



# **TOEI ANIMATION**

*Since 1956*

**TOEI ANIMATION CO., LTD.**  
**Financial Statements**  
**(Unaudited)**  
**FY2022**

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, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and time deposits	43,041	60,149
Notes and accounts receivable - trade	12,790	*1 14,659
Securities	46	155
Merchandise and finished goods	329	410
Work in process	7,507	12,816
Raw materials and supplies	88	86
Short-term loans receivable from subsidiaries and associates	54	3,059
Other	1,007	1,622
Allowance for doubtful accounts	(30)	(29)
Total current assets	64,834	92,929
Fixed assets		
Property, plant and equipment		
Buildings and structures	7,890	7,942
Accumulated depreciation	(1,128)	(1,371)
Buildings and structures, net	6,761	6,570
Land	1,315	1,315
Other	1,730	1,959
Accumulated depreciation	(1,225)	(1,328)
Other, net	505	630
Total property, plant and equipment	8,582	8,516
Intangible fixed assets		
Software	525	632
Other	1	1
Total intangible fixed assets	527	633
Investments and other assets		
Investment securities	*2 13,706	*2 12,808
Long-term loans receivable from subsidiaries and associates	6,018	3,012
Long-term time deposits	10,500	7,500
Net defined benefit assets	56	71
Other	1,289	1,444
Allowance for doubtful accounts	(37)	(34)
Total investments and other assets	31,533	24,803
Total fixed assets	40,643	33,953
Total assets	105,477	126,883

(Million Yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,015	20,007
Income taxes payable	2,820	2,926
Contract Liabilities	–	4,648
Provision for bonuses	439	461
Other	3,347	1,922
Total current liabilities	17,623	29,966
Fixed Liabilities		
Provision for share awards for directors (and other officers)	63	100
Net defined benefit liability	2,130	137
Other	539	633
Total fixed liabilities	2,733	871
Total liabilities	20,356	30,838
<b>Net assets</b>		
Shareholders' equity		
Common stock	2,867	2,867
Capital surplus	3,409	3,409
Retained earnings	76,290	86,245
Treasury stock	(672)	(673)
Total shareholders' equity	81,894	91,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,294	3,003
Deferred gains or losses on hedges	1	1
Foreign currency translation adjustment	(69)	1,189
Total accumulated other comprehensive income	3,226	4,195
Total net assets	85,120	96,044
Total liabilities and net assets	105,477	126,883

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

## [Consolidated Statement of Income]

(Million Yen)

	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Net sales	51,595	*1 57,020
Costs of sales	*2 28,655	*2 30,327
Gross profit	22,939	26,693
Selling, general and administrative expenses	*3 7,436	*3 8,585
Operating income	15,503	18,107
Non-operating income		
Interest income	76	39
Dividend income	241	592
Foreign exchange gains	327	56
Other	162	170
Total non-operating income	809	859
Non-operating expense		
Interest expenses	45	2
Share of loss of entities accounted for using equity method	60	75
Loss on investments in silent partnerships	49	–
Other	115	66
Total non-operating expenses	271	144
Ordinary income	16,040	18,822
Extraordinary income		
Gain on liquidation of subsidiaries and associates	–	1
Total extraordinary income	–	1
Extraordinary Losses		
Loss on valuation of investment securities	46	204
Total extraordinary losses	46	204
Income before income taxes	15,994	18,619
Income taxes - current	5,009	5,672
Income taxes - deferred	(83)	126
Total income taxes	4,926	5,799
Net income	11,067	12,820
Net income attributable to owners of parent	11,067	12,820

[Consolidated Statement of Comprehensive Income]

(Million Yen)

	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Net Income	11,067	12,820
Other comprehensive income		
Valuation difference on available-for-sale securities	1,820	(178)
Deferred gains or losses on hedges	3	0
Foreign currency translation adjustment	271	1,259
Share of other comprehensive income of entities accounted for using equity method	108	(112)
Total other comprehensive income	*1 2,203	*1 969
Comprehensive income	13,271	13,789
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	13,271	13,789
Comprehensive income attributable to non-controlling interests	—	—

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

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	2,867	3,409	68,087	(694)	73,669
Changes during period					
Dividends of surplus			(2,864)		(2,864)
Net income attributable to owners of parent			11,067		11,067
Purchase of treasury shares				(1)	(1)
Transfer of treasury stock through share provision trust				23	23
Net changes in items other than shareholders' equity					
Total changes during period	–	–	8,203	21	8,224
Balance at end of period	2,867	3,409	76,290	(672)	81,894

	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	1,365	(1)	(340)	1,023	74,692
Changes during period					
Dividends of surplus					(2,864)
Net income attributable to owners of parent					11,067
Purchase of treasury shares					(1)
Transfer of treasury stock through share provision trust					23
Net changes in items other than shareholders' equity	1,928	3	271	2,203	2,203
Total changes during period	1,928	3	271	2,203	10,428
Balance at end of period	3,294	1	(69)	3,226	85,120

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	2,867	3,409	76,290	(672)	81,894
Changes during period					
Dividends of surplus			(2,864)		(2,864)
Net income attributable to owners of parent			12,820		12,820
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	9,955	(0)	9,954
Balance at end of period	2,867	3,409	86,245	(673)	91,849

	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	3,294	1	(69)	3,226	85,120
Changes during period					
Dividends of surplus					(2,864)
Net income attributable to owners of parent					12,820
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	(290)	0	1,259	969	969
Total changes during period	(290)	0	1,259	969	10,923
Balance at end of period	3,003	1	1,189	4,195	96,044

## 4) [Consolidated Statement of Cash Flows]

(Million Yen)

	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Income before income taxes	15,994	18,619
Depreciation	601	602
Increase (decrease) in allowance for doubtful accounts	(43)	(5)
Increase (decrease) in provision for bonuses	28	21
Increase (decrease) in provision for share awards for directors (and other officers)	13	36
Increase (decrease) in net defined benefit liability	44	(1,992)
Interest and dividend income	(318)	(632)
Interest expenses	45	2
Share of loss (profit) of entities accounted for using equity method	60	75
Loss (gain) on investments in silent partnerships	49	–
Loss (Gain) on liquidation of subsidiaries and associates	–	(1)
Loss (gain) on valuation of investment securities	46	204
Decrease (increase) in trade receivables	(2,215)	(1,515)
Decrease (increase) in inventories	(2,072)	(5,367)
Increase (decrease) in trade payables	1,505	8,408
Other	(1,014)	1,620
Subtotal	12,725	20,075
Interest and dividends received	325	633
Interest paid	(45)	(2)
Income taxes paid	(4,954)	(5,639)
Cash flows from operating activities	8,050	15,067
<b>Cash flows from investing activities</b>		
Purchase of securities	–	(11)
Proceeds from sale of securities	25	11
Purchase of property, plant and equipment	(77)	(307)
Purchase of intangible fixed assets	(263)	(208)
Purchase of investment securities	(141)	(106)
Proceeds from sale of investment securities	950	–
Proceeds from redemption of investment securities	200	250
Proceeds from liquidation of subsidiaries and associates	–	27
Loan advances	(3,001)	(5)
Proceeds from collection of loans receivable	3,013	12
Payments into time deposits	(10,550)	(31,208)
Proceeds from withdrawal of time deposits	10,129	16,280
Other	13	(122)
Cash flows from investing activities	298	(15,389)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(1)	(0)
Proceeds from sale of treasury stock	23	–
Dividends paid	(2,888)	(2,888)
Other	(68)	420
Cash flows from financing activities	(2,935)	(2,469)
Effect of exchange rate change on cash and cash equivalents	276	809
Net increase (decrease) in cash and cash equivalents	5,690	(1,981)
Cash and cash equivalents at beginning of period	32,395	38,085
Cash and cash equivalents at end of period	*1 38,085	*1 36,103



[Notes]

(Basis of Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries

7 subsidiaries

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.

TA KZ Film Kft.

Newly established, TA KZ Film Kft. has been included in the scope of consolidated subsidiaries from the consolidated fiscal year under review.

(2) Names of unconsolidated subsidiaries

TOEI DOGA US Services, INC.

TOEI DOGA Productions, LLC

TOEI DOGA Entertainment, LLC

TOEI ANIMATION (SHANGHAI) CO., LTD.

Toei Animation (Shanghai)

Reason for exclusion from the scope of consolidation

Since the five 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

3

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.

Toei Animation (Shanghai)

2) Affiliates

TENH ANIMATION MAGIC Inc.

DandLion Animation Studio Inc.

Coyote, which had been an affiliate to which the equity method is not applied until the previous consolidated fiscal year, was completely liquidated in the consolidated fiscal year under review. Accordingly, the company was excluded from the scope of affiliates to which the equity method is not applied.

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, TOEI ANIMATION EUROPE S.A.S, and TA KZ Film Kft., which are overseas consolidated subsidiaries, have fiscal terms ending December 31.

While the above five 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

Available-for sale securities other than shares, etc. without a market price

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.)

Shares, etc. without a market price

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: 5-50 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 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) Standards to report important revenues and expenses

Details of performance obligations in primary businesses in relation to revenues arising from contracts with customers of the Company and the consolidated subsidiaries, and the normal point of time when such performance obligations are fulfilled (the normal point of time when revenues are recognized) are as follows.

1) Film

In Film, the Group plans and produces a variety of animation for TV and movie theaters and sells broadcasting rights to domestic and overseas broadcasting business operators, etc. We also engage in sale of licenses to make packaged software such as Blu-ray discs and DVDs of our animation, and relevant supply business, as well as sale of contents such as images for the internet and mobile terminals to video delivery business operators, etc.

Revenues from production of a variety of animation for TV and movie theaters are recognized at time of delivery of such productions as the performance obligation is deemed to be fulfilled. Revenues from sale of broadcasting rights, rights to make packaged software, and licenses for streaming, etc., are recognized at time of delivery of image materials or at time of starting streaming as the performance obligation is deemed to be fulfilled. The reason why respective performance obligations are deemed to be fulfilled at the time of delivery of such productions or the time of starting streaming is that rights to receive payments from a customer can be deemed to have been obtained as of time when possession of productions and rights, or material risks and economic values associated with the possession are transferred to the customer.

Some revenues from licenses of streaming, etc., which include royalties based on net sales or usage of customers, are recognized at time when uncertainty is eliminated with sales report from the customers.

2) Licensing

In Licensing, the Group earns revenues by granting licenses for using characters, etc., appearing in its animation to licensees such as makers of toys, games, stationery, and apparel. With regard to overseas business, we sell copyrights of our animation mainly through our overseas subsidiaries across Asia, Europe, and North/Central/South America region.

Revenues from licensing are recognized at time of starting licensing as the performance obligation is deemed to be fulfilled. The reason why performance obligations are deemed to be fulfilled at the time of starting licensing is that rights to receive payments from a customer can be deemed to have been obtained as of time when material risks and economic values associated with possession of the rights are transferred to the customer.

Some revenues from licensing which include royalties based on net sales or usage of customers are recognized at time when uncertainty is eliminated with report on sales from the customers.

3) Goods sales

In Goods Sales, the Group sells character goods, etc., through bricks-and-mortar shops and online shops.

Revenues from Goods Sales are recognized at time when the goods are delivered to a purchaser of the goods who is a customer as performance obligations are deemed to be fulfilled. The reason why performance obligations are deemed to be fulfilled at time when the goods are delivered to a purchaser of the goods who is a customer is that, at that time, material risks and economic values associated with physical occupation and possession of the goods are transferred to the customer, and rights to receive

payments from the customer can be deemed to have been obtained.

4) Others

The Group plans and runs a variety of events such as character shows and musical.

Revenues from Others are recognized at time of end of running the event as performance obligations are deemed to be fulfilled. The reason why performance obligations are deemed to be fulfilled at the time of end of running the event is that, at that time, material risks and economic values associated with transactions are transferred to customers, and rights to receive payments from customers can be deemed to have been obtained.

(6) 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.

(7) 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.

(8) 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.

(Material accounting estimates)

1. Valuation of unlisted shares (excluding ones of equity method affiliates)

(1) Amounts recorded on the consolidated financial statements

(Million Yen)

	The previous consolidated fiscal year	The consolidated fiscal year ended March 31, 2022
Unlisted shares (excluding ones of equity method affiliates)	842	614
Loss on valuation of investment securities	46	204

(2) Information on details of material accounting estimates for identified items

1) Method of calculation of amounts

When an actual value of unlisted shares (excluding ones of equity method affiliates) held by the Group notably decreased due to deterioration in financial position of the issuer, the value is reasonably reduced and the valuation difference is posted as a valuation loss. However, in case where a possibility that the actual value will recover can be supported with adequate evidence, the value is not reduced.

2) Major assumptions used to make the material accounting estimates

In relation to the possibility of recovery, the Group determines whether to record valuation loss every quarterly period, using information available such as the issuer's financial position and financial outlook.

3) Impact that the material accounting estimate exerts on consolidated financial statements for the fiscal year following the current fiscal year

As of March 31, 2022, any unrealized losses which have material impacts on the consolidated financial statements for the following fiscal year have not arisen. However, since the spread of COVID-19 and the timing of getting it under control is unclear, the valuation loss may arise if financial position and business results of individual invested entities deteriorate due to unpredictable changes in the market environment.

2. Net defined benefit assets and liabilities

(1) Amounts recorded on the consolidated financial statements

(Million Yen)

	The previous consolidated fiscal year	The consolidated fiscal year ended March 31, 2022
Net defined benefit liability	2,130	137
Net defined benefit assets	56	71

(2) Information on details of material accounting estimates for identified items

1) Method of calculation of amounts

The Group has established the retirement lump sum payment system as a defined benefit system. The principle method is adopted to calculate such retirement benefit obligations, and expected retirement benefit payments are attributed to a period until the end of the consolidated fiscal year under review by using the straight-line attribution. Also, actuarial gains/losses and prior service costs are all amortized in the year when the gain or loss is recognized.

2) Major assumptions used to make the material accounting estimates

Of calculation assumptions, the discount rate is set based on yield of Japanese government bonds as of March 31, 2022, according mainly to average remaining service years of the Group. The discount rate adopted for the consolidated fiscal year under review is primarily 0.38%. The salary increase rate and the turnover rate, etc. are set based on the latest results.

3) Impact that the material accounting estimate exerts on consolidated financial statements for the fiscal year following the current fiscal year

If economic environment, etc. significantly change, these calculation assumptions would be affected, which may cause material impacts on retirement benefit obligations and expenses.

(Changes in accounting policies)

(Application of “Accounting Standard for Revenue Recognition,” etc.)

Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; “Revenue Recognition Standard”) and other standards has been applied from the beginning of the consolidated fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. Accordingly, in some transactions for goods sales and licensing, where, in provision of goods to customers, the Company’s role falls under an agent, the method to recognize revenues was changed to one in which revenues from commissions received from customers are recognized on a net basis.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the consolidated fiscal year under review, with the new accounting policies applied from the beginning balance.

As a result, net sales decreased 399 million yen, and costs of sales decreased 399 million yen in the consolidated fiscal year under review. There is no impact on operating income, ordinary income, income before income taxes, per share information, and retained earnings at beginning of period.

With application of “Accounting Standard for Revenue Recognition”, etc., “advances received” that was included in “Other” of “Current Liabilities” in the consolidated balance sheets for the previous fiscal year is separately indicated as “contract liabilities” from the fiscal year under review. In accordance with the transitional treatment set forth in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been reclassified based on the new presentation method.

In accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Recognition Standard, notes on revenue recognition for the previous fiscal year are not presented.

(Application of “Accounting Standard for Fair Value Measurement”)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; “Fair Value Measurement Standard”) and other standards from the beginning of the consolidated fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements.

In addition, the Company decided to include matters concerning breakdown by level of fair value of financial instruments, etc., in Notes to financial instruments. However, in accordance with the transitional treatment provided in Paragraph 7-4 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, July 4, 2019), matters pertaining to the previous fiscal year are not included in the notes.

(Accounting standards to be applied)

- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

(1) Overview

Treatment of concerning calculation of fair value of investment trusts and notes thereto, and treatment concerning notes to fair value of investment in partnerships, etc., for which an amount corresponding to equity interests are recorded on a net basis on the balance sheet are provided for.

(2) Scheduled date of application

The standard is scheduled to be applied from the beginning of the fiscal year ending March 31, 2023.

(3) Impacts of application of the accounting standard

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

(Change in presentation method)

(Notes to Consolidated Statements of Income)

“Loss on investments in investment partnerships” (11 million yen in the consolidated fiscal year under review) in “Non-operating expense” which had been independently presented until the previous consolidated fiscal year became less important in terms of money amount, and thus, is included in “Other” of “Non-operating expense” from the consolidated fiscal year under review.

As a result, 114 million yen presented in “Loss on investments in investment partnerships” of “Non-operating expenses” for the previous consolidated fiscal year was reclassified as 115 million yen of “Other.”

(Notes to Consolidated Statement of Cash Flows)

“Loss (Gain) on investments in investment partnerships” (11 million yen for the consolidated fiscal year under review) in “Cash flows from operating activities” which had been independently presented until the previous consolidated fiscal year became less important in terms of money amount, and thus, is included in “Other” of “Cash flows from operating activities” from the consolidated fiscal year under review.

As a result, 114 million yen presented in “Loss (Gain) on investments in investment partnerships” of “Cash flows from operating activities” for the previous consolidated fiscal year was reclassified as (1,014) million yen of “Other.”

(Additional Information)

(Performance-linked stock compensation plan)

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 ending March 31, 2023 to the consolidated fiscal year ending March 31, 2025, 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 at the end of the consolidated fiscal year under review is 126 million yen (126 million yen in the previous consolidated fiscal year), and the number of shares is 26,882 shares (26,882 shares in the previous consolidated fiscal year.)

(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 collectability of deferred tax assets, on the assumption that the impact will remain to a certain extent for the time being also in the consolidated fiscal year ending March 31, 2023.

(Notes to Consolidated Balance Sheets)

\*1 Among notes and accounts receivable - trade, amounts of receivables that arose from contracts with customers are as follows.

	As of March 31, 2022
Notes receivable	5million Yen
Accounts receivable	14,653million Yen

\*2 The item concerning the unconsolidated subsidiaries and affiliates is as follows.

	As of March 31, 2021	As of March 31, 2022
Investment Securities (Stock)	3,178million Yen	2,970million Yen

(Notes to Consolidated Statements of Income)

\*1 Revenues arising from contracts with customers

In relation to net sales, revenues arising from contracts with customers are not separated from other revenues. The amount of revenues arising from contracts with customers are presented in “Notes (Segment information, etc.), 3. Information on amounts of the net sales, income or loss, assets, liabilities and other items for each reporting segment, and breakdown of revenues.”

\* 2 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, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
	212million Yen	73million Yen

\*3 Among selling, general and administrative expenses, major expense items and amounts are as follows.

	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Personnel expenses	2,301million Yen	2,597million Yen
Advertising expenses	520million Yen	943million Yen
Provision for bonuses	257million Yen	266million Yen
Provision of allowance for doubtful accounts	(7)million Yen	(18)million Yen
Retirement benefit expenses	66million Yen	31million Yen
Provision for share awards for directors (and other officers)	36million Yen	36million 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, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Valuation difference on available-for-sale securities		
Amount that arose in the fiscal year under review	2,623	(256)
Reclassification adjustment	–	–
Before tax effect adjustment	2,623	(256)
Tax effect	(803)	78
Valuation difference on available-for-sale securities	1,820	(178)
Deferred gains or losses on hedges		
Amount that arose in the fiscal year under review	4	0
Reclassification adjustment	–	–
Before tax effect adjustment	4	0
Tax effect	(1)	(0)
Deferred gains or losses on hedges	3	0
Foreign currency translation adjustment		
Amount that arose in the fiscal year under review	271	1,259
Reclassification adjustment	–	–
Foreign currency translation adjustment	271	1,259
Share of other comprehensive income of entities accounted for using equity method		
Amount that arose in the fiscal year under review	108	(112)
Total other comprehensive income	2,203	969

(Notes to Consolidated Statement of Changes in Equity)

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

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)	1,105,990	205	4,918	1,101,277

(Note) 1. Treasury stock includes shares of the Company held by the executive compensation BIP Trust. (31,800 shares at the beginning of the consolidated fiscal year under review, and 26,882 shares at the end of consolidated fiscal year under review)

2. (Reasons for changes)

Increase due to purchase of odd-lot shares: 205 shares

Decrease due to provision of the Company's shares held by the BIP trust to retired officers: 4,918 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 24, 2020	Common shares	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.

(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, 2021	Common shares	Retained earnings	2,888	70	March 31, 2021	June 28, 2021

(Note) The total amount of dividends which was resolved at the ordinary general meeting of shareholders held on June 25, 2021 includes 1 million yen of dividends for the Company's shares held by the executive compensation BIP Trust.

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

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)	1,101,277	72	–	1,101,349

(Note) 1. Treasury stock includes shares of the Company held by executive compensation BIP Trust. (26,882 shares at the beginning of the consolidated fiscal year under review, and 26,882 shares at the end of consolidated fiscal year under review.

2. (Reasons for changes)

Increase due to purchase of odd-lot shares: 72 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, 2021	Common shares	2,888	70	March 31, 2021	June 28, 2021

(Note) The total amount of dividends which was resolved at the ordinary general meeting of shareholders held on June 25, 2021 includes 1 million yen of dividends for the Company's shares held by the executive compensation BIP Trust.

(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, 2022	Common shares	Retained earnings	3,878	94	March 31, 2022	June 27, 2022

(Note) The total amount of dividends which was resolved at the ordinary general meeting of shareholders held on June 24, 2022 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, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Cash and time deposits	43,041million Yen	60,149million Yen
Time deposits whose deposit term exceeds three months	(5,000)million Yen	(24,117)million Yen
Securities with due date for redemption within three months	43million Yen	71million Yen
Cash and cash equivalents	38,085million Yen	36,103million Yen

(Notes to lease transactions)

1. Finance lease transactions

(Lessee)

Finance lease under which ownership is not 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, 2021	As of March 31, 2022
Within one year	40million Yen	13million Yen
More than one year	12million Yen	–million Yen
Total	52million Yen	13million 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. Significant accounting policies, (7) 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. Shares without a market price are not included in the following table. (see Note 1.)

As of March 31, 2021

	Values recorded on Consolidated Balance Sheets (Million Yen)	Market value (Million Yen)	Difference (Million Yen)
(1) Securities and investment securities			
Bond certificates held to maturity	331	331	(0)
Available-for-sale securities	9,555	9,555	–
(2) Long-term loans receivable from subsidiaries and associates	6,018	6,018	–
(3) Long-term time deposits	10,500	10,505	5
Total assets	26,405	26,410	5
Derivatives transactions (*2)	0	0	–

(\*1) Cash and time deposits, Notes and accounts receivable - trade, Short-term loans receivable from subsidiaries and associates, and Notes and accounts payable - trade are omitted because they comprise short-term instruments whose book values approximates their market prices.

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

(\*3) Values recorded in Consolidated Balance Sheets of financial instruments which are deemed extremely difficult to grasp their market values

Classification	Previous consolidated fiscal year (Million Yen)
Unlisted shares, etc.	3,836
Investments in partnerships under the Civil Codes	28

Since the above items have no market price, it is deemed extremely difficult to grasp their market values. Therefore, they are not included in (1) Securities and Investment Securities.

As of March 31, 2022

	Values recorded on Consolidated Balance Sheets (Million Yen)	Market value (Million Yen)	Difference (Million Yen)
(1) Securities and investment securities			
Bond certificates held to maturity	170	170	(0)
Available-for-sale securities	9,296	9,296	–
(2) Long-term loans receivable from subsidiaries and associates	3,012	3,010	(1)
(3) Long-term time deposits	7,500	7,503	3
Total assets	19,979	19,980	1
Derivatives transactions (*2)	2	2	–

(\*1) Cash and time deposits, Notes and accounts receivable - trade, Short-term loans receivable from subsidiaries and associates, Notes and accounts payable - trade, and Short-term borrowings are omitted because they comprise short-term instruments whose book values approximates their market prices.

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

(\*3) Shares without a market price are not included in (1) Securities and Investment Securities. Values of the financial instruments recorded in Consolidated Balance Sheets are as follows.

Classification	Consolidated fiscal year under review (Million Yen)
Unlisted shares, etc.	3,382
Investments in partnerships under the Civil Codes	20

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

As of March 31, 2021

	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	43,041	–	–	–
Notes and accounts receivable - trade	12,765	–	–	–
Short-term loans receivable from subsidiaries and associates	54	–	–	–
Securities and investment securities				
Bond certificates held to maturity (subordinated bond)	–	–	250	–
Bond certificates held to maturity (corporate bond)	46	96	–	–
Long-term loans receivable from subsidiaries and associates	–	6,018	–	–
Long-term time deposits	–	10,500	–	–
Total	55,907	16,614	250	–

As of March 31, 2022

	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	60,149	–	–	–
Notes Receivable	5	–	–	–
Accounts receivable	14,629	–	–	–
Short-term loans receivable from subsidiaries and associates	3,059	–	–	–
Securities and investment securities				
Bond certificates held to maturity (government bonds/local bonds, etc.)	75	–	–	–
Bond certificates held to maturity (corporate bond)	80	15	–	–
Long-term loans receivable from subsidiaries and associates	–	3,012	–	–
Long-term time deposits	–	7,500	–	–
Total	77,999	10,527	–	–

3. Matters concerning the breakdown by level of market value of financial instruments, etc.

Market values of the financial instruments are classified into the following three levels, according to observability and importance of an input to a market value measurement.

Level 1: Among the observable inputs to a market value measurement, a market value calculated with quoted prices of assets or liabilities subject to the market value measurement that are formed in an active market

Level 2: Among the observable inputs to the market value measurement, a market value calculated by using inputs to the market value measurement that are other than the inputs of level 1

Level 3: A market value calculated by using unobservable inputs to the fair value measurement

In case of using multiple inputs that have material impacts on the market value measurement, a market value is classified into the level whose priority in the market value measurement is lowest among levels to which each of those inputs belongs.

(1) Financial instruments recorded at market value on the consolidated balance sheets

As of March 31, 2022

Classification	Fair value (Million Yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	9,296	–	–	9,296
Derivatives transactions				
Currency-related	–	3	–	3
Total assets	9,296	3	–	9,299
Derivatives transactions				
Currency-related	–	0	–	0
Total liabilities	–	0	–	0

(2) Financial instruments other than ones recorded at fair value on the consolidated balance sheets

As of March 31, 2022

Classification	Fair value (Million Yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bond certificates held to maturity				
Government bonds/Local bonds, etc.	–	75	–	75
Corporate bonds	–	95	–	95
Long-term loans receivable from subsidiaries and associates	–	3,010	–	3,010
Long-term time deposits	–	7,503	–	7,503
Total assets	–	10,684	–	10,684

(Note) Explanation of valuation techniques used for the calculation of fair values and inputs to a fair value measurement

Securities and investment securities

Listed shares, government bonds, local bonds, and corporate bonds are valued by using quoted prices. As listed shares are traded in active markets, their market values are classified into Level 1. Meanwhile, government bonds, local bonds, and corporate bonds held by the Group are not traded so frequently in the market, and their market values are not deemed as quoted prices formed in an active market. Therefore, their market values are classified into Level 2.

Long-term loans receivable from subsidiaries and associates

The market value of long-term Loans receivable from subsidiaries and affiliates is calculated with the discounted present value method, based on total amount of principal and interest, and an interest rate adjusted with remaining period and credit risks of the receivable, and classified into Level 2.

Long-term time deposits

The market value of long-term time deposits is calculated with the discounted present value method, based on total amount of principal and interest, and an interest rate adjusted with remaining period and credit risks of the receivable, and classified into Level 2.

Derivatives transactions

The market values of exchange contracts and portion of derivatives in deposits with derivatives embedded are calculated with the discounted present value method by using observable inputs such as an interest rate and a foreign exchange rate, and classified into Level 2.



## (Notes to Securities)

## 1. Bond certificates held to maturity

As of March 31, 2021

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	331	331	(0)
Total	331	331	(0)

As of March 31, 2022

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	80	80	0
Bond with market value not exceeding value recorded in Consolidated Balance Sheet	90	90	(0)
Total	170	170	(0)

## 2. Available-for-sale securities

As of March 31, 2021

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	9,555	5,042	4,513
Subtotal	9,555	5,042	4,513
Securities with value recorded on Consolidated Balance Sheet not exceeding acquisition cost			
Shares	–	–	–
Subtotal	–	–	–
Total	9,555	5,042	4,513

As of March 31, 2022

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	7,658	2,876	4,782
Subtotal	7,658	2,876	4,782
Securities with value recorded on Consolidated Balance Sheet not exceeding acquisition cost			
Shares	1,637	2,165	(528)
Subtotal	1,637	2,165	(528)
Total	9,296	5,042	4,254

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

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Not applicable

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable

4. Securities on which impairment losses were recognized

In the previous consolidated fiscal year, 46 million yen (46 million yen of affiliates' shares) of impairment losses on securities were recognized.

In the consolidated fiscal year under review, 204 million yen (17 million yen of affiliates' shares and 186 million yen of available-for-sale securities) of impairment losses on securities were recognized.

(Notes to derivatives transactions)

As of March 31, 2021

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

As of March 31, 2022

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 adopted the funded and unfunded retirement lump sum payment system for retirement benefits of employees, and began to newly adopt the defined benefit plan from the consolidated fiscal year under review.

In the retirement lump sum payment system (while it is an unfunded system, a funded system is partly used as a result of establishment of the retirement benefit trust), a lump-sum money is provided as retirement benefit on the basis of a salary and a service period.

Also, in case of employee's retirement, etc., extra retirement benefit may be paid.

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, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Retirement benefit obligations at the beginning of fiscal year	2,317	2,374
Service cost	206	205
Interest cost	15	15
Amount of net actuarial gain/loss that arose	(55)	(118)
Retirement benefits paid	(109)	(125)
Foreign currency translation adjustment	-	10
Retirement benefit obligations at the end of fiscal year	2,374	2,361

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

	(Million Yen)	
	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Pension assets at the beginning of fiscal year	294	301
Expected return	8	7
Amount of net actuarial gain/loss that arose	11	(5)
Amount of contribution from the employer	(13)	2,008
Retirement benefits paid	-	(27)
Foreign currency translation adjustment	-	12
Pension assets at the end of fiscal year	301	2,296

(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, 2021	As of March 31, 2022
Retirement benefit obligations of funded system	244	2,224
Pension assets	(301)	(2,296)
	(56)	(71)
Retirement benefit obligations of unfunded system	2,130	137
Net liability and asset recorded on the consolidated balance sheets	2,073	65
Net defined benefit liability	2,130	137
Net defined benefit assets	(56)	(71)
Net liability and asset recorded on the consolidated balance sheets	2,073	65

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

	(Million Yen)	
	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Service cost	206	205
Interest cost	15	15
Expected return	(8)	(7)
Amount of the actuarial gain/loss reported as costs	(66)	(113)
Retirement benefit expenses related to defined benefit plan	146	99

## (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, 2021	As of March 31, 2022
Investment trust	3 %	0 %
Bond	96 %	13 %
Cash and time deposits	0 %	87 %
Other	1 %	0 %
Total	100 %	100 %

(Note) Total pension assets include 87% of the retirement benefit trust in relation to the retirement lump sum payment system in the consolidated fiscal year under review (not included in the previous consolidated fiscal year.)

## 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, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Discount rate	Mostly 0.26 %	Primarily 0.38 %
Long-term expected rate of return	2.30 %	0.00 - 2.30 %
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, 2021	As of March 31, 2022
Deferred tax assets		
Provision for bonuses	130million Yen	135million Yen
Loss on valuation of inventories	80million Yen	41million Yen
Enterprise tax payable	146million Yen	138million Yen
Allowance for doubtful accounts	6million Yen	5million Yen
Business office tax payable	5million Yen	5million Yen
Loss on valuation of investment securities	47million Yen	104million Yen
Net defined benefit liability	635million Yen	636million Yen
Amount exceeding the allowable limit for depreciation of depreciation assets	171million Yen	51million Yen
Loss on valuation of golf club membership	18million Yen	17million Yen
Provision for retirement benefits for directors (and other officers)	18million Yen	18million Yen
Provision for share awards for directors (and other officers)	19million Yen	30million Yen
Other	62million Yen	75million Yen
Subtotal of deferred tax assets	1,341million Yen	1,261million Yen
Valuation allowance (Note)	(107)million Yen	(175)million Yen
Total deferred tax assets	1,233million Yen	1,086million Yen
Deferred tax liabilities		
Application of tax effect accounting for distribution of retained earnings of overseas subsidiaries	(80)million Yen	(97)million Yen
Removal expenses for asset retirement obligations	(14)million Yen	(14)million Yen
Valuation difference on available-for-sale securities	(1,377)million Yen	(1,298)million Yen
Other	(34)million Yen	(1)million Yen
Total deferred tax liabilities	(1,506)million Yen	(1,411)million Yen
Net deferred tax assets (liabilities)	(273)million Yen	(325)million Yen

(Note) Valuation allowance increased by 67 million yen. The decrease is mainly attributable to an increase in loss on valuation of investment securities.

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, 2021

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, 2022

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, 2021

The notes are omitted because this item is not material.

As of March 31, 2022

The notes are omitted because this item is not material.

(Notes to rental real properties)

As of March 31, 2021

The notes are omitted because this item is not material.

As of March 31, 2022

The notes are omitted because this item is not material.

(Notes to revenue recognition)

\*1 Breakdown of revenues arising from contracts with customers

The breakdown of revenue arising from contracts with customers is as stated in “Notes (Segment Information, etc.)”

2. Information that serves as a basis for understanding the revenues arising from contracts with customers

1) Film

In Film, the Group plans and produces a variety of animation for TV and movie theaters and sells broadcasting rights to domestic and overseas broadcasting business operators, etc. We also engage in sale of licenses to make packaged software such as Blu-ray discs and DVDs of our animation, and relevant supply business, as well as sale of contents such as images for the internet and mobile terminals to video delivery business operators, etc.

Revenues from production of a variety of animation for TV and movie theaters are recognized at time of delivery of such productions as the performance obligation is deemed to be fulfilled. Revenues from sale of broadcasting rights, rights to make packaged software, and licenses for streaming, etc., are recognized at time of delivery of image materials or at time of starting streaming as the performance obligation is deemed to be fulfilled. The reason why respective performance obligations are deemed to be fulfilled at the time of delivery of such productions or the time of starting streaming is that rights to receive payments from a customer can be deemed to have been obtained as of time when possession of productions and rights, or material risks and economic values associated with the possession are transferred to the customer.

Some revenues from licenses of streaming, etc., which include royalties based on net sales or usage of customers, are recognized at time when uncertainty is eliminated with sales report from the customers.

In relation to a part of transactions of Film, other parties are in charge of operations for the revenues. Since the Group’s performance obligations are image production and licensing, it is deemed that the Group conducts such transactions as an agent.

Consideration for sales/licensing contracts is collected mostly within three months from the time when control of the goods was transferred to a customer, and thus, is not a significant financial element.

2) Licensing

In Licensing, the Group earns revenues by granting licenses for using characters, etc., appearing in its animation to licensees such as makers of toys, games, stationery, and apparel. With regard to overseas business, we sell copyrights of our animation mainly through our overseas subsidiaries across Asia, Europe, and North/Central/South America region.

Revenues from licensing are recognized at time of starting licensing as the performance obligation is deemed to be fulfilled. The reason why performance obligations are deemed to be fulfilled at the time of starting licensing is that rights to receive payments from a customer can be deemed to have been obtained as of time when material risks and economic values associated with possession of the rights are transferred to the customer.

Some revenues from licensing which include royalties based on net sales or usage of customers are recognized at time when uncertainty is eliminated with report on sales from the customers.

In relation to a part of transactions of Licensing, other parties are in charge of operations for the revenues. Since the Group’s performance obligation is licensing of characters, etc., it is deemed that the Group conducts such transactions as an agent.

Consideration for licensing contracts is collected mostly within three months from the time when a customer acquired control, and thus, is not a significant financial element.

3) Goods sales

In Goods Sales, the Group sells character goods, etc., through bricks-and-mortar shops and online shops.

Revenues from Goods Sales are recognized at time when the goods are delivered to a purchaser of the goods who is a customer as performance obligations are deemed to be fulfilled. The reason why performance obligations are deemed to be fulfilled at time when the goods are delivered to a purchaser of the goods who is a customer is that, at that time, material risks and economic values associated with physical occupation and possession of the goods are transferred to the customer, and rights to receive payments from the customer can be deemed to have been obtained.

In relation to a part of transactions of Goods Sales, other parties conduct a series of operations such as production, shipping, and delivery. Therefore, the Group does not have the discretionary power to set inventory risks and prices. In this case, as the

Group's performance obligation is licensing of characters appearing in the Company's animation, it is deemed that the Group conducts such transactions as an agent.

Consideration for goods sales contracts is collected mostly within three months from the time when control of the goods was transferred to a customer, and thus, is not a significant financial element.

#### 4) Others

The Group plans and runs a variety of events such as character shows and musical.

Revenues from Others are recognized at time of end of running the event as performance obligations are deemed to be fulfilled. The reason why performance obligations are deemed to be fulfilled at the time of end of running the event is that, at that time, material risks and economic values associated with transactions are transferred to customers, and rights to receive payments from customers can be deemed to have been obtained.

Consideration for planning and operation of various events is collected mostly within three months from the time when control of the transaction was transferred to a customer, and thus, is not a significant financial element.

### 3. Information on the relation between the fulfillment of performance obligations based on contracts with customers and cash flows arising from those contracts as well as the amount and time of revenues expected to be recognized in and after the following fiscal year from contracts with customers that exist as of the end of the current fiscal year

#### (1) Balance of contract assets and liabilities, etc.

	(Million Yen)
	The consolidated fiscal year ended March 31, 2020
Claims arising from contracts with customers (at the beginning of fiscal year)	12,790
Claims arising from contracts with customers (at the end of fiscal year)	14,659
Contract Liabilities (at the beginning of fiscal year)	2,159
Contract Liabilities (at the end of fiscal year)	4,648

In Film, contract liabilities are mainly related to advances received from a customer in accordance with payment conditions in a sales contract for large-scale image production from which revenues are recognized at time of delivery. Contract liabilities are reversed when the revenue is recognized.

In the amount of revenues recognized in the consolidated fiscal year under review, the amount included in the balance of contract liabilities as of the beginning of the period is 1,548 million yen.

In the consolidated fiscal year under review, the reason for an increase in contract liabilities by 2,488 million yen is an increase in advances received based on the above-mentioned transaction.

In relation to performance obligations fulfilled (or partly fulfilled) in the past period, the amount of revenue recognized (mainly changes in transaction prices) in the consolidated fiscal year under review is not significant.

#### (2) Transaction price allocated to remaining performance obligations

Total amount of transaction prices allocated to remaining performance obligations under image production and sales contracts is 5,072 million yen. It is expected to be recognized as revenue within one year in general.

In notes to transaction prices allocated to other remaining performance obligations, a practical shortcut method is applied. In licensing contracts related to streaming and use of characters, royalties based on net sales or usage are not included in the notes.



(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 shared by multiple business segments and not allocated to each segment, 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.

As stated in Changes in accounting policies, Accounting Standard for Revenue Recognition, etc. have been applied from the beginning of the consolidated fiscal year under review, and the accounting treatment related to revenue recognition was changed. Accordingly, a calculation method for income or loss of the business segments was also changed.

With said change, in the consolidated fiscal year under review, net sales of Film, Licensing, Goods Sales, and Others decreased respectively by 310 million yen, 20 million yen, 59 million yen, and 7 million yen, in comparison with those calculated with the existing method.

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

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million Yen)

	Film	Licensing	Goods sales	Others (Note) 1	Total	Adjustment (Note) 2	Total (Note) 3
Net sales							
Net sales to external customers	19,762	28,920	2,465	446	51,595	–	51,595
Inter-segment revenues and transfers	3	77	1	–	81	(81)	–
Total	19,766	28,997	2,466	446	51,677	(81)	51,595
Segment income (Loss)	4,798	14,257	(183)	(191)	18,681	(3,178)	15,503
Other items							
Depreciation	373	25	10	5	415	186	601

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

2. The adjustment of segment income (loss) of (3,178) million yen includes elimination of inter-segment transactions of (zero) million yen and corporate expenses of (3,178) 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, 2022 (from April 1, 2021 to March 31, 2022)

(Million Yen)

	Film	Licensing	Goods sales	Others (Note) 1	Total	Adjustment (Note) 2	Total (Note) 3
Net sales							
Japan	8,109	10,326	1,817	1,094	21,346	–	21,346
North America	2,714	9,292	0	–	12,008	–	12,008
Latin America	359	746	–	–	1,105	–	1,105
Europe	1,203	3,896	12	–	5,112	–	5,112
Asia	8,377	8,670	400	0	17,447	–	17,447
Revenues arising from contracts with customers	20,763	32,932	2,231	1,094	57,020	–	57,020
Net sales to external customers	20,763	32,932	2,231	1,094	57,020	–	57,020
Inter-segment revenues and transfers	5	63	0	10	80	(80)	–
Total	20,769	32,995	2,231	1,104	57,101	(80)	57,020
Segment income (loss)	5,753	15,957	(189)	(253)	21,267	(3,160)	18,107
Other items							
Depreciation	364	26	10	13	414	188	602

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

2. The adjustment of segment income (loss) of (3,160) million yen includes elimination of inter-segment transactions of 10 million yen and corporate expenses of (3,170) 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, 2021 (from April 1, 2020 to March 31, 2021)

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
21,173	13,863	10,626	5,932	51,595

- (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	21,083	Licensing, goods sales
Toei Group	2,005	Film

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

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

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

(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	23,035	Licensing, goods sales
Toei Group	2,029	Film

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

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Not applicable

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

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, 2021 (from April 1, 2020 to March 31, 2021)

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	1,759	Accounts receivable	561
							Loan of funds	3,000	Long-term loans receivable from subsidiaries and associates	6,000
							Collection of funds	3,000		
							Interest Income	24	Other current assets	-

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

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	1,868	Accounts receivable	409
							Loan of funds	-	Short-term loans receivable from subsidiaries and associates	3,000
							Collection of funds	-	Long-term loans receivable from subsidiaries and associates	3,000
							Interest Income	23	Other Current assets	-

(Note) 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.

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

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	15,574	Accounts receivable	1,212

(Note) Terms and conditions of business and policy for determining them

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

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Classification	Name of company	Location	Capital or Capital contribution (Million Yen)	Details of business or occupation	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	14,520	Accounts receivable	1,144

(Note) Terms and conditions of business and policy for determining them

With regard to sale of domestic game rights, etc., of animations, 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, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Amount of net assets per share	2,081.26 yen	2,348.35 yen
Earnings per share	270.62 yen	313.46 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 in calculation of net assets per share. (26,882 shares in the previous consolidated fiscal year, 26,882 shares in the consolidated fiscal year under review) Also, in calculation of net income per share, they are included in treasury stock which is deducted in calculation of average number of shares. (28,198 shares in the previous consolidated fiscal year, 26,882 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, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Earnings per share		
Net income attributable to owners of the parent (Million Yen)	11,067	12,820
Amount not attributable to common shareholders (Million Yen)	–	–
Net income attributable to owners of the parent related to common stock (Million Yen)	11,067	12,820
Average number of common stock during period (shares)	40,897,519	40,898,682

(Significant post-balance sheet events)

Not applicable

5) [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
Short-term borrowings	–	490	3.6	–
Current portion of lease liabilities	53	32	–	–
Lease liabilities (excluding current portion of lease liabilities)	39	76	–	April 1, 2023 - September 30, 2026
Other interest-bearing debt Deposits received from employees	96	102	0.5	–
Total	190	700	–	–

(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	30	22	17	4

[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)	13,187	29,740	42,522	57,020
Profit before income taxes (Million Yen)	4,219	11,064	14,462	18,619
Profit attributable to owners of the parent (Million Yen)	3,048	8,144	10,050	12,820
Earnings per share (yen)	74.53	199.15	245.75	313.46

(Accounting period)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Earnings per share (yen)	74.53	124.62	46.60	67.71



## 2 [Financial Statements]

## (1) [Financial Statements]

## 1) [Balance Sheets]

(Million Yen)

Fiscal year ended March 31, 2021 Fiscal year ended March 31, 2022

Assets		
Current assets		
Cash and time deposits	34,524	49,034
Notes Receivable	36	5
Accounts receivable	*1 12,793	*1 13,607
Securities	–	80
Merchandise and finished goods	227	249
Work in process	7,418	10,682
Raw materials and supplies	60	61
Short-term loans receivable from subsidiaries and associates	95	3,106
Other	*1 880	*1 4,328
Allowance for doubtful accounts	(17)	(15)
Total current assets	56,019	81,141
Fixed assets		
Property, plant and equipment		
Buildings	6,367	6,202
Structures	173	165
Tools, furniture and fixtures	362	314
Land	1,315	1,315
Leased assets	95	111
Construction in progress	–	113
Total property, plant and equipment	8,315	8,222
Intangible fixed assets		
Software	525	632
Rights to use telephone and facilities	1	1
Total intangible fixed assets	526	633
Investments and other assets		
Investment securities	8,246	8,183
Shares of subsidiaries and associates	2,998	2,377
Long-term loans receivable	20	20
Long-term loans receivable from subsidiaries and associates	6,082	3,083
Long-term time deposits	10,500	7,500
Guarantee deposits	*1 421	*1 514
Other	767	816
Allowance for doubtful accounts	(35)	(34)
Total investments and other assets	29,002	22,461
Total fixed assets	37,844	31,317
Total assets	93,863	112,459

(Million Yen)

Fiscal year ended March 31, 2021 Fiscal year ended March 31, 2022

Liabilities		
Current liabilities		
Accounts payable - trade	*1 9,026	*1 17,771
Short-term borrowings from subsidiaries and associates	10,118	12,363
Lease liabilities	53	32
Accounts payable - other	*1 497	*1 516
Accrued expenses	94	109
Income taxes payable	2,063	2,311
Contract Liabilities	–	4,442
Advances received	1,969	–
Deposits received	*1 281	*1 294
Provision for bonuses	415	432
Other	*1 94	*1 99
Total current liabilities	24,615	38,372
Fixed Liabilities		
Lease liabilities	39	76
Deferred tax liabilities	173	248
Provision for retirement benefits	2,054	56
Provision for share awards for directors (and other officers)	63	100
Other	*1 145	148
Total fixed liabilities	2,476	630
Total liabilities	27,092	39,003
Net assets		
Shareholders' equity		
Common stock	2,867	2,867
Capital surplus		
Legal capital surplus	3,409	3,409
Total capital surplus	3,409	3,409
Retained earnings		
Legal retained earnings	94	94
Other retained earnings		
General reserve	4,100	4,100
Retained earnings brought forward	53,796	60,660
Total retained earnings	57,991	64,854
Treasury stock	(629)	(630)
Total shareholders' equity	63,638	70,501
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,130	2,952
Deferred gains or losses on hedges	1	1
Total valuation and translation adjustments	3,132	2,954
Total net assets	66,770	73,455
Total liabilities and net assets	93,863	112,459

## 2) [Statements of Income]

(Million Yen)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Current fiscal year (from April 1, 2021 to March 31, 2022)
Net sales	*1 47,731	*1 51,804
Costs of sales	*1 30,956	*1 33,331
Gross profit	16,774	18,473
Selling, general and administrative expenses	*1, *2 6,217	*1, *2 7,198
Operating income	10,557	11,274
Non-operating income		
Interest and dividend income	*1 2,057	*1 2,802
Foreign exchange gains	175	276
Other	*1 130	*1 118
Total non-operating income	2,364	3,196
Non-operating expense		
Interest expenses	*1 83	*1 32
Loss on investments in investment partnerships	114	11
Loss on investments in silent partnerships	49	–
Other	0	30
Total non-operating expenses	247	73
Ordinary income	12,674	14,397
Extraordinary Losses		
Loss on valuation of investment securities	–	186
Total extraordinary losses	–	186
Income before income taxes	12,674	14,210
Income taxes - current	3,978	4,304
Income taxes - deferred	(96)	153
Total income taxes	3,882	4,458
Net income	8,791	9,751

[Detailed Statements on Cost of Sales]

Classification	No. of Note	Previous fiscal year (from April 1, 2020 to March 31, 2021)		Current fiscal year (from April 1, 2021 to March 31, 2022)	
		Amount (Million Yen)	Composition ratio (%)	Amount (Million Yen)	Composition ratio (%)
I. Material costs		60	0.2	63	0.2
II. Labor costs		2,414	8.2	2,698	8.4
III. Expenses	*1	26,858	91.6	29,323	91.4
Cost of goods manufactured for the period		29,333	100.0	32,086	100.0
Cost of merchandise purchased for the period		1,615		1,267	
Initial inventory of merchandise or manufactured goods		235		227	
Total		31,184		33,581	
Ending inventory of merchandise or manufactured goods		227		249	
Costs of sales		30,956		33,331	

(Note) \*1 Major components are as follows.

Item	Previous fiscal year (Million Yen)	Current fiscal year (Million Yen)
License fee, etc.	21,476	24,459

(Cost accounting method)

The Company calculates actual costs with the specific identification method.

## 3) [Statement of Changes in Equity]

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(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	47,893	52,087
Changes during period							
Dividends of surplus						(2,888)	(2,888)
Net income						8,791	8,791
Purchase of treasury shares							
Transfer of treasury stock through share provision trust							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	5,903	5,903
Balance at end of period	2,867	3,409	3,409	94	4,100	53,796	57,991

	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	(651)	57,713	1,310	(1)	1,308	59,022
Changes during period						
Dividends of surplus		(2,888)				(2,888)
Net income		8,791				8,791
Purchase of treasury shares	(1)	(1)				(1)
Transfer of treasury stock through share provision trust	23	23				23
Net changes in items other than shareholders' equity			1,820	3	1,823	1,823
Total changes during period	21	5,925	1,820	3	1,823	7,748
Balance at end of period	(629)	63,638	3,130	1	3,132	66,770

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Million Yen)

	Shareholders' equity						
	Common stock	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	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	53,796	57,991
Changes during period							
Dividends of surplus						(2,888)	(2,888)
Net income						9,751	9,751
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	–	–	6,863	6,863
Balance at end of period	2,867	3,409	3,409	94	4,100	60,660	64,854

	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	(629)	63,638	3,130	1	3,132	66,770
Changes during period						
Dividends of surplus		(2,888)				(2,888)
Net income		9,751				9,751
Purchase of treasury shares	(0)	(0)				(0)
Net changes in items other than shareholders' equity			(178)	0	(177)	(177)
Total changes during period	(0)	6,862	(178)	0	(177)	6,685
Balance at end of period	(630)	70,501	2,952	1	2,954	73,455

[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

Available-for sale securities other than shares, etc. without a market price

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.)

Shares, etc. without a market price

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: 5-50 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 obligations and pension assets 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 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. Standards to report revenues and expenses

Details of performance obligations in primary businesses in relation to revenues arising from contracts with customers of the Company, and the normal point of time when such performance obligations are fulfilled (the normal point of time when revenues are recognized) are as follows.

1) Film

In Film, the Company plans and produces a variety of animation for TV and movie theaters, etc., and sells broadcasting rights to domestic and overseas broadcasting business operators, etc. We also engage in sale of licenses to make packaged software such as Blu-ray discs and DVDs of our animation, and relevant supply business, as well as sale of contents such as images for the internet and mobile terminals to video delivery business operators, etc.

Revenues from production of a variety of animation for TV and movie theaters are recognized at time of delivery of such productions as the performance obligation is deemed to be fulfilled. Revenues from sale of broadcasting rights, rights to make packaged software, and licenses for streaming, etc., are recognized at time of delivery of image materials or at time of starting streaming as the performance obligation is deemed to be fulfilled. The reason why respective performance obligations are deemed to be fulfilled at the time of delivery of such productions or the time of starting streaming is that rights to receive payments from a customer can be deemed to have been obtained as of time when possession of productions and rights, or material risks and economic values associated with the possession are transferred to the customer.

Some revenues from licenses of streaming, etc., which include royalties based on net sales or usage of customers, are recognized at time when uncertainty is eliminated with sales report from the customers.

2) Licensing

In Licensing, the Company earns revenues by granting licenses for using characters, etc., appearing in its animation to licensees such as makers of toys, games, stationery, and apparel. With regard to overseas business, we sell copyrights of our animation mainly through our overseas subsidiaries across Asia, Europe, and North/Central/South America region.

Revenues from licensing are recognized at time of starting licensing as the performance obligation is deemed to be fulfilled. The reason why performance obligations are deemed to be fulfilled at the time of starting licensing is that rights to receive payments from a customer can be deemed to have been obtained as of time when material risks and economic values associated with possession of the rights are transferred to the customer.

Some revenues from licensing which include royalties based on net sales or usage of customers are recognized at time when uncertainty is eliminated with report on sales from the customers.

3) Goods sales

In Goods Sales, the Company sells character goods, etc., through bricks-and-mortar shops and online shops, etc.

Revenues from Goods Sales are recognized at time when the goods are delivered to a purchaser of the goods who is a customer



as performance obligations are deemed to be fulfilled. The reason why performance obligations are deemed to be fulfilled at time when the goods are delivered to a purchaser of the goods who is a customer is that, at that time, material risks and economic values associated with physical occupation and possession of the goods are transferred to the customer, and rights to receive payments from the customer can be deemed to have been obtained.

#### 4) Others

The Company plans and runs a variety of events such as character shows and musical.

Revenues from Others are recognized at time of end of running the event as performance obligations are deemed to be fulfilled. The reason why performance obligations are deemed to be fulfilled at the time of end of running the event is that, at that time, material risks and economic values associated with transactions are transferred to customers, and rights to receive payments from customers can be deemed to have been obtained.

### 5. 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

Means for hedging: Forward exchange contracts

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

#### (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.

(Material accounting estimates)

1. Valuation of unlisted shares

(1) Amounts recorded on the financial statements

(Million Yen)

	The previous fiscal year	The fiscal year under review
Unlisted shares	1,333	1,150

(2) Information on details of material accounting estimates for identified items

1) Method of calculation of amounts

When an actual value of unlisted shares held by the Company notably decreased due to deterioration in financial position of the issuer, the value is reasonably reduced and the valuation difference is posted as valuation loss. However, in case where a possibility that the actual value will recover can be supported with adequate evidence, the value is not reduced.

2) Major assumptions used to make the material accounting estimates

In relation to the possibility of recovery, the Company determines whether to record valuation loss for every quarterly period, using information available such as the issuer's financial position and financial outlook.

3) Impact that the material accounting estimate exerts on financial statements for the fiscal year following the current fiscal year

As of March 31, 2022, any unrealized losses which have material impacts on the financial statements for the following fiscal year have not arisen. However, since the spread of COVID-19 and the timing of getting it under control is unclear, the valuation loss may arise if financial position and business results of individual invested entities deteriorate due to unpredictable changes in the market environment.

2. Provision for retirement benefits

(1) Amounts recorded on the financial statements

(Million Yen)

	The previous fiscal year	The fiscal year under review
Provision for retirement benefits	2,054	56

(2) Information on details of material accounting estimates for identified items

1) Method of calculation of amounts

The Company has established the retirement lump sum payment system as a defined benefit system. The principle method is adopted to calculate such retirement benefit obligations, and expected retirement benefit payments are attributed to a period until the end of the fiscal year under review by using the straight-line attribution. Also, actuarial gains/losses and prior service costs are all amortized in the fiscal year when the gain or loss is recognized.

2) Major assumptions used to make the material accounting estimates

Of calculation assumptions, the discount rate is set based on yield of Japanese government bonds as of March 31, 2022, according to average remaining service years of the Company. The discount rate adopted for the fiscal year under review is 0.38%. The salary increase rate and the turnover rate, etc. are set based on the latest results.

3) Impact that the material accounting estimate exerts on financial statements for the fiscal year following the current fiscal year

If economic environment, etc. significantly change, these calculation assumptions would be affected, which may cause material impacts on retirement benefit obligations and expenses.

(Changes in accounting policies)

(Application of “Accounting Standard for Revenue Recognition,” etc.)

Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; “Revenue Recognition Standard”) and other standards have been applied from the beginning of the fiscal year under review. The Company recognizes revenue at the time when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. Accordingly, in some transactions for goods sales and licensing, where, in provision of goods to customers, the Company’s role falls under an agent, the method to recognize revenues was changed to one in which revenues from commissions received from customers are recognized on a net basis.

The Company has applied the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings brought forward at the beginning of the fiscal year under review, with the new accounting policies applied from the beginning balance.

As a result, net sales decreased 399 million yen, and costs of sales decreased 399 million yen in the fiscal year under review. There is no impact on operating income, ordinary income, income before income taxes, per share information, and retained earnings brought forward at the beginning of period.

With the application of “Accounting Standard for Revenue Recognition”, etc., “advances received” that was included in “Other” of “Current Liabilities” in the balance sheets for the previous fiscal year is separately indicated as “contract liabilities” from the fiscal year under review. In accordance with the transitional treatment set forth in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been reclassified based on the new presentation method.

In accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Recognition Standard, notes to revenue recognition for the previous fiscal year are not presented.

(Application of “Accounting Standard for Fair Value Measurement”)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the financial statements.

(Additional Information)

(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)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Short-term monetary claims	7,182million Yen	6,521million Yen
Long-term monetary claims	9million Yen	9million Yen
Short-term monetary obligations	1,036million Yen	2,230million Yen
Long-term monetary obligations	3million Yen	–million Yen

## 2. Guarantee obligations

The Company has guaranteed lease liabilities of companies shown below.

Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
TOEI ANIMATION INCORPORATED	28million Yen	TOEI ANIMATION INCORPORATED	8million Yen
TOEI ANIMATION EUROPE S.A.S	23million Yen	TOEI ANIMATION EUROPE S.A.S	4million Yen

The Company has guaranteed bank loan payables of companies shown below.

Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
TA KZ Film Kft.	–million Yen	TA KZ Film Kft.	490million Yen

(Notes to Statements of Income)

\* 1 Volume of trade with subsidiaries and associates

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Current fiscal year (from April 1, 2021 to March 31, 2022)
Net sales	7,613million Yen	9,464million Yen
Amount of purchase	8,072million Yen	8,158million Yen
Selling, general and administrative expenses	48million Yen	30million Yen
Volume of trade arising from transactions that are not business transactions	1,884million Yen	2,295million Yen

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

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Current fiscal year (from April 1, 2021 to March 31, 2022)
Personnel expenses	1,805million Yen	2,027million Yen
Advertising expenses	408million Yen	806million Yen
Provision for bonuses	241million Yen	243million Yen
Provision of allowance for doubtful accounts	15million Yen	(3)million Yen
Retirement benefit expenses	45million Yen	26million Yen
Depreciation	255million Yen	274million Yen
Provision for share awards for directors (and other officers)	36million Yen	36million Yen

Approximate percentages

selling expense	37%	44%
General and administrative expenses	63%	56%

(Notes to Securities)

Fiscal year ended March 31, 2021

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.

Classification	The previous fiscal year (Million Yen)
Shares of subsidiaries	668
Shares of affiliates	70
Total	738

Fiscal year ended March 31, 2022

Since shares of subsidiaries and shares of affiliates fall under shares, etc., without a 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 fall under shares, etc., without market price, are as follows.

Classification	The fiscal year under review (Million Yen)
Shares of subsidiaries	669
Shares of affiliates	70
Total	739

(Notes to tax effect accounting)

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

	<u>Fiscal year ended March 31, 2021</u>	<u>Fiscal year ended March 31, 2022</u>
Deferred tax assets		
Provision for bonuses	127million Yen	132million Yen
Loss on valuation of inventories	80million Yen	41million Yen
Enterprise tax payable	144million Yen	134million Yen
Allowance for doubtful accounts	6million Yen	5million Yen
Loss on valuation of investment securities	47million Yen	104million Yen
Provision for retirement benefits	629million Yen	634million Yen
Amount exceeding the allowable limit for depreciation of depreciation assets	171million Yen	51million Yen
Loss on valuation of golf club membership	18million Yen	17million Yen
Provision for retirement benefits for directors (and other officers)	18million Yen	18million Yen
Provision for share awards for directors (and other officers)	19million Yen	30million Yen
Other	63million Yen	68million Yen
Subtotal of deferred tax assets	<u>1,325million Yen</u>	<u>1,239million Yen</u>
Valuation allowance	(107)million Yen	(175)million Yen
Total deferred tax assets	<u>1,218million Yen</u>	<u>1,064million Yen</u>
Deferred tax liabilities		
Removal expenses for asset retirement obligations	(13)million Yen	(13)million Yen
Valuation difference on available-for-sale securities	(1,377)million Yen	(1,298)million Yen
Other	(0)million Yen	(0)million Yen
Total deferred tax liabilities	<u>(1,391)million Yen</u>	<u>(1,312)million Yen</u>
Net deferred tax assets (liabilities)	<u>(173)million Yen</u>	<u>(248)million Yen</u>

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

Fiscal year ended March 31, 2021

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.

Fiscal year ended March 31, 2022

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 revenue recognition)

With regard to the information that serves as a basis for understanding the revenues arising from contracts with customers, since the same contents are stated in Notes to revenue recognition in the consolidated financial statements, the notes are omitted.

(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	6,367	38	–	203	6,202	1,081
	Structures	173	–	–	8	165	32
	Tools, furniture and fixtures	362	71	0	119	314	905
	Land	1,315	–	–	–	1,315	–
	Leased assets	95	79	–	63	111	101
	Construction in progress	–	113	–	–	113	–
	Total	8,315	303	0	395	8,222	2,121
Intangible fixed assets	Software	525	308	43	158	632	–
	Rights to use telephone and facilities	1	–	–	–	1	–
	Total	526	308	43	158	633	–

## [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	53	4	7	49
Provision for bonuses	415	432	415	432
Provision for share awards for directors (and other officers)	63	36	–	100

## (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