

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2026 (Japanese Accounting Standards)

May 14, 2026

Avex Inc.

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

Code No: 7860

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Ordinary General Meeting of Shareholders: June 26, 2026

Scheduled date for commencement of dividend payments: June 11, 2026

Scheduled date to submit the Securities Report (*Yukashoken Houkokusho*): June 25, 2026

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, 2026 (April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2026	146,571	11.3	4,085	—	4,333	—	3,553	212.1
March 31, 2025	131,691	(1.3)	(1,819)	—	(1,703)	—	1,138	15.4

(Note) Comprehensive income

Fiscal year ended March 31, 2026: ¥4,506 million (191.6%)

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

	Profit per share	Diluted profit per share	Ratio of profit to shareholders' equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	yen	yen	%	%	%
March 31, 2026	83.68	—	7.0	4.0	2.8
March 31, 2025	26.11	—	2.2	(1.6)	(1.4)

(Reference) Equity in earnings of affiliates

Fiscal year ended March 31, 2026: ¥502 million

Fiscal year ended March 31, 2025: ¥310 million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	million yen	million yen	%	yen
March 31, 2026	110,793	52,889	46.5	1,213.23
March 31, 2025	105,960	51,112	47.3	1,182.34

(Reference) Shareholders' equity

As of March 31, 2026: ¥51,572 million

As of March 31, 2025: ¥50,109 million

(3) Consolidated statement of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	million yen	million yen	million yen	million yen
March 31, 2026	2,076	(665)	(2,906)	34,305
March 31, 2025	(4,675)	928	(4,111)	35,690

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			
Fiscal year ended	yen	yen	yen	yen	yen	million yen	%	%
March 31, 2025	—	25.00	—	25.00	50.00	2,135	191.5	4.2
March 31, 2026	—	25.00	—	25.00	50.00	2,125	59.8	4.2
Fiscal year ending March 31, 2027 (forecast)	—	25.00	—	25.00	50.00		66.4	

3. Forecasts for consolidated operating results for the year ending March 31, 2027 (April 1, 2026 to March 31, 2027)

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

	Operating profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	yen
Full year	6,000	46.9	3,200	(9.9)	75.36

* Notes

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

New: 3 companies (Company name: S10 Entertainment & Media LLC, Avex Catalog Fund I LLC, Avex Song Fund I LLC)

Excluded: 7 companies (Company name: Avex Technologies Inc., Virtual Avex Inc., Avex Asunaro Company Inc., fuzz Inc., Avex Fan Marketing Inc., Avex Saudi Arabia LLC, LIVESTAR Inc.)

(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, 2026 45,919,300 shares

As of March 31, 2025 45,792,500 shares

b. Treasury stock at end of term

As of March 31, 2026 3,410,828 shares

As of March 31, 2025 3,410,680 shares

c. Average number of shares during term

Year ended March 31, 2026 42,465,197 shares

Year ended March 31, 2025 43,608,473 shares

(Reference) Overview of non-consolidated business results

Non-consolidated operating results for the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2026	6,400	57.4	(431)	—	2,278	—	2,643	—
March 31, 2025	4,066	(63.6)	(3,332)	—	(4,587)	—	(3,831)	—

	Profit per share	Diluted profit per share
Fiscal year ended	yen	yen
March 31, 2026	62.25	—
March 31, 2025	(87.87)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	million yen	million yen	%	yen
March 31, 2026	60,275	23,254	38.6	547.06
March 31, 2025	64,532	22,420	34.7	529.00

(Reference) Shareholders' equity

As of March 31, 2026: ¥23,254 million

As of March 31, 2025: ¥22,420 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.

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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, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	98,437	121,561	133,387	131,691	146,571
Cost of sales	63,209	82,574	94,097	95,852	104,791
Gross profit	35,228	38,987	39,289	35,839	41,779
Gross profit margin	35.8%	32.1%	29.5%	27.2%	28.5%
Personnel expenses	11,029	12,671	13,421	12,659	12,868
Sales promotion and advertising expenses	7,993	8,354	8,049	7,913	8,654
General expenses	13,622	14,576	16,553	17,085	16,171
Total SG&A expenses	32,645	35,602	38,024	37,658	37,694
Operating profit (loss)	2,582	3,385	1,265	(1,819)	4,085
Operating margin	2.6%	2.8%	0.9%	–%	2.8%

During the consolidated fiscal year under review, the Japanese economy showed positive signs, with nominal GDP exceeding 600 trillion yen, and the economy is gradually picking up, backed by an upward trend in wages. While there are expectations of a shift away from a cost-cutting economy and toward a growth-oriented economy, the outlook remains uncertain because of ongoing price hikes and the resulting stagnation in personal consumption, and the need to be mindful of downside risks to the economy due to international conflicts and other factors.

In the entertainment industry, to which the Group belongs, the total sales of live performances reached 644,338 million yen, up 5.3% year on year (January to December 2025; according to survey by All Japan Concert & Live Entertainment Promoters Conference). Production of music software, including music videos, was up 5.1% year on year, to 215,706 million yen (January to December 2025; according to a survey by the Recording Industry Association of Japan). Sales of paid music downloads were up 8.7% year on year, to 133,970 million yen (January to December 2025; according to a survey by the Recording Industry Association of Japan). In the video-related market, video software sales declined 16.5% year on year to 81,281 million yen (Jan-Dec 2025, surveyed by the Japan Video Software Association). The video distribution market was 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 Group has focused on creating IP that will be active over the long term and has promoted company-wide structural reforms aimed at acquiring rights and maximizing value, as well as strengthening its revenue structure. Specifically, progress was made in the creation of IP in each segment, with each artist and work expanding the scope of their activities both domestically and internationally. We also accelerated our overseas expansion by leveraging our US-based creative network. In the catalog business utilizing IP rights, we promoted efforts to maximize the value of rights through the launch of joint projects for music-related rights and the utilization of past animation works. Along with these efforts to increase revenue, in order to improve profitability, during the fiscal year under review we continued to promote selection and concentration in existing businesses as part of structural reforms, reviewed our cost execution rules and investment monitoring methods, and improved operational efficiency. As a result, profitability per employee increased significantly and progress was made in building an optimal management portfolio.

As a result of the above, as for business results for the current consolidated fiscal year, net sales were 146,571 million yen (up 11.3% year on year), mainly due to an increase in the live-related sales in the Music Business and strong overseas sales of animation works in the Anime & Visual Content Business. Operating profit was 4,085 million yen (operating loss of 1,819 million yen in the previous year), and profit attributable to owners of parent was 3,553 million yen (up 212.1% year on year), mainly due to a decrease in provision for doubtful accounts and a decrease in selling, general and administrative expenses resulting from a review of cost execution. We will continue to promote initiatives for long-term growth with the aim of further increasing revenue.

Operating results for the main business segments are as follows.

a) Music Business

(Unit: million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Change
Net sales	114,574	122,312	7,737
Cost of sales	83,829	87,903	4,074
Gross profit	30,744	34,408	3,663
Gross profit margin	26.8%	28.1%	1.3%
Selling, general and administrative expenses	31,924	30,939	(984)
Operating profit (loss)	(1,180)	3,468	4,648
Operating margin	—	2.8%	—
Sales to external customers	110,255	121,438	11,183

Net sales stood at 122,312 million yen (up 6.8% year on year) and operating profit came to 3,468 million yen (in comparison with an operating loss of 1,180 million yen in the previous fiscal year), the result mainly of an increase in live-related sales and strong performance in music distribution.

b) Anime & Visual Content Business

(Unit: million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Change
Net sales	18,492	21,723	3,230
Cost of sales	13,945	15,937	1,992
Gross profit	4,547	5,785	1,237
Gross profit margin	24.6%	26.6%	2.0%
Selling, general and administrative expenses	4,248	4,723	474
Operating profit	299	1,062	762
Operating margin	1.6%	4.9%	3.3%
Sales to external customers	17,948	21,123	3,174

Net sales were 21,723 million yen (up 17.5% year on year), with operating profit of 1,062 million yen (up 254.8% year on year, mainly due to strong performance of overseas sales of anime works).

c) Overseas Business

(Unit: million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Change
Net sales	3,447	4,040	593
Cost of sales	2,100	2,048	(52)
Gross profit	1,346	1,991	645
Gross profit margin	39.1%	49.3%	10.2%
Selling, general and administrative expenses	2,289	2,458	169
Operating loss	(942)	(466)	476
Operating margin	—	—	—
Sales to external customers	3,445	3,952	507

Net sales stood at 4,040 million yen (up 17.2% year on year) while operating loss came to 466 million yen (in comparison with an operating loss of 942 million yen in the previous fiscal year.)

d) Other Businesses

(Unit: million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Change
Net sales	662	685	22
Cost of sales	619	621	1
Gross profit	43	64	20
Gross profit margin	6.6%	9.4%	2.8%
Selling, general and administrative expenses	40	37	(2)
Operating profit	3	26	23
Operating margin	0.5%	3.9%	3.4%
Sales to external customers	42	57	14

Net sales increased to 685 million yen (up 3.4% year on year), with operating profit of 26 million yen (up 635.7% year on 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 4,833 million yen compared to the end of the previous consolidated fiscal year, to 110,793 million yen. This was chiefly attributable to increases of 2,725 million yen in notes and accounts receivable - trade, 2,512 million yen in goodwill and 1,351 million yen in advance royalties, which more than offset a decrease of 2,862 million yen in investment securities.

Liabilities increased by 3,056 million yen from the end of the previous consolidated fiscal year, to 57,904 million yen. This was largely due increases of 1,864 million yen in advances received and 1,645 million yen in accrued royalties, more than offsetting a decrease of 1,551 million yen in income taxes payable.

Net assets increased 1,777 million yen from the end of the previous consolidated fiscal year, to 52,889 million yen. This was chiefly attributable to an increase of 1,391 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 34,305 million yen (35,690 million yen at the end of the previous fiscal year).

Net cash provided by operating activities stood at 2,076 million yen (outflow of 4,675 million yen a year earlier). This mainly reflected an increase in cash due to an increase of 4,927 million yen in profit before income taxes, an increase of 1,872 million yen in advances received, and an increase of 1,599 million yen in accrued royalties, despite a decrease in cash due to an increase of 3,795 million yen in income taxes paid and an increase of 2,532 million yen in notes and accounts receivable - other.

Net cash used in investing activities was -665 million yen (inflow of 928 million yen a year earlier). This was mainly due to a decrease in cash due to 1,803 million yen in the purchase of property, plant and equipment and 609 million yen in the purchase of intangible assets, which offset an increase in cash due to 1,710 million yen in proceeds from sales of investment securities.

Net cash used in financing activities stood at -2,906 million yen (outflow of 4,111 million yen a year earlier). This was mainly due to a decrease in cash attributable to dividends paid of 2,126 million yen.

(Reference) Trends in cash flow indices

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Shareholders' equity ratio (%)	59.2	53.3	50.2	47.3	46.5
Shareholders' equity ratio at market base (%)	61.4	62.1	52.7	51.3	45.7
Debt to cash flow ratio (%)	(0.0)	0.0	0.0	(0.0)	0.1
Interest coverage ratio	(444.4)	859.2	586.5	(872.8)	270.6

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 6,000 million yen and profit attributable to owners of parent of 3,200 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 performance and financial position.

e) Operations in overseas markets

The Group's 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 the Group's 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 pursuing business expansion into new territories while advancing the Group's operations, and if our receivables become uncollectible due to the bankruptcy of an important client or its affiliated subsidiary, the Group's performance and financial position could be affected.

g) 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, Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators and Labor Standards Act, and we work to develop internal rules and strengthen our compliance structure to comply with all such constraints. However, should any serious violations of laws and regulations or unethical conduct occur in the future, the Group's social credibility could be damaged. Meanwhile, future amendments or changes to relevant laws and regulations could lead to increased costs associated with compliance, which could affect the Group's business and performance.

h) Response to technical innovations

In the process of pursuing new business possibilities utilizing technology, the Group faces risks such as rapid changes in the business environment due to technological innovation and competition, obsolescence of existing technologies due to rapid progress in artificial intelligence (AI) and other technologies, possibility that our rights may be infringed upon due to the widespread adoption of AI. In addition, there is an undeniable possibility that risks may arise due to other difficult-to-predict problems that may emerge after the fact, which may affect the Group's business and performance.

i) 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 performance may be affected as a result of the stoppage of services until system recovery, the rising cost of security measures, etc.

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, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	35,690	34,305
Notes and accounts receivable - trade	22,952	25,678
Merchandise and finished goods	910	1,273
Work in process	3,683	4,157
Raw materials and supplies	315	380
Advance payments - trade	1,471	1,946
Prepaid expenses	1,917	1,970
Advance royalty payments	2,789	4,140
Accounts receivable - other	5,641	4,632
Other	2,654	3,406
Allowance for doubtful accounts	(253)	(136)
Total current assets	77,774	81,755
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,214	5,380
Land	2,690	2,986
Other, net	1,595	1,207
Total property, plant and equipment	8,500	9,574
Intangible assets		
Goodwill	22	2,535
Other	2,637	2,432
Total intangible assets	2,660	4,968
Investments and other assets		
Investment securities	9,839	6,977
Deferred tax assets	5,183	5,307
Retirement benefit asset	42	193
Other	3,583	2,964
Allowance for doubtful accounts	(1,624)	(947)
Total investments and other assets	17,025	14,496
Total non-current assets	28,186	29,038
Total assets	105,960	110,793

(Unit: million yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,972	2,778
Current portion of long-term borrowings	3	—
Accounts payable - other	29,511	30,299
Accrued royalties	6,790	8,435
Income taxes payable	2,105	554
Refund liabilities	1,323	1,163
Advances received	4,097	5,962
Provision for bonuses	310	819
Other	5,719	6,184
Total current liabilities	52,834	56,198
Non-current liabilities		
Other	2,013	1,705
Total non-current liabilities	2,013	1,705
Total liabilities	54,848	57,904
Net assets		
Shareholders' equity		
Share capital	4,755	4,836
Capital surplus	5,649	5,125
Retained earnings	43,677	45,069
Treasury shares	(4,933)	(4,933)
Total shareholders' equity	49,149	50,098
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	700	929
Foreign currency translation adjustment	(49)	360
Remeasurements of defined benefit plans	308	184
Total of accumulated other comprehensive income	960	1,474
Non-controlling interests	1,003	1,317
Total net assets	51,112	52,889
Total liabilities and net assets	105,960	110,793

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

Consolidated Statements of Income

(Unit: million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	131,691	146,571
Cost of sales	95,852	104,791
Gross profit	35,839	41,779
Selling, general and administrative expenses		
Advertising expenses	5,966	6,278
Promotion expenses	1,946	2,375
Provision of allowance for doubtful accounts	1,228	(60)
Employees' salaries and bonuses	8,308	8,177
Provision for bonuses	320	808
Retirement benefit expenses	213	29
Depreciation	913	971
Commission fee	6,897	7,846
Other	11,863	11,266
Total selling, general and administrative expenses	37,658	37,694
Operating profit (loss)	(1,819)	4,085
Non-operating income		
Interest income	51	117
Dividend income	19	13
Share of profit of entities accounted for using equity method	310	502
Other	62	41
Total non-operating income	442	674
Non-operating expenses		
Interest expenses	5	5
Loss on valuation of investment securities	140	215
Loss on investments in partnership	16	49
Commission fee	36	36
Foreign exchange losses	23	33
Other	104	85
Total non-operating expenses	327	426
Ordinary profit (loss)	(1,703)	4,333
Extraordinary income		
Gain on sale of investment securities	—	1,034
Gain on sale of shares of subsidiaries	4,520	133
Gain on change in equity	1,965	—
Other	—	52
Total extraordinary income	6,486	1,220

(Unit: million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Extraordinary losses		
Impairment loss	496	372
Loss on disaster	159	—
Loss on valuation of investment securities	103	97
Loss on liquidation of business	—	79
Other	261	76
Total extraordinary losses	1,020	626
Profit before income taxes	3,762	4,927
Income taxes - current	3,068	1,395
Income taxes - deferred	(648)	(443)
Total income taxes	2,420	951
Profit	1,342	3,975
Profit attributable to non-controlling interests	203	422
Profit attributable to owners of parent	1,138	3,553

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	1,342	3,975
Other comprehensive income		
Valuation difference on available-for-sale securities	(94)	229
Foreign currency translation adjustment	(1)	486
Remeasurements of defined benefit plans, net of tax	208	(142)
Share of other comprehensive income of associates accounted for using equity method	91	(41)
Total other comprehensive income	203	531
Comprehensive income	1,545	4,506
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,341	4,067
Comprehensive income attributable to non-controlling interests	203	439

(3) Consolidated statements of changes in shareholders' equity

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

Fiscal year ended March 31, 2026

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the fiscal year	4,755	5,649	43,677	(4,933)	49,149
Changes of items during the period					
Issuance of new shares	80	80			161
Dividends from surplus			(2,122)		(2,122)
Profit attributable to owners of parent			3,553		3,553
Purchase of treasury stock				(0)	(0)
Change of scope of equity method			(39)		(39)
Change in ownership interest of parent due to transactions with non-controlling interests		(604)			(604)
Net changes of items other than shareholders' equity					
Total changes of items during the period	80	(523)	1,391	(0)	948
Balance at end of the fiscal year	4,836	5,125	45,069	(4,933)	50,098

	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	700	(49)	308	960	1,003	51,112
Changes of items during the period						
Issuance of new shares						161
Dividends from surplus						(2,122)
Profit attributable to owners of parent						3,553
Purchase of treasury stock						(0)
Change of scope of equity method						(39)
Change in ownership interest of parent due to transactions with non-controlling interests						(604)
Net changes of items other than shareholders' equity	229	409	(124)	514	314	828
Total changes of items during the period	229	409	(124)	514	314	1,777
Balance at end of the fiscal year	929	360	184	1,474	1,317	52,889

(4) Consolidated statements of cash flows

(Unit: million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	3,762	4,927
Depreciation	1,607	1,442
Impairment loss	496	372
Increase (decrease) in allowance for doubtful accounts	1,233	(790)
Increase (decrease) in provision for bonuses	(249)	490
Increase (decrease) in net defined benefit liability	(85)	(199)
Interest and dividend income	(70)	(130)
Interest expenses	5	5
Loss (gain) on sales of investment securities	90	(1,034)
Equity in (earnings) losses of affiliates	(310)	(502)
Loss (gain) on change in equity	(1,965)	–
Loss (gain) on sale of shares of subsidiaries	(4,520)	(94)
Loss (gain) on valuation of investment securities	246	313
Decrease (increase) in notes and accounts receivable - trade	(448)	(2,532)
Decrease (increase) in inventories	(1,025)	(930)
Decrease (increase) in advance payments	(3)	(471)
Decrease (increase) in advance royalty payments	(445)	(1,130)
Increase (decrease) in notes and accounts payable - trade	1,539	(225)
Decrease (increase) in accounts receivable - other	(1,992)	995
Increase (decrease) in accounts payable - other	(1,224)	599
Increase (decrease) in accrued royalties	76	1,599
Increase (decrease) in advances received	2,242	1,872
Increase (decrease) in refund liabilities	(382)	(159)
Other	(2,204)	1,060
Subtotal	(3,626)	5,476
Interest and dividends income received	79	154
Interest expenses paid	(5)	(7)
Income taxes refund	1,122	247
Income taxes paid	(2,246)	(3,795)
Net cash provided by (used in) operating activities	(4,675)	2,076

(Unit: million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,694)	(1,803)
Purchase of intangible assets	(2,132)	(609)
Purchase of investment securities	(1,603)	(67)
Proceeds from sales of investment securities	729	1,710
Proceeds from collection of loans receivable	2,000	—
Payments for lease and guarantee deposits	(105)	(101)
Proceeds from collection of lease and guarantee deposit	3	21
Proceeds from withdrawal of time deposits	141	—
Proceeds from sale of shares of subsidiaries	4,650	180
Other	(58)	4
Net cash provided by (used in) investing activities	928	(665)
Cash flows from financing activities		
Proceeds from long-term loans payable	—	53
Repayment of long-term loans payable	(3)	(3)
Repayment of lease obligations	(92)	(76)
Proceeds from share issuance to non-controlling shareholders	2,899	—
Purchase of treasury stock	(4,358)	(0)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(337)	(665)
Cash dividends paid	(2,206)	(2,126)
Dividends paid to non-controlling interests	(13)	(88)
Net cash provided by (used in) financing activities	(4,111)	(2,906)
Effect of exchange rate change on cash and cash equivalents	55	74
Net increase (decrease) in cash and cash equivalents	(7,803)	(1,422)
Cash and Cash Equivalents at Beginning of Period	46,933	35,690
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(3,439)	36
Cash and cash equivalents at end of period	35,690	34,305