



# **TOEI ANIMATION**

*Since 1956*

**TOEI ANIMATION CO., LTD.**  
**Financial Statements**  
**(Unaudited)**  
**FY2020**

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

## 1 [Consolidated Financial Statements]

(1) [Consolidated Financial Statements]

1) [Consolidated Balance Sheets]

(Million Yen)

	As of March 31, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and time deposits	34,454	39,984
Notes and accounts receivable - trade	13,083	10,622
Securities	45	28
Merchandise and finished goods	276	331
Work in process	3,248	5,414
Raw materials and supplies	69	90
Short-term loans receivable from subsidiaries and associates	3,000	3,053
Other	919	634
Allowance for doubtful accounts	(82)	(77)
Total current assets	55,015	60,081
Fixed assets		
Property, plant and equipment		
Buildings and structures	7,809	7,878
Accumulated depreciation	(664)	(894)
Buildings and structures, net	7,144	6,983
Land	1,315	1,315
Other	1,838	1,700
Accumulated depreciation	(1,073)	(1,063)
Other, net	764	636
Total property, plant and equipment	9,224	8,935
Intangible fixed assets		
Software	465	453
Other	1	1
Total intangible fixed assets	466	454
Investments and other assets		
Investment securities	*1 12,048	*1 12,258
Long-term loans receivable from subsidiaries and associates	3,000	3,024
Long-term time deposits	7,500	7,500
Net defined benefit assets	80	62
Other	1,194	1,739
Allowance for doubtful accounts	(37)	(37)
Total investments and other assets	23,785	24,547
Total fixed assets	33,476	33,937
Total assets	88,491	94,019

(Million Yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,525	9,663
Income taxes payable	3,193	2,798
Provision for bonuses	332	411
Other	3,820	3,828
Total current liabilities	18,871	16,701
Fixed Liabilities		
Provision for retirement benefits for directors (and other officers)	173	–
Provision for share awards for directors (and other officers)	–	49
Net defined benefit liability	2,037	2,086
Other	205	488
Total fixed liabilities	2,416	2,624
Total liabilities	21,287	19,326
<b>Net assets</b>		
Shareholders' equity		
Common stock	2,867	2,867
Capital surplus	3,409	3,409
Retained earnings	59,514	68,087
Treasury stock	(544)	(694)
Total shareholders' equity	65,246	73,669
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,158	1,365
Deferred gains or losses on hedges	(3)	(1)
Foreign currency translation adjustment	(198)	(340)
Total accumulated other comprehensive income	1,957	1,023
Total net assets	67,204	74,692
Total liabilities and net assets	88,491	94,019

## 2) [Consolidated Statements of Income and Comprehensive Income]

## [Consolidated Statement of Income]

(Million Yen)

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Net sales	55,701	54,819
Costs of sales	*1 32,862	*1 31,358
Gross profit	22,838	23,461
Selling, general and administrative expenses	*2 7,097	*2 7,367
Operating income	15,741	16,094
Non-operating income		
Interest income	95	137
Dividend income	242	240
Share of profit of entities accounted for using equity method	101	–
Surrender value of insurance policies	58	55
Other	54	74
Total non-operating income	552	509
Non-operating expense		
Interest expenses	0	20
Share of loss of entities accounted for using equity method	–	1
Foreign exchange losses	22	107
Other	5	17
Total non-operating expenses	28	147
Ordinary income	16,265	16,455
Extraordinary income		
Gain on sale of investment securities	29	2
Total extraordinary income	29	2
Extraordinary Losses		
Loss on valuation of investment securities	196	31
Other	1	–
Total extraordinary losses	197	31
Income before income taxes	16,097	16,426
Income taxes - current	4,854	5,047
Income taxes - deferred	(132)	(58)
Total income taxes	4,721	4,988
Net income	11,375	11,437
Net income attributable to owners of parent	11,375	11,437

[Consolidated Statement of Comprehensive Income]

(Million Yen)

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Net income	11,375	11,437
Other comprehensive income		
Valuation difference on available-for-sale securities	8	(747)
Deferred gains or losses on hedges	12	1
Foreign currency translation adjustment	(208)	(142)
Share of other comprehensive income of entities accounted for using equity method	(40)	(44)
Total other comprehensive income	*1 (227)	*1 (934)
Comprehensive income	11,147	10,503
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	11,147	10,503
Comprehensive income attributable to non-controlling interests	—	—

## 3) [Consolidated Statement of Changes in Net Assets]

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Million Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	2,867	3,409	50,116	(544)	55,849
Changes during period					
Dividends of surplus			(1,978)		(1,978)
Net income attributable to owners of parent			11,375		11,375
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	9,397	(0)	9,397
Balance at end of period	2,867	3,409	59,514	(544)	65,246

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	2,190	(15)	10	2,184	58,034
Changes during period					
Dividends of surplus					(1,978)
Net income attributable to owners of parent					11,375
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	(31)	12	(208)	(227)	(227)
Total changes during period	(31)	12	(208)	(227)	9,169
Balance at end of period	2,158	(3)	(198)	1,957	67,204

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Million Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	2,867	3,409	59,514	(544)	65,246
Changes during period					
Dividends of surplus			(2,864)		(2,864)
Net income attributable to owners of parent			11,437		11,437
Purchase of treasury shares				(150)	(150)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	8,572	(150)	8,422
Balance at end of period	2,867	3,409	68,087	(694)	73,669

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	2,158	(3)	(198)	1,957	67,204
Changes during period					
Dividends of surplus					(2,864)
Net income attributable to owners of parent					11,437
Purchase of treasury shares					(150)
Net changes in items other than shareholders' equity	(792)	1	(142)	(934)	(934)
Total changes during period	(792)	1	(142)	(934)	7,488
Balance at end of period	1,365	(1)	(340)	1,023	74,692

## 4) [Consolidated Statement of Cash Flows]

(Million Yen)

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
<b>Cash flows from operating activities</b>		
Income before income taxes	16,097	16,426
Depreciation	752	696
Increase (decrease) in allowance for doubtful accounts	63	(3)
Increase (decrease) in provision for bonuses	24	78
Increase (decrease) in provision for retirement benefits for directors (and other officers)	30	(173)
Increase (decrease) in provision for share awards for directors (and other officers)	–	49
Increase (decrease) in net defined benefit liability	457	48
Interest and dividend income	(337)	(378)
Interest expenses	0	20
Share of loss (profit) of entities accounted for using equity method	(101)	1
Loss (gain) on sale of investment securities	(29)	(2)
Loss (gain) on valuation of investment securities	196	31
Decrease (increase) in trade receivables	(4,066)	2,408
Decrease (increase) in inventories	(1,572)	(2,265)
Increase (decrease) in trade payables	1,197	(1,773)
Other	1,397	216
Subtotal	14,109	15,381
Interest and dividends received	341	386
Interest paid	(0)	(20)
Income taxes paid	(3,942)	(5,183)
Cash flows from operating activities	10,508	10,564
<b>Cash flows from investing activities</b>		
Purchase of securities	–	(51)
Proceeds from sale of securities	–	36
Purchase of property, plant and equipment	(454)	(107)
Purchase of intangible fixed assets	(140)	(124)
Purchase of investment securities	(128)	(1,326)
Proceeds from sale of investment securities	29	5
Loan advances	(6)	(3,108)
Proceeds from collection of loans receivable	38	3,041
Payments into time deposits	(10,304)	(8,294)
Proceeds from withdrawal of time deposits	7,039	8,900
Other	41	(104)
Cash flows from investing activities	(3,885)	(1,134)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(0)	(150)
Dividends paid	(1,993)	(2,887)
Other	(154)	(118)
Cash flows from financing activities	(2,148)	(3,155)
Effect of exchange rate change on cash and cash equivalents	(225)	(165)
Net increase (decrease) in cash and cash equivalents	4,249	6,109
Cash and cash equivalents at beginning of period	22,036	26,285
Cash and cash equivalents at end of period	*1 26,285	*1 32,395



[Notes]

(Basis of Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries

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Names of consolidated subsidiaries

TAVAC CO.,LTD.

TOEI ANIMATION PHILS., INC.

TOEI ANIMATION ENTERPRISES LTD.

TOEI ANIMATION MUSIC PUBLISHING CO., LTD

TOEI ANIMATION INCORPORATED

TOEI ANIMATION EUROPE S.A.S.

(2) Names of unconsolidated subsidiaries

TOEI DOGA US Services, INC.

TOEI DOGA Productions, LLC

TOEI DOGA Entertainment, LLC

TOEI ANIMATION (SHANGHAI) CO., LTD.

Reason for exclusion from the scope of consolidation

Since the four unconsolidated subsidiaries are small, their total assets, net sales, net income or loss (calculated according to our equity interest), and retained earnings (calculated according to our equity interest) do not have a material impact on the consolidated financial statements.

2. Application of equity method

(1) Number of affiliates accounted for by the equity method

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Names of affiliates accounted for by the equity method

TOEI VIDEO CO., LTD.

TOEI KYOTO STUDIO CO., LTD.

AMAZONLATERNA CO., LTD

(2) Names of unconsolidated subsidiaries and affiliates that are not accounted for by the equity method

1) Unconsolidated subsidiaries

TOEI DOGA US Services, INC.

TOEI DOGA Productions, LLC

TOEI DOGA Entertainment, LLC

TOEI ANIMATION (SHANGHAI) CO., LTD.

2) Affiliates

TENH ANIMATION MAGIC Inc.

DandLion Animation Studio Inc.

Coyote

Reason for not applying the equity method

In terms of net income or loss (calculated according to our equity interest) and retained earnings (calculated according to our equity interest), all the companies that are not accounted for by the equity method, even if excluded from those to which the equity method is applied, have just a slight impact on the consolidated financial statements and are not significant.

### 3. Fiscal term of consolidated subsidiaries

Among the consolidated subsidiaries, TOEI ANIMATION PHILS., INC., TOEI ANIMATION ENTERPRISES LTD., TOEI ANIMATION INCORPORATED, and TOEI ANIMATION EUROPE S.A.S, which are overseas consolidated subsidiaries, have fiscal terms ended December 31.

While the above four companies use financial statements as of December 31, in relation to significant business transactions made during a period between their closing date and the consolidated closing date, adjustments necessary for consolidated accounting are made.

### 4. Accounting policies

#### (1) Valuation criteria and valuation methods for important assets

##### 1) Securities

###### a. Bond certificates held to maturity

Amortized cost method (straight-line method)

###### b. Available-for-sale securities

Securities with market value

Market value method based on the market price as of the end of the fiscal term (Differences in valuation are included directly in shareholders' equity and costs of securities sold are calculated using the moving-average method.)

Securities without market value

Stated at cost using the moving-average method

##### 2) Claims and obligations arising from derivative transactions

Market value method

##### 3) Inventories

Stated at cost, depreciating the book value of inventories due to a decline in profitability

###### a. Finished goods and work in process

Specific identification method

###### b. Merchandise, raw materials and supplies

First-in first-out method

#### (2) Depreciation methods for important depreciable assets

##### 1) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries have mainly adopted the declining-balance method; provided, however, that buildings (excluding building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on and after April 1, 2016 are depreciated using the straight-line method. The overseas consolidated subsidiaries have adopted the straight-line method.

The useful lives of main assets are as follows:

Buildings: 8-50 years

Structures: 10-30 years

##### 2) Intangible fixed assets (excluding leased assets)

Software for in-house use

The straight-line method is used based on the estimated useful life within the Company (five years or less).

##### 3) Leased assets

Leased assets related to finance lease under which ownership is not transferred

The straight-line method is used, in which residual value is zero on the assumption that useful life is equal to a lease period.

#### (3) Standards of accounting for important allowances and reserves

##### 1) Allowance for doubtful accounts

In preparation for losses arising from bad debts, estimated uncollectible amounts are posted using historical data for trade receivables and individually considering the probability of collection for doubtful receivables and other specific receivables.

2) Provision for bonuses

The Company and its domestic consolidated subsidiaries post the amount of employees' bonuses to pay in the consolidated fiscal year under review among the amount estimated to pay in the future.

3) Provision for retirement benefits for directors (and other officers)

In preparation for the payment of retirement benefits for directors (and other officers), the Company posts accrued pension and severance costs to be required at the end of the fiscal year under review based on the internal rules.

4) Provision for share awards for directors (and other officers)

In preparation for issuing shares to the Company's Directors (excluding part-time Directors, Outside Directors, and those who do not live in Japan) according to the rules of issuing shares to Directors, provision for share awards for directors (and other officers) is posted based on projected share awards obligations at the end of the fiscal year under review.

(4) Method of accounting for retirement benefits

1) Method of attributing projected retirement benefit obligation to fiscal term

To calculate retirement benefit obligations, expected retirement benefit payments are attributed to a period until the end of the fiscal year under review by using the straight-line attribution.

2) Accounting method for actuarial gains/losses and prior service costs

Actuarial gains/losses and prior service costs are all amortized in the fiscal year when the gain or loss arose.

(5) Translation of important assets and liabilities denominated in foreign currencies into yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot rate of foreign exchange as of the end of the consolidated fiscal term, and the resulting exchange differences are credited or charged to income. Assets and liabilities as well as revenues and expenses of overseas subsidiaries are translated into Japanese yen at the spot rate of foreign exchange as of the end of the consolidated fiscal term. The resulting exchange differences have been presented as "Foreign currency translation adjustment" in net assets.

(6) Important hedge accounting method

1) Hedge accounting method

The deferred hedge accounting method is used.

2) Means for hedging and hedged item

Means for hedging: Forward exchange contracts

Hedged item: Forecasted transactions in foreign currency

3) Hedging policy

Foreign exchange fluctuation risks are hedged in accordance with the internal rules.

4) Method of assessing the effectiveness of hedges

In relation to forward exchange transactions, as forward exchange contracts with the same amount in foreign currency and the same term are respectively allocated, a correlation with fluctuation of exchange rates is completely secured. Therefore, assessment of hedge effectiveness is omitted.

(7) Scope of funds in the consolidated statements of cash flows

The funds in the statement consist of cash on hand and deposits which can be withdrawn anytime, as well as short-term investments with negligible risks of fluctuation in value, which are readily cashable, and a due date for redemption of which comes within three months from acquisition date.

(8) Other material matters for preparation of consolidated financial statements

Accounting for consumption taxes

Consumption tax and local consumption tax are accounted for by the tax exclusion method.

(Accounting standards to be applied)

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 31, 2020)

(1) Overview

It is a comprehensive accounting standard for revenue recognition. Revenues are recognized with the following five steps.

Step 1: Identify a contract with a customer.

Step 2: Identify performance obligations under the contract.

Step 3: Calculate a transaction price.

Step 4: Allocate the transaction price to the performance obligations under the contract.

Step 5: Recognize revenues when the performance obligations are satisfied or as they are being satisfied.

(2) Scheduled date of application

The standard is scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Impacts of application of the accounting standard

The impacts are being assessed as of the time of preparing this consolidated financial statements.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Overview

In order to increase comparability with provisions of international accounting standards, the ASBJ established Accounting Standard for Fair Value Measurement and Implementation Guidance on Accounting Standard for Fair Value Measurement (“Accounting Standard for Fair Value Measurement, etc.”) were developed to provide guidance on fair value measurement methods. The Accounting Standard for Fair Value Measurement is applicable to the following fair values.

- Financial instruments in “Accounting Standard for Financial Instruments”
- Inventories held for the purpose of trading in “Accounting Standard for Measurement of Inventories”

With the Implementation Guidance on Disclosures about Fair Value of Financial Instruments revised, particulars to be stated in notes such as the breakdown by level of fair value of financial instruments were provided for.

(2) Scheduled date of application

The standards are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Impacts of application of the accounting standard

The impacts are being assessed as of the time of preparing this consolidated financial statements.

- Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No.24, March 31, 2020)

(1) Overview

This accounting standard aims to present principles and an outline of procedures for adopted accounting treatment when provisions of related accounting standards, etc. are unclear.

(2) Scheduled date of application

The standard is scheduled to be applied from the end of fiscal year ending March 31, 2021.

- Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020)

(1) Overview

This accounting standard aims to disclose information which would help financial statement users understand details of accounting estimates in items with risks which would have significant impacts on financial statements for the following fiscal year among items in which amounts recorded on the financial statements for the current fiscal year are based on accounting estimates.

(2) Scheduled date of application

The standard is scheduled to be applied from the end of fiscal year ending March 31, 2021.

(Change in presentation method)

(Consolidated Statements of Income)

Since becoming more significant in terms of a money amount, “Interest expenses” which was included in “Other” in “Non-operating expenses” in the previous consolidated fiscal year are independently stated from the current consolidated fiscal year. To reflect the change in presentation method, the consolidated financial statements for the previous consolidated fiscal year were reclassified.

As a result, five million yen presented in “Other” of “Non-operating expenses” in the consolidated statements of income for the previous consolidated fiscal year was reclassified to present zero million yen of “Interest expenses” and five million yen of “Other.”

(Consolidated Statement of Cash Flows)

Since becoming more significant, “Interest expenses” included in “Other” in “Cash flows from operating activities” in the previous consolidated fiscal year are independently stated from the consolidated fiscal year under review. To reflect the change in presentation method, the consolidated financial statements for the previous consolidated fiscal year were reclassified.

As a result, 1,398 million yen presented in “Other” in “Cash flows from operating activities” in the consolidated statements of cash flows for the previous consolidated fiscal year was reclassified to present zero million yen of “Interest expenses” and 1,397 million yen of “Other.”

(Additional Information)

(Abolition of system of retirement benefits for directors and other officers)

The Company resolved the payment for termination due to the abolition of the system of retirement benefits for directors (and other officers) at the Ordinary General Meeting of Shareholders held on June 25, 2019. Accordingly, “Provision for retirement benefits for directors (and other officers)” was withdrawn, and 173 million yen of accrued amount payable due to the payment for termination was presented, included in “other” in fixed liabilities.

(Performance-linked stock compensation plan)

From the consolidated fiscal year under review, the Company has introduced the performance-linked stock compensation plan with executive compensation BIP Trust (“Plan”) for Directors (excluding part-time Directors, outside Directors, and those who do not live in Japan; the same applies hereinafter.) The purpose of the Plan is to increase awareness of contribution to the improvement in the Company’s mid- and long-term business performance and the expansion in its corporate value by clarifying relations between Director’s compensation and the Company’s business results and shareholder value.

The accounting treatment for said trust contract is in conformity with “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No.30, March 26, 2015).

(1) Overview of transaction

For three consolidated fiscal years from the consolidated fiscal year ended March 31, 2020 to the consolidated fiscal year ending March 31, 2022, the Plan is to issue the Company’s shares, etc. according to executive positions and degree of achievement of business performance targets.

(2) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are posted at book value in the trust (excluding ancillary expenses) as treasury

stock in net assets. The book value of said treasury stock as of the end of the fiscal year under review is 149 million yen. The number of shares is 31,800 shares.

(Accounting estimates related to impacts of the spread of COVID-19)

Based on information on impacts of the spread of COVID-19 which is available at time of preparation of the consolidated financial statements, the Group has made accounting estimates including accounting for the impairment of fixed assets and collectability of deferred tax assets, on the assumption that the business will be gradually recovering in and after June 2020.

(Notes to Consolidated Balance Sheets)

\*1 The item concerning the unconsolidated subsidiaries and affiliates is as follows.

	As of March 31, 2019	As of March 31, 2020
Investment Securities (Stock)	3,064million Yen	3,029million Yen

(Notes to Consolidated Statements of Income)

\* 1 Inventories as of the end of fiscal year is stated at the book value depreciated due to a decline in profitability. The following loss on valuation of inventories is included in cost of sales.

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
	255million Yen	255million Yen

\*2 Among selling, general and administrative expenses, major expense items and amounts are as follows.

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Personnel expenses	1,952million Yen	1,919million Yen
Advertising expenses	690million Yen	876million Yen
Provision for bonuses	179million Yen	203million Yen
Provision of allowance for doubtful accounts	66million Yen	45million Yen
Retirement benefit expenses	201million Yen	114million Yen
Provision for retirement benefits for directors (and other officers)	30million Yen	4million Yen
Provision for share awards for directors (and other officers)	–million Yen	49million Yen

## (Notes to Consolidated Statements of Comprehensive Income)

## \*1 Reclassification adjustment and tax effect related to Other Comprehensive Income

	(Million Yen)	
	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Valuation difference on available-for-sale securities		
Amount that arose in the fiscal year under review	49	(1,077)
Reclassification adjustment	(29)	-
Before tax effect adjustment	20	(1,077)
Tax effect	(11)	329
Valuation difference on available-for-sale securities	8	(747)
Deferred gains or losses on hedges		
Amount that arose in the fiscal year under review	18	1
Reclassification adjustment	-	-
Before tax effect adjustment	18	1
Tax effect	(5)	(0)
Deferred gains or losses on hedges	12	1
Foreign currency translation adjustment		
Amount that arose in the fiscal year under review	(208)	(142)
Reclassification adjustment	-	-
Foreign currency translation adjustment	(208)	(142)
Share of other comprehensive income of entities accounted for using equity method		
Amount that arose in the fiscal year under review	(40)	(44)
Total other comprehensive income	(227)	(934)

(Notes to Consolidated Statement of Changes in Equity)

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

1. Issued shares

Class of shares	At beginning of current fiscal year	Increase	Decrease	At end of current fiscal year
Common shares (shares)	14,000,000	28,000,000	–	42,000,000

(Reason for changes)

Increase due to stock splits: 28,000,000 shares

2. Treasury stock

Class of shares	At beginning of current fiscal year	Increase	Decrease	At end of current fiscal year
Common shares (shares)	358,039	716,126	–	1,074,165

(Reason for changes)

Increase due to stock splits: 716,080 shares

Increase due to purchase of odd-lot shares: 46 shares

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Million Yen)	Dividend per share (yen)	Record date	Effective date
The ordinary general meeting of shareholders on June 27, 2018	Common shares	1,994	145	March 31, 2018	June 28, 2018

(2) Of the dividends for which the record date belongs to the consolidated fiscal year under review, those for which the effective date will be in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (Million Yen)	Dividend per share (yen)	Record date	Effective date
The ordinary general meeting of shareholders on June 25, 2019	Common shares	Retained earnings	2,888	70	March 31, 2019	June 26, 2019



Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

1. Issued shares

Class of shares	At beginning of current fiscal year	Increase	Decrease	At end of current fiscal year
Common shares (shares)	42,000,000	–	–	42,000,000

2. Treasury stock

Class of shares	At beginning of current fiscal year	Increase	Decrease	At end of current fiscal year
Common shares (shares)	1,074,165	31,825	–	1,105,990

(Note) 1. Treasury stock as of the end of consolidated fiscal year under review includes 31,800 shares of the Company held by the executive compensation BIP Trust.

2. (Reasons for changes)

Purchase by the executive compensation BIP Trust: 31,800 shares

Increase due to purchase of odd-lot shares: 25 shares

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Million Yen)	Dividend per share (yen)	Record date	Effective date
The ordinary general meeting of shareholders on June 25, 2019	Common shares	2,888	70	March 31, 2019	June 26, 2019

(2) Of the dividends for which the record date belongs to the consolidated fiscal year under review, those for which the effective date will be in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (Million Yen)	Dividend per share (yen)	Record date	Effective date
The ordinary general meeting of shareholders on June 24, 2020	Common shares	Retained earnings	2,888	70	March 31, 2020	June 25, 2020

(Note) The total amount of dividends which was resolved at the ordinary general meeting of shareholders held on June 24, 2020 includes two million yen of dividends for the Company's shares held by the executive compensation BIP Trust.

(Notes to Consolidated Statement of Cash Flows)

\*1 The relation between the ending balances of cash and cash equivalents and the amount of the account titles recorded in the consolidated balance sheet are as follows.

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Cash and time deposits	34,454million Yen	39,984million Yen
Time deposits whose deposit term exceeds three months	(8,201)million Yen	(7,589)million Yen
Securities	32million Yen	–million Yen
Cash and cash equivalents	26,285million Yen	32,395million Yen

(Notes to lease transactions)

1. Finance lease transactions

(Lessee)

Finance Lease Under Which Ownership Is Transferred

1) Leased assets

- Property, plant and equipment  
Mainly server equipment for image production, etc.

2) Method of depreciation/amortization of leased assets

The straight-line method is adopted, in which residual value is zero on the assumption that useful life is equal to a lease period.

2. Operating lease transactions

(Lessee)

Noncancelable future operating lease payments

	As of March 31, 2019	As of March 31, 2020
Within one year	20million Yen	38million Yen
More than one year	50million Yen	50million Yen
Total	70million Yen	88million Yen

(Notes to financial instruments)

1. Status of financial instruments

(1) Basic policies applied to financial instruments

In principle, the Group manages funds mainly with deposits and other financial instruments which guarantee principals or which can obtain comparable stable results. With regard to derivative trading, it is the Group's policy not to conduct speculative transactions, aiming to avoid future currency exchange fluctuation risks.

(2) Contents of financial instruments, risks involved therein, and risk management system

Notes receivable and accounts receivable - trade, and loan receivable are exposed to credit risks inherent to customers and borrowers. For said risks, in accordance with the sales management rules and the accounting rules, due date and outstanding balance are managed and controlled for each business partners and customers. When there are possibilities of delay in collection, etc., the Group will promptly take appropriate measures, communicating with the sales division.

Among securities and investment securities, mainly, shares of companies with which the Group has business relationships are exposed to market fluctuation risks and credit risks of issuers. Therefore, the Group grasps market values and financial positions of the issuers on a regular basis.

In addition, since the Group invests into only bonds held to maturity which guarantee principals or which are rated high, credit risks are negligible.

Long-term time deposits, which are mainly time deposits, partly include deposits with derivatives embedded which may be redeemed in U.S. dollar at maturity due to future currency exchange fluctuations.

Payment dates of most notes payable and accounts payable - trade are within one year.

Derivative transactions consist of forward exchange transactions and cross currency swaps with the aim of hedging risks of currency exchange fluctuations related to operating payables and loans payable in foreign currency.

Means for hedging, hedged items, hedging policy, and method of assessing the effectiveness of hedges, etc. are included in the above Basis of Preparation of Consolidated Financial Statements, 4. Accounting policies, (6) Important hedge accounting method.

Execution and management of derivative transactions are performed in accordance with the internal rules that stipulate authority for transactions. In order to reduce credit risks, the Group conducts derivative transactions only with highly rated financial institutions.

(3) Supplementary explanations on market values and other conditions of financial instruments

In addition to market values of financial instruments based on market prices, when there is no market price, prices which are

reasonably calculated are also applicable.

## 2. Market values and other conditions of financial instruments

Values of financial instruments recorded on the Consolidated Balance Sheets, their market values, and differences between them are as follows. Items which are deemed extremely difficult to grasp their market values are not included in the table below (see Note 2.)

As of March 31, 2019

	Values recorded on Consolidated Balance Sheets (Million Yen)	Market value (Million Yen)	Difference (Million Yen)
(1) Cash and time deposits	34,454	34,454	—
(2) Notes and accounts receivable - trade (*1)	13,001	13,001	—
(3) Short-term loans receivable from subsidiaries and associates	3,000	3,000	—
(4) Securities and investment securities			
Bond certificates held to maturity	536	541	5
Available-for-sale securities	8,010	8,010	—
(5) Long-term loans receivable from subsidiaries and associates	3,000	3,000	—
(6) Long-term time deposits	7,500	7,484	(15)
Total assets	69,503	69,493	(10)
(1) Notes and accounts payable - trade	11,525	11,525	—
Total liabilities	11,525	11,525	—
Derivatives transactions (*2)	(0)	(0)	—

(\*1) Allowances for doubtful accounts on notes and accounts receivable - trade are deducted. Allowance for doubtful accounts for general accounts receivable is not material, and thus, not deducted.

(\*2) Net receivables/payables which accrued through derivative transactions are presented. Net payables in total are parenthesized.

As of March 31, 2020

	Values recorded on Consolidated Balance Sheets (Million Yen)	Market value (Million Yen)	Difference (Million Yen)
(1) Cash and time deposits	39,984	39,984	—
(2) Notes and accounts receivable - trade (*1)	10,544	10,544	—
(3) Short-term loans receivable from subsidiaries and associates	3,053	3,053	—
(4) Securities and investment securities			
Bond certificates held to maturity	533	531	(1)
Available-for-sale securities	6,939	6,939	—
(5) Long-term loans receivable from subsidiaries and associates	3,024	3,024	—
(6) Long-term time deposits	7,500	7,506	6
Total assets	71,580	71,585	4
(1) Notes and accounts payable - trade	9,663	9,663	—
Total liabilities	9,663	9,663	—
Derivatives transactions (*2)	(138)	(138)	—

(\*1) Allowances for doubtful accounts on notes and accounts receivable - trade are deducted. Allowance for doubtful accounts for general accounts receivable is not material, and thus, not deducted.

(\*2) Net receivables/payables which accrued through derivative transactions are presented. Net payables in total are parenthesized.

(Note 1) Matters concerning calculation method of market values of financial instruments, and securities and derivative transactions

Assets

(1) Cash and time deposits, (2) Notes and accounts receivable - trade, (3) Short-term loans receivable from subsidiaries and associates

Since these are settled in a short time, their market values are almost equal to book values. Therefore, they are calculated based on the book values.

(4) Securities and investment securities

Of them, listed shares are calculated based on prices at the securities exchange, and bonds based on prices offered by relevant financial institutions.

For notes to securities by purpose of holding, please see notes to securities.

(5) Long-term loans receivable from subsidiaries and associates

The market values are classified every certain period, and calculated based on present values obtained by discounting future cash flow at an interest rate adding credit spread to appropriate index such as yield of government bonds.

(6) Long-term time deposits

The market values are calculated based on present values obtained by discounting total principal and interest at an interest rate expected in case of similar new deposit.

Liabilities

(1) Notes and accounts payable - trade

Since these are settled in a short time, their market values are almost equal to book values. Therefore, they are calculated based on the book values.

Derivatives transactions

The market values are based on prices, etc. offered by relevant financial institutions.

(Note 2) Values recorded on Consolidated Balance Sheets of financial instruments which are deemed extremely difficult to grasp their market values

(Million Yen)

Classification	March 31, 2019	March 31, 2020
Unlisted shares, etc.	3,518	3,662
Investments in partnerships under the Civil Codes	27	1,151

Since the above items have no market price and their future cash flows cannot be estimated, they are deemed extremely difficult to grasp their market values. Therefore, they are not included in (4) Securities and Investment Securities, and Available-for-sale Securities.

(Note 3) Monetary claims and securities with maturity periods to be redeemed after the consolidated closing date

As of March 31, 2019

	Within one year (Million Yen)	More than one year and within five years (Million Yen)	More than five years and within ten years (Million Yen)	More than ten year (Million Yen)
Cash and time deposits				
Time deposits	34,454	–	–	–
Notes and accounts receivable - trade	13,001	–	–	–
Short-term loans receivable from subsidiaries and associates	3,000	–	–	–
Securities and investment securities				
Bond certificates held to maturity (subordinated bond)	–	–	250	–
Bond certificates held to maturity (corporate bond)	45	99	–	–
Bond certificates held to maturity (credit-linked note)	–	201	–	–
Long-term loans receivable from subsidiaries and associates	–	3,000	–	–
Long-term time deposits	–	7,500	–	–
Total	50,502	10,801	250	–

As of March 31, 2020

	Within one year (Million Yen)	More than one year and within five years (Million Yen)	More than five years and within ten years (Million Yen)	More than ten year (Million Yen)
Cash and time deposits				
Time deposits	39,984	–	–	–
Notes and accounts receivable - trade	10,544	–	–	–
Short-term loans receivable from subsidiaries and associates	3,053	–	–	–
Securities and investment securities				
Bond certificates held to maturity (subordinated bond)	–	–	250	–
Bond certificates held to maturity (corporate bond)	28	98	–	–
Bond certificates held to maturity (credit-linked note)	200	–	–	–
Long-term loans receivable from subsidiaries and associates	–	3,024	–	–
Long-term time deposits	–	7,500	–	–
Total	53,811	10,622	250	–

## (Notes to Securities)

## 1. Bond certificates held to maturity

As of March 31, 2019

Classification	Values recorded on Consolidated Balance Sheets (Million Yen)	Market value (Million Yen)	Difference (Million Yen)
Bond with market value exceeding value recorded in Consolidated Balance Sheet	286	291	5
Bond with market value not exceeding value recorded in Consolidated Balance Sheet	250	249	(0)
Total	536	541	5

As of March 31, 2020

Classification	Values recorded on Consolidated Balance Sheets (Million Yen)	Market value (Million Yen)	Difference (Million Yen)
Bond with market value exceeding value recorded in Consolidated Balance Sheet	–	–	–
Bond with market value not exceeding value recorded in Consolidated Balance Sheet	533	531	(1)
Total	533	531	(1)

## 2. Available-for-sale securities

As of March 31, 2019

Classification	Values recorded on Consolidated Balance Sheets (Million Yen)	Acquisition cost (Million Yen)	Difference (Million Yen)
Securities with value recorded on Consolidated Balance Sheet exceeding acquisition cost			
Shares	5,901	2,876	3,025
Subtotal	5,901	2,876	3,025
Securities with value recorded on Consolidated Balance Sheet not exceeding acquisition cost			
Shares	2,109	2,165	(56)
Subtotal	2,109	2,165	(56)
Total	8,010	5,042	2,968

As of March 31, 2020

Classification	Values recorded on Consolidated Balance Sheets (Million Yen)	Acquisition cost (Million Yen)	Difference (Million Yen)
Securities with value recorded on Consolidated Balance Sheet exceeding acquisition cost			
Shares	4,315	2,004	2,311
Subtotal	4,315	2,004	2,311
Securities with value recorded on Consolidated Balance Sheet not exceeding acquisition cost			
Shares	2,624	3,037	(413)
Subtotal	2,624	3,037	(413)
Total	6,939	5,042	1,897

3. Available-for-sale securities that were sold during the consolidated fiscal year

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Classification	Sale price (Million Yen)	Total profit on sale (Million Yen)	Total loss on sale (Million Yen)
Shares	29	29	—
Total	29	29	—

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Classification	Sale price (Million Yen)	Total profit on sale (Million Yen)	Total loss on sale (Million Yen)
Shares	5	2	—
Total	5	2	—

4. Securities on which impairment losses were recognized

In the previous consolidated fiscal year, 196 million yen (77 million yen of affiliates' shares and 118 million yen of shares in available-for-sale securities) of impairment losses on securities were recognized.

In the consolidated fiscal year under review, 31 million yen (11 million yen of affiliates' shares and 20 million yen of shares in available-for-sale securities) of impairment losses on securities were recognized.

(Notes to derivatives transactions)

As of March 31, 2019

Although the Group conducts derivatives transactions, they are not material. Therefore, notes thereto are omitted.

As of March 31, 2020

Although the Group conducts derivatives transactions, they are not material. Therefore, notes thereto are omitted.

(Notes to retirement benefits)

1. Overview of the retirement benefit system the Group has adopted

The Group has established the retirement lump sum payment system as a defined benefit system. Also, in case of employee's retirement, etc., extra retirement benefit may be paid.

As a calculation method for some retirement benefit obligations of the Company and some domestic consolidated subsidiaries, the simplified method had been used. However, as the number of employees increased, it has been changed to the principle method since the end of the previous consolidated fiscal year.

2. Defined benefit plan

(1) Adjustments of retirement benefit obligations at the beginning and the end of fiscal year

	(Million Yen)	
	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Retirement benefit obligations at the beginning of fiscal year	1,773	2,217
Service cost	178	204
Interest cost	12	13
Amount of net actuarial gain/loss that arose	32	0
Retirement benefits paid	(71)	(122)
Effects of changes from the simplified method to the principle method	306	-
Foreign currency translation adjustment	(13)	4
Retirement benefit obligations at the end of fiscal year	2,217	2,317

(2) Adjustments of pension assets at the beginning and the end of fiscal year

	(Million Yen)	
	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Pension assets at the beginning of fiscal year	268	260
Expected return	9	10
Amount of net actuarial gain/loss that arose	(10)	19
Amount of contribution from the employer	10	(2)
Foreign currency translation adjustment	(17)	5
Pension assets at the end of fiscal year	260	294

(3) Reconciliation of balances of retirement benefit obligations and pension assets at the end of fiscal year with net defined benefit liability and asset recorded on the consolidated balance sheets

	(Million Yen)	
	As of March 31, 2019	As of March 31, 2020
Retirement benefit obligations of funded system	179	231
Pension assets	(260)	(294)
	(80)	(62)
Retirement benefit obligations of unfunded system	2,037	2,086
Net liability and asset recorded on the consolidated balance sheets	1,956	2,023
Net defined benefit liability	2,037	2,086
Net defined benefit assets	(80)	(62)
Net liability and asset recorded on the consolidated balance sheets	1,956	2,023



## (4) Amounts of the retirement benefit costs and the itemized breakdown

	(Million Yen)	
	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Service cost	178	204
Interest cost	12	13
Expected return	(9)	(10)
Amount of the actuarial gain/loss reported as costs	42	(18)
Effects of changes from the simplified method to the principle method	306	-
Retirement benefit expenses related to defined benefit plan	529	188

## (5) Matters concerning pension assets

## 1) Major components of pension assets

Ratios of each major component to the total pension assets are as follows.

	As of March 31, 2019	As of March 31, 2020
Investment trust	11 %	3 %
Bond	88 %	96 %
Cash and time deposits	0 %	0 %
Other	1 %	1 %
Total	100 %	100 %

## 2) Method to determine the long-term expected rate of return

The long-term expected rate of return for pension assets is determined in consideration of current and expected allocation of pension assets, as well as current and expected long-term rate of return from various assets composing pension assets.

## (6) Matters concerning the actuarial calculation basis

Major actuarial calculation basis

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Discount rate	Mostly 0.00 %	Mostly 0.20 %
Long-term expected rate of return	4.00 %	3.00 %
Expected rate of increase in salary	0.00 - 4.50 %	0.00 - 4.50 %

(Notes to tax effect accounting)

1. Details of each major cause of deferred tax assets and deferred tax liabilities that arose

	As of March 31, 2019	As of March 31, 2020
Deferred tax assets		
Provision for bonuses	96million Yen	121million Yen
Loss on valuation of inventories	50million Yen	93million Yen
Enterprise tax payable	149million Yen	125million Yen
Allowance for doubtful accounts	1million Yen	1million Yen
Business office tax payable	5million Yen	5million Yen
Loss on valuation of investment securities	44million Yen	47million Yen
Net defined benefit liability	606million Yen	624million Yen
Amount exceeding the allowable limit for depreciation of depreciation assets	48million Yen	106million Yen
Loss on valuation of golf club membership	18million Yen	18million Yen
Provision for retirement benefits for directors (and other officers)	53million Yen	53million Yen
Provision for share awards for directors (and other officers)	–million Yen	15million Yen
Other	75million Yen	99million Yen
Subtotal of deferred tax assets	1,150million Yen	1,311million Yen
Valuation allowance (Note)	(117)million Yen	(135)million Yen
Total deferred tax assets	1,033million Yen	1,175million Yen
Deferred tax liabilities		
Application of tax effect accounting for distribution of retained earnings of overseas subsidiaries	(55)million Yen	(66)million Yen
Removal expenses for asset retirement obligations	(15)million Yen	(15)million Yen
Valuation difference on available-for-sale securities	(903)million Yen	(573)million Yen
Other	(3)million Yen	(77)million Yen
Total deferred tax liabilities	(978)million Yen	(733)million Yen
Net deferred tax assets (liabilities)	55million Yen	442million Yen

(Note) Valuation allowance increased by 18 million yen. This increase was caused mainly by recognizing valuation allowance of 15 million yen related to Provision for share awards for directors (and other officers) at the Company.

2. Details of each major item that caused a significant difference between the effective statutory tax rate and the corporate tax rate, etc., after the application of tax effect accounting

As of March 31, 2019

The notes are omitted because the difference between the effective statutory tax rate and the corporate tax rate, etc., after the application of tax effect accounting is not more than five percent of the effective statutory tax rate.

As of March 31, 2020

The notes are omitted because the difference between the effective statutory tax rate and the corporate tax rate, etc., after the application of tax effect accounting is not more than five percent of the effective statutory tax rate.

(Notes to asset retirement obligations)

As of March 31, 2019

The notes are omitted because this item is not material.

As of March 31, 2020

The notes are omitted because this item is not material.

(Notes to rental real properties)

As of March 31, 2019

The notes are omitted because this item is not material.

As of March 31, 2020

The notes are omitted because this item is not material.

(Segment Information, etc.)

[Segment Information]

### 1. Outline of reporting segment

The Group's reporting segments are components of the Group on which separate financial information is available and which are regularly reviewed by the Board of Directors for the purpose of making decisions on the allocation of business resources and assessing business performance.

The Group conducts business activities, formulating comprehensive domestic and overseas strategies for respective businesses including Film, Licensing, Goods Sales, and Others.

Accordingly, the Group has three reporting segments; Film, Licensing, and Goods Sales.

In "Film", we plan and produce animation mainly for TV and movie theaters, sell broadcasting rights and rights to release the animation as video, and provide streaming service for computers and mobile terminals, etc. In "Licensing", we grant merchandising rights for characters who appear in works we produced. In "Goods Sales", we develop and sell character goods, etc.

### 2. Method to calculate amounts of the net sales, profit or loss, assets, liabilities and other items for each reporting segment

The accounting method for the reporting segments are generally the same as those stated in "Basis of Preparation of Consolidated Financial Statements."

While assets are not allocated to business segments, depreciation is allocated in accordance with areas used by a relevant business segment, etc.

Income of each reporting segment is presented with a numerical value on a basis of operating income or loss. Inter-segment revenues and transfers are based on prevailing market prices.

### 3. Information on amounts of the net sales, income or loss, assets, liabilities and other items for each reporting segment

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Million Yen)

	Film	Licensing	Goods sales	Others (Note) 1	Total	Adjustment (Note) 2	Total (Note) 3
Net sales							
Net sales to external customers	19,525	30,041	5,166	968	55,701	–	55,701
Inter-segment revenues and transfers	5	168	0	2	177	(177)	–
Total	19,531	30,210	5,166	970	55,878	(177)	55,701
Segment income (loss)	4,147	14,360	129	(42)	18,595	(2,853)	15,741
Other items							
Depreciation	505	22	14	3	545	206	752

(Notes) 1. "Others" is Events Business which is not included in the reporting segments.

2. The adjustment of segment income (loss) of (2,853) million yen includes elimination of inter-segment transactions of (zero) million yen and corporate expenses of (2,852) million yen which are not allocated to each reporting segment. The corporate expenses mainly consist of expenses related to the Company's administrative divisions such as general affairs and accounting departments.

3. Segment income (loss) is adjusted based on operating income in the consolidated statements of income.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Million Yen)

	Film	Licensing	Goods sales	Others (Note) 1	Total	Adjustment (Note) 2	Total (Note) 3
Net sales							
Net sales to external customers	19,920	29,585	4,401	911	54,819	–	54,819
Inter-segment revenues and transfers	4	166	0	–	170	(170)	–
Total	19,925	29,751	4,401	911	54,990	(170)	54,819
Segment income (loss)	4,533	14,503	(7)	(26)	19,003	(2,909)	16,094
Other items							
Depreciation	466	23	13	2	506	190	696

(Notes) 1. “Others” is Events Business which is not included in the reporting segments.

2. The adjustment of segment income (loss) of (2,909) million yen includes elimination of inter-segment transactions of (zero) million yen and corporate expenses of (2,909) million yen which are not allocated to each reporting segment. The corporate expenses mainly consist of expenses related to the Company’s administrative divisions such as general affairs and accounting departments.

3. Segment income (loss) is adjusted based on operating income in the consolidated statements of income.

[Related information]

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

1. Information on each product and service

Since similar information is disclosed in Segment information, this information is omitted.

2. Information on each region

(1) Net sales

(Million Yen)

Japan	Asia	North America	Other	Total
29,581	11,520	9,970	4,628	55,701

(Notes) 1. Net sales are classified by country and region where broadcasting rights and merchandising rights, etc. are granted.

2. “Asia” and “North America” are respectively managed as one segment, and thus, it is difficult to divide net sales to external customers by country. Therefore, an amount for each country is not stated.

(2) Property, plant and equipment

Since the amount of property, plant and equipment located in Japan is more than 90% of the amount of property, plant and equipment stated in the consolidated balance sheets, information on tangible fixed assets is omitted.

3. Information on each major customer

(Million Yen)

Name of customer	Net sales	Name of related segment
Bandai Namco Group	22,601	Licensing, goods sales
Toei Group	3,678	Film

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

1. Information on each product and service

Since similar information is disclosed in Segment information, this information is omitted.

2. Information on each region

(1) Net sales

(Million Yen)

Japan	Asia	North America	Other	Total
27,459	11,947	9,176	6,235	54,819

(Notes) 1. Net sales are classified by country and region where broadcasting rights and merchandising rights, etc. are granted.

2. "Asia" and "North America" are respectively managed as one segment, and thus, it is difficult to divide net sales to external customers by country. Therefore, an amount for each country is not stated.

(2) Property, plant and equipment

Since the amount of property, plant and equipment located in Japan is more than 90% of the amount of property, plant and equipment stated in the consolidated balance sheets, information on tangible fixed assets is omitted.

3. Information on each major customer

(Million Yen)

Name of customer	Net sales	Name of related segment
Bandai Namco Group	22,568	Licensing, goods sales
Toei Group	2,828	Film

[Information on impairment loss on fixed assets for each reporting segment]

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Not applicable

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Not applicable

[Information on amortization of goodwill and unamortized balance for each reporting segment]

Not applicable

[Information on gain from negative goodwill for each reporting segment]

Not applicable

[Information on related parties]

1. Transactions with related parties

(1) Transactions between the company submitting consolidated financial statements and related parties

1) Parent company and major shareholders (limited to a company) of the company submitting the consolidated financial statements

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Classification	Name of company	Location	Capital or Capital contribution (Million Yen)	Description of business	Ratio of voting rights held by the Company (or the related party) (%)	Relationship with the related party	Details of business transactions	Transaction amount (Million Yen)	Account	Balance at end of period (Million Yen)
Parent company	TOEI COMP ANY, LTD.	Chuo-ku Tokyo	11,707	Film production and distribution	(held by the related party) Direct: 34.2 Indirect: 6.8	Sale of domestic broadcasting rights of animation  Concurrent position of officers Loan of funds	Sale of domestic broadcasting rights of animation	3,365	Accounts receivable	791
							Loan of funds	—	Short-term loans receivable from subsidiaries and associates	3,000
							Loan of funds	—	Long-term loans receivable from subsidiaries and associates	3,000
							Interest Income	35	Other current assets	—

(Note) 1. With regard to the amounts stated above, consumption tax, etc. is included in Balance at end of period, but not in Transaction amount.

2. Terms and conditions of business and policy for determining them

[Sale of movies]

The same general terms and conditions of business as ones used in transactions with independent third parties are adopted.

[Sale of broadcasting rights for TV animation series]

We have concluded the sales consignment contract with the company, and received from the company the amount of selling price to broadcasting stations which are end customers minus commission of 3%.

[Sale of rights to release the animation as video]

We have concluded the sales consignment contract with the company, and received from the company the amount obtained by deducting commission of 20-25% from selling price minus expenses.

[Loan of funds]

Loan interest rates are determined in consideration of market interest rates.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Classification	Name of company	Location	Capital or Capital contribution (Million Yen)	Description of business	Ratio of voting rights held by the Company (or the related party) (%)	Relationship with the related party	Details of business transactions	Transaction amount (Million Yen)	Account	Balance at end of period (Million Yen)
Parent company	TOEI COMPANY, LTD.	Chuo-ku Tokyo	11,707	Film production and distribution	(held by the related party) Direct: 34.2 Indirect: 6.8	Sale of domestic broadcasting rights of animation Concurrent position of officers Loan of funds	Sale of domestic broadcasting rights of animation	2,525	Accounts receivable	621
							Loan of funds	3,000	Short-term loans receivable from subsidiaries and associates	3,000
							Collection of funds	3,000	Long-term loans receivable from subsidiaries and associates	3,000
							Interest Income	35	Other current assets	-
							Investment into silent partnerships	1,000	Investment securities	1,000

(Note) 1. With regard to the amounts stated above, consumption tax, etc. is included in Balance at end of period, but not in Transaction amount.

2. Terms and conditions of business and policy for determining them

[Sale of movies]

The same general terms and conditions of business as ones used in transactions with independent third parties are adopted.

[Sale of broadcasting rights for TV animation series]

We have concluded the sales consignment contract with the company, and received from the company the amount of selling price to broadcasting stations which are end customers minus commission of 3%.

[Sale of rights to release the animation as video]

We have concluded the sales consignment contract with the company, and received from the company the amount obtained by deducting commission of 20-25% from selling price minus expenses.

[Loan of funds]

Loan interest rates are determined in consideration of market interest rates.

[Investment into silent partnerships]

We have invested into said silent partnership, a proprietor of which is Toei Company, Ltd., under the Silent Partnership Contract.

2) Fellow companies of the company submitting the consolidated financial statements

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Classification	Name of company	Location	Capital or Capital contribution (Million Yen)	Description of business	Ratio of voting rights held by the Company (or the related party) (%)	Relationship with the related party	Details of business transactions	Transaction amount (Million Yen)	Account	Balance at end of period (Million Yen)
The company whose majority of voting rights are held by major shareholders (company)	Bandai Namco Entertainment Inc.	Minato-ku, Tokyo	10,000	Planning, development, and sale of game contents and devices	-	Sale of domestic game rights of animation	Sale of domestic game rights of animation	12,959	Accounts receivable	1,592

(Note) 1. With regard to the amounts stated above, consumption tax, etc. is included in Balance at end of period, but not in Transaction amount.

2. Terms and conditions of business and policy for determining them

With regard to sale of domestic game rights, etc. of animation, the same general terms and conditions of business as ones used in transactions with independent third parties are adopted.



Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Classification	Name of company	Location	Capital or Capital contribution (Million Yen)	Description of business	Ratio of voting rights held by the Company (or the related party) (%)	Relationship with the related party	Details of business transactions	Transaction amount (Million Yen)	Account	Balance at end of period (Million Yen)
The company whose majority of voting rights are held by major shareholders (company)	Bandai Namco Entertainment Inc.	Minato-ku, Tokyo	10,000	Planning, development, and sale of game contents and devices	—	Sale of domestic game rights of animation	Sale of domestic game rights of animation	13,647	Accounts receivable	1,190

(Note) 1. With regard to the amounts stated above, consumption tax, etc. is included in Balance at end of period, but not in Transaction amount.

2. Terms and conditions of business and policy for determining them

With regard to sale of domestic game rights, etc. of animation, the same general terms and conditions of business as ones used in transactions with independent third parties are adopted.

(2) Transactions between consolidated subsidiaries of the company submitting consolidated financial statements and related parties

Not applicable

2. Notes to parent company or material affiliates

(1) Information on parent company

Toei Company, Ltd. (listed on Tokyo Stock Exchange)

(2) Summarized financial information of material affiliated company

Not applicable

(Per share information)

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Amount of net assets per share	1,642.09 yen	1,826.50 yen
Earnings per share	277.95 yen	279.62 yen

(Notes) 1. Since no potential shares exist, the diluted earnings per share is omitted.

2. The Company's shares held by the executive compensation BIP Trust are included in the number of treasury stock which is deducted from the total number of issued shares at the end of the fiscal year for calculation of net assets per share. (31,800 shares in the consolidated fiscal year under review) Also, for calculation of net income per share, they are included in treasury stock which is deducted in calculation of average number of shares during the period. (21,015 shares in the consolidated fiscal year under review)

3. The basis for calculation of earnings per share is as follows.

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Earnings per share		
Net income attributable to owners of the parent (Million Yen)	11,375	11,437
Amount not attributable to common shareholders (Million Yen)	–	–
Net income attributable to owners of the parent related to common stock (Million Yen)	11,375	11,437
Average number of common stock during period (shares)	40,925,867	40,904,809

(Significant post-balance sheet events)

Not applicable

1) [Consolidated supplementary schedules]

[Schedule of corporate bonds]

Not applicable

[Schedule of borrowings, etc.]

Classification	Balance at beginning of period (Million Yen)	Balance at end of period (Million Yen)	Average interest rate (%)	Repayment deadline
Current portion of lease liabilities	94	66	–	–
Lease liabilities (excluding current portion of lease liabilities)	64	73	–	April 1, 2021 - February 28, 2025
Other interest-bearing debt Deposits received from employees	83	91	0.5	–
Total	241	230	–	–

(Notes) 1. Descriptions about “average interest rate” are omitted because lease liabilities at the amount before the amount corresponding to the interest included in total amount of lease expenses is deducted is recorded on the consolidated balance sheets.

2. Total amount of lease liabilities (excluding current portion of lease liabilities) scheduled to be repaid each year within five years after the consolidated closing date

Classification	Over 1 year within 2 years (Million Yen)	Over 2 years within 3 years (Million Yen)	Over 3 years within 4 years (Million Yen)	Over 4 years within 5 years (Million Yen)
Lease liabilities	49	11	9	1

[Schedule of asset retirement obligations]

Since the amount of asset retirement obligations at the beginning of the consolidated fiscal year under review and at the end of the consolidated fiscal year under review are not more than one percent of the total amount of liabilities and net assets at the beginning of the consolidated fiscal year under review and at the end of the consolidated fiscal year under review, the schedule of asset retirement obligations is omitted.

2) [Others]

Quarterly financial information for the consolidated fiscal year under review

(Cumulative period)	1st Quarter	2nd Quarter	3rd Quarter	The consolidated fiscal year ended March 31, 2020
Net sales (Million Yen)	13,935	29,010	41,393	54,819
Profit before income taxes (Million Yen)	4,666	8,914	12,714	16,426
Profit attributable to owners of the parent (Million Yen)	3,379	6,271	8,890	11,437
Earnings per share (yen)	82.58	153.28	217.33	279.62

(Accounting period)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Earnings per share (yen)	82.58	70.69	64.04	62.29

## 2 [Financial Statements]

## (1) [Financial Statements]

## 1) [Balance Sheets]

(Million Yen)

	As of March 31, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and time deposits	24,921	29,265
Notes Receivable	53	36
Accounts receivable	*1 10,601	*1 9,806
Merchandise and finished goods	190	235
Work in process	3,129	5,346
Raw materials and supplies	42	55
Short-term loans receivable from subsidiaries and associates	3,035	3,089
Other	*1 621	*1 556
Allowance for doubtful accounts	(2)	(2)
Total current assets	42,592	48,389
Fixed assets		
Property, plant and equipment		
Buildings	6,752	6,560
Structures	189	181
Tools, furniture and fixtures	571	440
Land	1,315	1,315
Leased assets	151	141
Construction in progress	–	0
Total property, plant and equipment	8,979	8,639
Intangible fixed assets		
Software	465	453
Rights to use telephone and facilities	1	1
Total intangible fixed assets	466	454
Investments and other assets		
Investment securities	6,829	6,434
Shares of subsidiaries and associates	2,858	2,510
Investments in other securities of subsidiaries and associates	–	1,000
Long-term loans receivable	31	24
Long-term loans receivable from subsidiaries and associates	3,135	3,124
Long-term time deposits	7,500	7,500
Guarantee deposits	*1 321	*1 415
Deferred tax assets	73	534
Other	700	727
Allowance for doubtful accounts	(35)	(35)
Total investments and other assets	21,414	22,236
Total fixed assets	30,860	31,331
Total assets	73,453	79,721

(Million Yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	*1 8,263	*1 7,642
Short-term borrowings from subsidiaries and associates	2,833	4,661
Lease liabilities	94	66
Accounts payable - other	*1 935	*1 601
Accrued expenses	82	87
Income taxes payable	2,776	2,234
Advances received	2,035	2,249
Deposits received	*1 277	*1 279
Provision for bonuses	309	388
Other	*1 89	*1 94
<b>Total current liabilities</b>	<b>17,698</b>	<b>18,306</b>
Fixed Liabilities		
Lease liabilities	64	72
Provision for retirement benefits	1,950	2,008
Provision for retirement benefits for directors (and other officers)	173	–
Provision for share awards for directors (and other officers)	–	49
Other	*1, *2 70	*1, *2 261
<b>Total fixed liabilities</b>	<b>2,258</b>	<b>2,392</b>
<b>Total liabilities</b>	<b>19,956</b>	<b>20,699</b>
Net assets		
Shareholders' equity		
Common stock	2,867	2,867
Capital surplus		
Legal capital surplus	3,409	3,409
<b>Total capital surplus</b>	<b>3,409</b>	<b>3,409</b>
Retained earnings		
Legal retained earnings	94	94
Other retained earnings		
General reserve	4,100	4,100
Retained earnings brought forward	41,471	47,893
<b>Total retained earnings</b>	<b>45,665</b>	<b>52,087</b>
Treasury stock	(501)	(651)
<b>Total shareholders' equity</b>	<b>51,441</b>	<b>57,713</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,058	1,310
Deferred gains or losses on hedges	(3)	(1)
<b>Total valuation and translation adjustments</b>	<b>2,055</b>	<b>1,308</b>
<b>Total net assets</b>	<b>53,496</b>	<b>59,022</b>
<b>Total liabilities and net assets</b>	<b>73,453</b>	<b>79,721</b>

## 2) [Statements of Income]

(Million Yen)

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Net sales	*1 51,671	*1 51,719
Costs of sales	*1 34,669	*1 34,238
Gross profit	17,001	17,481
Selling, general and administrative expenses	*1, *2 5,723	*1, *2 6,002
Operating income	11,277	11,478
Non-operating income		
Interest and dividend income	*1 1,631	*1 1,979
Other	*1 109	*1 132
Total non-operating income	1,741	2,111
Non-operating expense		
Interest expenses	*1 31	*1 93
Foreign exchange losses	14	81
Other	1	13
Total non-operating expenses	47	189
Ordinary income	12,971	13,401
Extraordinary income		
Gain on sale of investment securities	29	*1 2
Total extraordinary income	29	2
Extraordinary Losses		
Loss on valuation of investment securities	63	–
Loss on valuation of shares of subsidiaries and associates	77	11
Other	1	–
Total extraordinary losses	142	11
Income before income taxes	12,858	13,392
Income taxes - current	4,095	4,213
Income taxes - deferred	(132)	(131)
Total income taxes	3,963	4,081
Net income	8,895	9,310

[Detailed Statements on Cost of Sales]

Classification	No. of Note	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	
		Amount (Million Yen)	Composition ratio (%)	Amount (Million Yen)	Composition ratio (%)
I. Material costs		52	0.2	47	0.2
II. Labor costs		2,773	9.0	2,717	8.8
III. Expenses	(*1)	27,841	90.8	28,194	91.1
Cost of goods manufactured for the period		30,667	100.0	30,960	100.0
Cost of merchandise purchased for the period		3,966		3,322	
Initial inventory of merchandise or manufactured goods		226		190	
Total		34,860		34,473	
Ending inventory of merchandise or manufactured goods		190		235	
Costs of sales		34,669		34,238	

(\*1) Major components are as follows.

Item	Previous fiscal year (Million Yen)	Current fiscal year (Million Yen)
License fee, etc.	23,229	23,578

(Cost accounting method)

The Company calculates actual costs with the specific identification method.

## 3) [Statement of Changes in Equity]

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Million Yen)

	Shareholders' equity						
	Common stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	2,867	3,409	3,409	94	4,100	34,570	38,764
Changes during period							
Dividends of surplus						(1,994)	(1,994)
Net income						8,895	8,895
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	–	–	6,900	6,900
Balance at end of period	2,867	3,409	3,409	94	4,100	41,471	45,665

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Available-for-sale securities Valuation difference	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(501)	44,540	2,049	(12)	2,037	46,578
Changes during period						
Dividends of surplus		(1,994)				(1,994)
Net income		8,895				8,895
Purchase of treasury shares	(0)	(0)				(0)
Net changes in items other than shareholders' equity			8	9	17	17
Total changes during period	(0)	6,900	8	9	17	6,918
Balance at end of period	(501)	51,441	2,058	(3)	2,055	53,496



Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Million Yen)

	Shareholders' equity						
	Common stock	Capital surplus		Legal retained earnings	Retained earnings		
		Legal capital surplus	Total capital surplus		Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	2,867	3,409	3,409	94	4,100	41,471	45,665
Changes during period							
Dividends of surplus						(2,888)	(2,888)
Net income						9,310	9,310
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	–	–	6,422	6,422
Balance at end of period	2,867	3,409	3,409	94	4,100	47,893	52,087

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Available-for-sale securities Valuation difference	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(501)	51,441	2,058	(3)	2,055	53,496
Changes during period						
Dividends of surplus		(2,888)				(2,888)
Net income		9,310				9,310
Purchase of treasury shares	(150)	(150)				(150)
Net changes in items other than shareholders' equity			(747)	1	(746)	(746)
Total changes during period	(150)	6,272	(747)	1	(746)	5,525
Balance at end of period	(651)	57,713	1,310	(1)	1,308	59,022

[Notes]

(Significant Accounting Policies)

1. Valuation criteria and valuation methods for assets

(1) Valuation criteria and valuation methods for securities

1) Bond certificates held to maturity

Amortized cost method (straight-line method)

2) Shares of subsidiaries and shares of affiliates

Stated at cost using the moving-average method

3) Investments in other securities of subsidiaries and associates

Investments in investment limited partnerships and similar partnerships (ones deemed as securities set forth in Article 2, Paragraph (2) of the Financial Instruments and Exchange Act) are calculated with the method in which net amount equivalent to the equity interests possessed by the Company is incorporated, based on available recent financial statements according to a date of statement of accounts stipulated in a partnership agreement.

4) Available-for-sale securities

Securities with market value

Market value method based on a market price as of the end of period

(Differences in valuation are included directly in shareholders' equity and costs of securities sold are calculated using the moving-average method.)

Securities without market value

Stated at cost using the moving-average method

(2) Claims and obligations arising from derivative transactions

Market value method

(3) Valuation criteria and valuation methods for inventories

Stated at cost, depreciating the book value of inventories due to a decline in profitability

1) Finished goods and work in process

Specific identification method

2) Merchandise, raw materials and supplies

First-in first-out method

2. Method of depreciation of fixed assets

(1) Property, plant and equipment (excluding leased assets)

The Company has adopted the declining-balance method; provided, however, that buildings (excluding building fixtures) acquired on and after April 1, 1998 and building fixtures and structures acquired on and after April 1, 2016 are depreciated using the straight-line method.

The useful lives of main assets are as follows:

Buildings: 8-50 years

Structures: 10-30 years

Tools, Furniture and Fixtures: 2-20 years

(2) Intangible fixed assets (excluding leased assets)

Software for in-house use

The straight-line method is used with a useful life within five years.

(3) Leased assets

Leased assets related to finance lease under which ownership is not transferred

The straight-line method is used, in which residual value is zero on the assumption that useful life is equal to a lease period.

3. Standards of accounting for allowances and reserves

(1) Allowance for doubtful accounts

In preparation for losses arising from bad debts, estimated uncollectible amounts are posted using historical data for trade receivables and individually considering the probability of collection for doubtful receivables and other specific receivables.

(2) Provision for bonuses

The Company posts the amount of employees' bonuses to pay in the fiscal year under review among the amount estimated to pay in the future.

(3) Provision for retirement benefits

In preparation for employees' retirement benefits, the Company posts the amount based on projected retirement benefit obligation at the end of the fiscal year under review.

The accounting methods for provision for retirement benefits and retirement benefit expenses are as follows.

1) Method of attributing projected retirement benefit obligation to fiscal term

To calculated retirement benefit obligations, expected retirement benefit payments are attributed to a period until the end of the fiscal year under review by using the straight-line attribution.

2) Accounting method for actuarial gains/losses and prior service costs

Actuarial gains/losses and prior service costs are all amortized in the fiscal year when the gain or loss is recognized.

(4) Provision for retirement benefits for directors (and other officers)

The Company posts retirement benefits for directors (and other officers) to be required at the end of the fiscal year under review based on the internal rules.

(5) Provision for share awards for directors (and other officers)

In preparation for issuing shares to the Company's Directors (excluding part-time Directors, Outside Directors and those who do not live in Japan) according to the rules of issuing shares to Directors, provision for share awards for directors (and other officers) is posted based on projected share awards obligations at the end of fiscal year under review.

4 Important hedge accounting method

(1) Hedge accounting method

The deferred hedge accounting method is used. In case of meeting requirements for the allocation method, the allocation method is applied.

(2) Means for hedging and hedged item

1) Means for hedging: Forward exchange contracts

Hedged item: Forecasted transactions in foreign currency, Accounts payable - trade

2) Means for hedging: Currency swaps

Hedged item: Short-term borrowings from subsidiaries and associates

(3) Hedging policy

Foreign exchange fluctuation risks are hedged in accordance with the internal rules.

(4) Method of assessing the effectiveness of hedges

In relation to forward exchange transactions, as exchange contracts with the same amount in foreign currency and the same term are respectively allocated. In relation to currency swap transactions, important conditions on means for hedging and hedged items are the same. Accordingly, a correlation with subsequent fluctuation of exchange rates is completely secured, and thus, assessment of hedge effectiveness is omitted.

5. Other principal matters for preparation of consolidated financial statements)

Accounting for consumption taxes

Consumption tax and local consumption tax are accounted for by the tax exclusion method.

(Additional Information)

(Abolition of system of retirement benefits for directors and other officers)

Since the same contents are stated in the consolidated financial statements (additional information), the notes to abolition of system of retirement benefits are omitted.

(Performance-linked stock compensation plan)

Since the same contents are stated in the consolidated financial statements (additional information), the notes to abolition of system of retirement benefits are omitted.

(Accounting estimates related to impacts of the spread of COVID-19)

Since the same contents are stated in the consolidated financial statements (additional information), the notes to abolition of system of retirement benefits are omitted.

(Notes to Balance Sheets)

\*1 Monetary claims and monetary obligations in relation to subsidiaries and associates (excluding ones indicated separately)

	As of March 31, 2019	As of March 31, 2020
Short-term monetary claims	5,449million Yen	5,366million Yen
Long-term monetary claims	9million Yen	9million Yen
Short-term monetary obligations	1,094million Yen	1,137million Yen
Long-term monetary obligations	3million Yen	3million Yen

\*2 Guarantee obligations

The Company has guaranteed lease liabilities of companies shown below.

As of March 31, 2019		As of March 31, 2020	
TOEI ANIMATION INCORPORATED	70million Yen	TOEI ANIMATION INCORPORATED	49million Yen
		TOEI ANIMATION EUROPE S.A.S	39million Yen

(Notes to Statements of Income)

\* 1 Volume of trade with subsidiaries and associates

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Net sales	9,071million Yen	7,483million Yen
Amount of purchase	6,475million Yen	7,586million Yen
Selling, general and administrative expenses	60million Yen	89million Yen
Volume of trade arising from transactions that are not business transactions	1,459million Yen	1,805million Yen

\*2 Among selling, general and administrative expenses, major expense items, amounts and approximate percentages are as follows.

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Personnel expenses	1,434million Yen	1,442million Yen
Advertising expenses	537million Yen	663million Yen
Provision for bonuses	160million Yen	185million Yen
Provision of allowance for doubtful accounts	(23)million Yen	(0)million Yen
Retirement benefit expenses	176million Yen	82million Yen
Depreciation	285million Yen	261million Yen
Provision for retirement benefits for directors (and other officers)	30million Yen	4million Yen
Provision for share awards for directors (and other officers)	-million Yen	49million Yen

Approximate percentages

selling expense	40%	40%
General and administrative expenses	60%	60%

(Notes to Securities)

Since it is deemed very difficult to know market values of shares of subsidiaries and shares of affiliates which have no market price, their market prices are not stated.

Amounts recorded on the balance sheets of the shares of subsidiaries and the shares of affiliates which are deemed very difficult to know their market prices are as follows.

(Million Yen)		
Classification	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Shares of subsidiaries	668	668
Shares of affiliates	81	70
Total	749	738

(Notes to tax effect accounting)

1. Details of major causes of deferred tax assets and deferred tax liabilities that arose

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Deferred tax assets		
Provision for bonuses	94million Yen	118million Yen
Loss on valuation of inventories	50million Yen	93million Yen
Enterprise tax payable	150million Yen	124million Yen
Allowance for doubtful accounts	1million Yen	1million Yen
Loss on valuation of investment securities	44million Yen	47million Yen
Provision for retirement benefits	597million Yen	615million Yen
Amount exceeding the allowable limit for depreciation of depreciation assets	48million Yen	106million Yen
Loss on valuation of golf club membership	18million Yen	18million Yen
Provision for retirement benefits for directors (and other officers)	53million Yen	53million Yen
Provision for share awards for directors (and other officers)	-	15million Yen
Other	51million Yen	64million Yen
Subtotal of deferred tax assets	1,110million Yen	1,259million Yen
Valuation allowance	(117)million Yen	(135)million Yen
Total deferred tax assets	992million Yen	1,123million Yen
Deferred tax liabilities		
Removal expenses for asset retirement obligations	(15)million Yen	(14)million Yen
Valuation difference on available-for-sale securities	(903)million Yen	(573)million Yen
Total deferred tax liabilities	(919)million Yen	(588)million Yen
Net deferred tax assets (liabilities)	73million Yen	534million Yen

2. Details of each major item that caused a significant difference between the effective statutory tax rate and the corporate tax rate, etc., after the application of tax effect accounting

As of March 31, 2019

The notes are omitted because the difference between the effective statutory tax rate and the corporate tax rate, etc., after the application of tax effect accounting is not more than five percent of the effective statutory tax rate.

As of March 31, 2020

The notes are omitted because the difference between the effective statutory tax rate and the corporate tax rate, etc., after the application of tax effect accounting is not more than five percent of the effective statutory tax rate.

(Significant post-balance sheet events)

Not applicable

## 4) [Supplementary schedules]

## [Schedule of Property, Plant and Equipment]

(Million Yen)

Classification	Type of assets	Balance at beginning of period	Increase during period	Decrease during period	Depreciation during period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	6,752	9	–	200	6,560	674
	Structures	189	0	–	8	181	16
	Tools, furniture and fixtures	571	38	0	169	440	655
	Land	1,315	–	–	–	1,315	–
	Leased assets	151	99	–	110	141	131
	Construction in progress	–	0	–	–	0	–
	Total	8,979	148	0	488	8,639	1,478
Intangible fixed assets	Software	465	208	47	173	453	–
	Rights to use telephone and facilities	1	–	–	–	1	–
	Total	466	208	47	173	454	–

## [Schedule of allowances]

(Million Yen)

Account	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	38	0	0	37
Provision for bonuses	309	388	309	388
Provision for retirement benefits for directors (and other officers)	173	4	178	–
Provision for share awards for directors (and other officers)	–	49	–	49

(1) The “decrease during period” in “Provision for retirement benefits for directors (and other officers)” was caused by transferring it to “Other” of Fixed Assets because Proposal 3 “the presentation of pension and severance benefit to retiring corporate auditors and the payment for termination of pension and severance benefit due to the abolition of the system of retirement benefits for directors (and other officers)” was approved at the 81st Ordinary General Meeting of Shareholders held on June 25, 2019.

## (2) [Details of major assets and liabilities]

Since the consolidated financial statements are prepared, the presentation of this information is omitted.

## (3) [Others]

Not applicable

