of investment securities	(734)	(174)
Share-based compensation expenses	156	156
Compensation income	–	(38)
Compensation for damage	–	160
Decrease (increase) in notes and accounts receivable - trade	(10,300)	(416)
Decrease (increase) in inventories	1,181	(305)
Decrease (increase) in advance payments	248	(355)
Decrease (increase) in advance royalty payments	(637)	(149)
Increase (decrease) in notes and accounts payable - trade	868	(1,708)
Decrease (increase) in accounts receivable - other	(832)	1,782
Increase (decrease) in accounts payable - other	11,955	5,672
Increase (decrease) in accrued royalties	(211)	(1)
Increase (decrease) in advances received	(513)	(1,049)
Increase (decrease) in refund liabilities	(277)	(463)
Other	1,694	307
Subtotal	9,243	6,240
Interest and dividends income received	45	250
Interest expenses paid	(10)	(6)
Proceeds from compensation	–	38
Compensation paid for damage	–	(160)
Income taxes refund	514	109
Income taxes paid	(600)	(2,780)
Net cash provided by (used in) operating activities	9,192	3,691

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,131)	(2,293)
Purchase of intangible assets	(2,452)	(1,265)
Proceeds from sales of intangible assets	–	1,271
Purchase of investment securities	(391)	(1,534)
Proceeds from sales of investment securities	1,498	1,906
Payments for lease and guarantee deposits	(48)	(228)
Proceeds from collection of lease and guarantee deposit	29	3
Payments into time deposits	–	(276)
Proceeds from withdrawal of time deposits	–	138
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(646)	(8)
Other	10	(111)
Net cash provided by (used in) investing activities	(3,131)	(2,399)
Cash flow from financing activities		
Repayment of long-term loans payable	(7)	(3)
Repayment of lease obligations	(58)	(75)
Purchase of treasury stock	(0)	(0)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(65)	(8)
Cash dividends paid	(2,254)	(2,258)
Dividends paid to non-controlling interests	(106)	(13)
Net cash provided by (used in) financing activities	(2,493)	(2,360)
Effect of exchange rate change on cash and cash equivalents	(95)	(142)
Net increase (decrease) in cash and cash equivalents	3,472	(1,210)
Cash and cash equivalents at beginning of period	44,671	48,143
Cash and cash equivalents at end of period	48,143	46,933