

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2025
(Japanese Accounting Standards)

May 8, 2025

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

Avex Inc.

Code No: 7860

Representative: Katsumi Kuroiwa, President, CEO

Contact: Shinji Hayashi, Representative Director, CFO

Ordinary General Meeting of Shareholders: June 27, 2025

Scheduled date for commencement of dividend payments: June 12, 2025

Scheduled date to submit the Securities Report (*Yukashoken Houkokusho*): June 30, 2025

Supplementary documents for financial results: Yes

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

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

1. Consolidated operating results for the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2025	131,691	(1.3)	(1,819)	–	(1,703)	–	1,138	15.4
March 31, 2024	133,387	9.7	1,265	(62.6)	1,137	(71.9)	987	(64.0)

(Note) Comprehensive income

Fiscal year ended March 31, 2025: ¥1,545 million (–%)

Fiscal year ended March 31, 2024: ¥-257 million (–%)

Fiscal 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, 2025	26.11	–	2.2	(1.6)	(1.4)
March 31, 2024	21.83	–	1.7	1.0	0.9

(Reference) Equity in earnings of affiliates

Fiscal year ended March 31, 2025: ¥310 million

Fiscal year ended March 31, 2024: ¥13 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, 2025	105,960	51,112	47.3	1,182.34
March 31, 2024	109,887	56,099	50.2	1,219.58

(Reference) Shareholders' equity

As of March 31, 2025: ¥50,109 million

As of March 31, 2024: ¥55,189 million

(3) Consolidated statement of cash flows

Fiscal year ended	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
March 31, 2025	(4,675)	928	(4,111)	35,690
March 31, 2024	3,691	(2,399)	(2,360)	46,933

2. Status of dividend payments

Fiscal year ended	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			
March 31, 2024	–	25.00	–	25.00	50.00	2,262	229.0	4.0
March 31, 2025	–	25.00	–	25.00	50.00	2,135	191.5	4.2
Fiscal year ending March 31, 2026 (forecast)	–	25.00	–	25.00	50.00		181.7	

3. Forecasts for consolidated operating results for the year ending March 31, 2026 (April 1, 2025 to March 31, 2026)

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, 2026	3,000	–	1,200	5.4	27.52

* Notes

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

New: – company (Company name) – Excluded: 1 company (Company name: THINKR Co., Ltd.)

(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, 2025 | 45,792,500 shares |
| As of March 31, 2024 | 45,663,400 shares |
| b. Treasury stock at end of term | |
| As of March 31, 2025 | 3,410,680 shares |
| As of March 31, 2024 | 410,546 shares |
| c. Average number of shares during term | |
| Year ended March 31, 2025 | 43,608,473 shares |
| Year ended March 31, 2024 | 45,220,132 shares |

(Reference) Overview of non-consolidated business results

Non-consolidated operating results for the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2025	4,066	(63.6)	(3,332)	–	(4,026)	–	(3,187)	–
March 31, 2024	11,156	10.0	1,928	285.8	399	–	600	–

Fiscal year ended	Profit per share	Diluted profit per share
	yen	yen
March 31, 2025	(73.09)	–
March 31, 2024	13.29	–

(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, 2025	65,177	23,064	35.4	544.21
March 31, 2024	72,257	32,657	45.2	721.67

(Reference) Shareholders' equity As of March 31, 2025: ¥23,064 million
As of March 31, 2024: ¥32,657 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, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	81,527	98,437	121,561	133,387	131,691
Cost of sales	55,908	63,209	82,574	94,097	95,852
Gross profit	25,618	35,228	38,987	39,289	35,839
Gross profit margin	31.4%	35.8%	32.1%	29.5%	27.2%
Personnel expenses	12,128	11,029	12,671	13,421	12,659
Sales promotion and advertising expenses	6,875	7,993	8,354	8,049	7,913
General expenses	12,893	13,622	14,576	16,553	17,085
Total SG&A expenses	31,897	32,645	35,602	38,024	37,658
Operating profit (loss)	(6,278)	2,582	3,385	1,265	(1,819)
Operating margin	-%	2.6%	2.8%	0.9%	-%

During the consolidated fiscal year under review, the Japanese economy showed signs of a pickup in personal consumption as the employment and income environment improved amid a continuing labor shortage. In addition, the normalization of socioeconomic activities, expansion of inbound demand, and improvement in real wages due to high wage growth rates led to a gradual recovery. On the other hand, the future of the economy remains uncertain due to unstable international conditions, soaring prices of raw materials and energy, and the yen's continued depreciation. In the entertainment industry, to which the Group belongs, the total number of live performances decreased by 0.9% year on year, to 34,251 performances, with total sales reaching 612,166 million yen, up 19.1% year on year (January to December 2024; according to survey by All Japan Concert & Live Entertainment Promoters Conference). Production of music software, including music videos, was down 7.1% year on year, to 205,151 million yen (January to December 2024; according to a survey by the Recording Industry Association of Japan). Sales of paid music downloads were up 5.8% year on year, to 123,301 million yen (January to December 2024; according to a survey by the Recording Industry Association of Japan). In the video-related market, video software sales declined 15.5% year on year to 97,369 million yen (Jan-Dec 2024, surveyed by the Japan Video Software Association), while the video distribution market grew 6.3% year on year to 571 billion yen (Jan-Dec 2024, surveyed by the Japan Video Software Association). The market for live and digital entertainment is expected to continue to grow in the future. In this business environment, the Company worked to realize 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. In each segment, progress was made in IP discovery, cultivation, development and acquisition with a global perspective, expanding the IP portfolio, and building a global value chain to maximize the value of IP. We have already steadily strengthening our business foundations in overseas markets. In our mainstay businesses such as LIVE and LABEL, we worked to maximize the value of existing IP and strengthened collaboration with partner companies. However, various factors including the failure to meet our initial expectations in securing major projects in Asia and the Middle East, lower local revenues, the impact of contract terminations in the video distribution business, and the provision of allowance for doubtful accounts incurred for some clients in the music business caused a decline in the gross profit margin and an increase in selling, general and administrative expenses. This resulted in a significant decline in profitability for the period under review. In light of these performance trends, since the current consolidated fiscal year, the Company has been working to quickly improve profitability and strengthen competitiveness over the medium- to long-term by reviewing its business portfolio, including withdrawing from or downsizing inefficient businesses. The Company has already been implementing Company-wide cost and governance restructuring efforts to improve its earnings structure. As a result of the above, net sales for the current consolidated fiscal year totaled 131,691 million yen (down 1.3% year on year),

with an operating loss of 1,819 million yen (compared with an operating profit of 1,265 million yen in the previous year). Profit attributable to owners of parent amounted to 1,138 million yen (up 1.4% year on year), mainly due to the transfer of shares in subsidiaries and the recording of extraordinary income from the allocation of new shares to a third party.

Operating results for the main business segments are as follows.

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

a) Music Business

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change
Net sales	115,938	114,574	(1,364)
Cost of sales	82,549	83,829	1,279
Gross profit	33,388	30,744	(2,644)
Gross profit margin	28.8%	26.8%	(2.0%)
Selling, general and administrative expenses	31,792	31,924	131
Operating profit (loss)	1,596	(1,180)	(2,776)
Operating margin	1.4%	–	–
Sales to external customers	112,276	110,255	(2,020)

Net sales stood at 114,574 million yen (down 1.2% year on year) while the operating loss was 1,180 million yen (compared with an operating profit of 1,596 million yen in the previous fiscal year), largely reflecting decreased sales volume of music packaged products.

b) Anime & Visual Content Business

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change
Net sales	16,118	18,492	2,374
Cost of sales	12,324	13,945	1,620
Gross profit	3,794	4,547	753
Gross profit margin	23.5%	24.6%	1.1%
Selling, general and administrative expenses	3,811	4,248	436
Operating profit (loss)	(17)	299	316
Operating margin	–	1.6%	–
Sales to external customers	15,403	17,948	2,545

Net sales were 18,492 million yen (up 14.7% year on year), with operating profit of 299 million yen (up from an operating loss of 17 million yen in the previous fiscal year), mainly due to strong box-office performance of movie productions.

c) Overseas Business

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change
Net sales	5,684	3,447	(2,237)
Cost of sales	3,235	2,100	(1,135)
Gross profit	2,448	1,346	(1,102)
Gross profit margin	43.1%	39.1%	(4.0%)
Selling, general and administrative expenses	2,742	2,289	(453)
Operating loss	(293)	(942)	(649)
Operating margin	–	–	–
Sales to external customers	5,657	3,445	(2,211)

Net sales decreased to 3,447 million yen (down 39.4% year on year) with an operating loss of 942 million yen (compared with an operating loss of 293 million yen for the corresponding period of the previous fiscal year), chiefly due to a decline in large-scale events held overseas.

d) Other Businesses

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change
Net sales	586	662	76
Cost of sales	545	619	74
Gross profit	41	43	2
Gross profit margin	7.0%	6.6%	(0.4%)
Selling, general and administrative expenses	59	40	(19)
Operating profit (loss)	(18)	3	22
Operating margin	–	0.5%	–
Sales to external customers	50	42	(8)

Net sales increased to 662 million yen (up 13.0% year on year), with operating profit of 3 million yen (compared with an operating loss of 18 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 3,926 million yen compared to the end of the previous consolidated fiscal year, to 105,960 million yen. This was mainly due to a 1,935 million yen increase in accounts receivable-other, a 1,701 million yen increase in buildings and structures, net, and a 1,625 million yen increase in investment securities, offset by an 11,385 million yen decrease in cash and deposits.

Liabilities increased by 1,060 million yen from the end of the previous consolidated fiscal year, to 54,848 million yen. This was largely due increases of 2,083 million yen in short-term borrowings and 1,210 million yen in notes and accounts payable - trade, more than offsetting a decrease of 1,652 in accounts payable - other.

Net assets decreased 4,987 million yen from the end of the previous consolidated fiscal year, to 51,112 million yen. This was mainly due to an increase of 4,342 million yen in treasury shares (net assets decreased) and a decrease of 1,068 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 35,690 million yen (46,933 million yen at the end of the previous fiscal year).

Net cash provided by operating activities stood at -4,675 million yen (inflow of 3,691 million yen a year earlier). This was mainly due to a decrease in cash due to gain on sale of shares of subsidiaries of 4,520 million yen, income taxes paid of 2,246 million yen, and an increase in accounts receivable - other of 1,992 million yen, despite an increase in cash due to profit before income taxes of 3,762 million yen and advances received of 2,242 million yen.

Net cash used in investing activities was 928 million yen (outflow of 2,399 million yen a year earlier). This was mainly due to a decrease in funds from purchase of property, plant and equipment of 2,694 million yen, purchase of intangible assets of 2,132 million yen, and purchase of investment securities of 1,603 million yen, partially offset by an increase in funds from proceeds from sale of shares of subsidiaries of 4,650 million yen and proceeds from collection of loans receivable of 2,000 million yen.

Net cash used in financing activities stood at 4,111 million yen (outflow of 2,360 million yen a year earlier). This was attributable largely to an increase in funds of 2,899 million yen in proceeds from share issuance to non-controlling shareholders, more than offset by a decrease in funds due to 4,358 million yen in purchases of treasury shares and 2,206 million in dividends paid.

(Reference) Trends in cash flow indices

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Shareholders' equity ratio (%)	52.6	59.2	53.3	50.2	47.3
Shareholders' equity ratio at market base (%)	53.9	61.4	62.1	52.7	51.3
Debt to cash flow ratio (%)	(0.0)	(0.0)	0.0	0.0	(0.0)
Interest coverage ratio	(72.2)	(444.4)	859.2	586.5	(872.8)

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 3,000 million yen and profit attributable to owners of parent of 1,200 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) 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.

d) 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.

e) 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.

f) Credit risk

The Group thoroughly manages credit risk by setting credit limits for each business partner in accordance with its credit management rules and by conducting periodic reviews after transactions are initiated. In addition, in the event of delays in collections or credit concerns, the Group takes prompt measures to protect its receivables and avoid the risk of bad debts. However, we are actively pursue business expansion into new territories while advancing our operations, and if our receivables become uncollectible due to the bankruptcy of an important client or an affiliated subsidiary, our Group's performance and financial position could be adversely affected.

g) 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.

h) 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.

i) 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.

j) 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, 2024	As of March 31, 2025
(Assets)		
Current assets		
Cash and deposits	47,075	35,690
Notes and accounts receivable - trade	22,700	22,952
Merchandise and finished goods	845	910
Work in process	3,356	3,683
Raw materials and supplies	300	315
Advance payments - trade	1,468	1,471
Prepaid expenses	1,895	1,917
Advance royalty payments	2,381	2,789
Accounts receivable - other	3,705	5,641
Other	3,353	2,654
Allowance for doubtful accounts	(621)	(253)
Total current assets	86,463	77,774
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,513	4,214
Land	2,580	2,690
Other, net	1,548	1,595
Total property, plant and equipment	6,642	8,500
Intangible assets	2,167	2,660
Investments and other assets		
Investment securities	8,214	9,839
Deferred tax assets	4,582	5,183
Retirement benefit asset	-	42
Other	1,841	3,583
Allowance for doubtful accounts	(22)	(1,624)
Total investments and other assets	14,615	17,025
Total non-current assets	23,424	28,186
Total assets	109,887	105,960

(Unit: million yen)

	As of March 31, 2024	As of March 31, 2025
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	1,762	2,972
Current portion of long-term loans payable	3	3
Accounts payable - other	31,163	29,511
Accrued royalties	6,746	6,790
Income taxes payable	1,050	2,105
Refund Liabilities	1,705	1,323
Advances received	2,014	4,097
Provision for bonuses	561	310
Other	6,581	5,719
Total current liabilities	51,587	52,834
Non-current liabilities		
Long-term borrowings	3	–
Liabilities for retirement benefits	381	–
Other	1,815	2,013
Total non-current liabilities	2,200	2,013
Total liabilities	53,787	54,848
(Net assets)		
Shareholders' equity		
Share capital	4,678	4,755
Capital surplus	5,598	5,649
Retained earnings	44,746	43,677
Treasury shares	(590)	(4,933)
Total shareholders' equity	54,432	49,149
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	795	700
Foreign currency translation adjustment	(98)	(49)
Remeasurements of defined benefit plans	60	308
Total of accumulated other comprehensive income	757	960
Non-controlling interests	910	1,003
Total net assets	56,099	51,112
Total liabilities and net assets	109,887	105,960

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

Consolidated Statements of Income

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	133,387	131,691
Cost of sales	94,097	95,852
Gross profit	39,289	35,839
Selling, general and administrative expenses		
Advertising expenses	5,907	5,966
Promotion expenses	2,141	1,946
Provision of allowance for doubtful accounts	493	1,228
Employees' salaries and bonuses	8,251	8,308
Provision for bonuses	571	320
Retirement benefit expenses	466	213
Depreciation	773	913
Commission fee	6,892	6,897
Other	12,527	11,863
Total selling, general and administrative expenses	38,024	37,658
Operating profit (loss)	1,265	(1,819)
Non-operating income		
Interest income	21	51
Dividend income	14	19
Share of profit of entities accounted for using equity method	13	310
Gain on valuation of investment securities	224	—
Compensation income	38	—
Other	25	62
Total non-operating income	337	442
Non-operating expenses		
Interest expenses	6	5
Loss on valuation of investment securities	—	140
Commission fee	37	36
Foreign exchange losses	344	23
Other	76	120
Total non-operating expenses	465	327
Ordinary profit (loss)	1,137	(1,703)
Extraordinary income		
Gain on sale of shares of subsidiaries	—	4,520
Gain on change in equity	64	1,965
Gain on sales of investment securities	1,675	—
Other	291	—
Total extraordinary income	2,031	6,486

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Extraordinary losses		
Impairment loss	132	496
Loss on disaster	–	159
Loss on valuation of investment securities	49	103
Compensation for damage	160	–
Other	62	261
Total extraordinary losses	404	1,020
Profit before income taxes	2,764	3,762
Income taxes - current	1,354	3,068
Income taxes - deferred	230	(648)
Total income taxes	1,584	2,420
Profit	1,180	1,342
Profit attributable to non-controlling interests	193	203
Profit attributable to owners of parent	987	1,138

Consolidated statements of comprehensive income

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	1,180	1,342
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,733)	(94)
Foreign currency translation adjustment	94	(1)
Remeasurements of defined benefit plans	246	208
Share of other comprehensive income of associates accounted for using equity method	(45)	91
Total other comprehensive income	(1,438)	203
Comprehensive income	(257)	1,545
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(451)	1,341
Comprehensive income attributable to non-controlling interests	193	203

(3) Consolidated statements of changes in shareholders' equity

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 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 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

Fiscal year ended March 31, 2025

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the fiscal year	4,678	5,598	44,746	(590)	54,432
Changes of items during the period					
Issuance of new shares	77	77			155
Dividends from surplus			(2,207)		(2,207)
Profit attributable to owners of parent			1,138		1,138
Purchase of treasury stock				(4,342)	(4,342)
Change of scope of equity method					-
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	51	(1,068)	(4,342)	(5,282)
Balance at end of the fiscal year	4,755	5,649	43,677	(4,933)	49,149

	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	795	(98)	60	757	910	56,099
Changes of items during the period						
Issuance of new shares						155
Dividends from surplus						(2,207)
Profit attributable to owners of parent						1,138
Purchase of treasury stock						(4,342)
Change of scope of equity method						-
Change in ownership interest of parent due to transactions with non-controlling interests						(26)
Net changes of items other than shareholders' equity	(94)	49	248	203	92	295
Total changes of items during the period	(94)	49	248	203	92	(4,987)
Balance at end of the fiscal year	700	(49)	308	960	1,003	51,112

(4) Consolidated statements of cash flows

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net cash provided by (used in) operating activities		
Profit before income taxes	2,764	3,762
Depreciation	1,772	1,607
Impairment loss	132	496
Increase (decrease) in allowance for doubtful accounts	239	1,233
Increase (decrease) in provision for bonuses	(328)	(249)
Increase (decrease) in net defined benefit liability	201	(85)
Interest and dividend income	(35)	(70)
Interest expenses	6	5
Loss (gain) on sales of investment securities	(1,675)	90
Equity in (earnings) losses of affiliates	(13)	(310)
Loss (gain) on change in equity	(64)	(1,965)
Loss (gain) on sale of shares of subsidiaries	14	(4,520)
Loss (gain) on valuation of investment securities	(174)	246
Share-based compensation expenses	156	155
Compensation income	(38)	–
Compensation for damage	160	–
Decrease (increase) in notes and accounts receivable - trade	(416)	(448)
Decrease (increase) in inventories	(305)	(1,025)
Decrease (increase) in advance payments	(355)	(3)
Decrease (increase) in advance royalty payments	(149)	(445)
Increase (decrease) in notes and accounts payable - trade	(1,708)	1,539
Decrease (increase) in accounts receivable - other	1,782	(1,992)
Increase (decrease) in accounts payable - other	5,672	(1,224)
Increase (decrease) in accrued royalties	(1)	76
Increase (decrease) in advances received	(1,049)	2,242
Increase (decrease) in refund liabilities	(463)	(382)
Other	117	(2,360)
Subtotal	6,240	(3,626)
Interest and dividends income received	250	79
Interest expenses paid	(6)	(5)
Proceeds from compensation	38	–
Compensation paid for damage	(160)	–
Income taxes refund	109	1,122
Income taxes paid	(2,780)	(2,246)
Net cash provided by (used in) operating activities	3,691	(4,675)

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,293)	(2,694)
Purchase of intangible assets	(1,265)	(2,132)
Proceeds from sales of intangible assets	1,271	–
Purchase of investment securities	(1,534)	(1,603)
Proceeds from sales of investment securities	1,906	729
Proceeds from collection of loans receivable	–	2,000
Payments for lease and guarantee deposits	(228)	(105)
Proceeds from collection of lease and guarantee deposit	3	3
Payments into time deposits	(276)	–
Proceeds from withdrawal of time deposits	138	141
Proceeds from sale of shares of subsidiaries	–	4,650
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(8)	–
Other	(111)	(58)
Net cash provided by (used in) investing activities	(2,399)	928
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(3)	(3)
Repayment of lease obligations	(75)	(92)
Proceeds from share issuance to non-controlling shareholders	–	2,899
Purchase of treasury stock	(0)	(4,358)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(8)	(337)
Cash dividends paid	(2,258)	(2,206)
Dividends paid to non-controlling interests	(13)	(13)
Net cash provided by (used in) financing activities	(2,360)	(4,111)
Effect of exchange rate change on cash and cash equivalents	(142)	55
Net increase (decrease) in cash and cash equivalents	(1,210)	(7,803)
Cash and cash equivalents at beginning of period	48,143	46,933
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	(3,439)
Cash and cash equivalents at end of period	46,933	35,690