

May 10, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (under Japanese GAAP)

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Scheduled date of annual general meeting of shareholders: June 28, 2023
 Scheduled date to commence payment of dividends: June 29, 2023
 Scheduled date of filing annual securities report: June 28, 2023
 Preparation of supplementary briefing materials on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Amounts less than a million yen are rounded down to the nearest million yen.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (April 1, 2022–March 31, 2023)

(1) Results of operations (Percentages are shown as year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	4,875	8.3	1,765	16.2	1,699	12.7	1,106	9.4
March 31, 2022	4,502	11.7	1,520	43.6	1,507	44.4	1,011	17.6

Note: Comprehensive income Fiscal year ended March 31, 2023: 1,115 million yen (up 13.7%)
 Fiscal year ended March 31, 2022: 981 million yen (up 13.7%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	82.48	–	25.2	32.2	36.2
March 31, 2022	74.20	–	26.1	32.0	33.8

Reference: Share of profit (loss) of entities accounted for using equity method: Fiscal year ended March 31, 2023: (19) million yen
 Fiscal year ended March 31, 2022: –

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	5,531	4,653	84.1	350.05
March 31, 2022	5,009	4,116	82.2	303.25

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)

As of March 31, 2023: 4,653 million yen
 As of March 31, 2022: 4,116 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	%	Million yen
Fiscal year ended March 31, 2023	899	(1,106)	(576)	2,524
March 31, 2022	1,146	(119)	(504)	3,307

2. Dividends

	Annual dividends per share					Total dividend payment	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Q1-end	Q2-end	Q3-end	Year-end	Total			
Fiscal year ended March 31, 2022	–	0.00	–	23.00	23.00	312	31.0	8.1
Fiscal year ended March 31, 2023	–	0.00	–	27.00	27.00	363	32.7	8.2
Fiscal year ending March 31, 2024 (forecasted)	–	–	–	27.00	27.00		30.4	

**3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024
(April 1, 2023–March 31, 2024)**

(Percentages are shown as year-on-year changes.)

Full year	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	5,100	4.6	1,830	3.6	1,800	5.9	1,180	6.6	88.77

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): None

Newly consolidated: – Excluded from consolidation: –

(2) Changes in accounting policies and accounting estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, etc.: Yes
- 2) Changes in accounting policies other than those in 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(3) Number of shares issued (ordinary shares)

1) Number of shares issued (including treasury shares):

As of March 31, 2023 15,123,200 shares
As of March 31, 2022 15,123,200 shares

2) Number of treasury shares:

As of March 31, 2023 1,829,678 shares
As of March 31, 2022 1,549,878 shares

3) Average number of shares outstanding during the period:

For the fiscal year ended March 31, 2023 13,420,591 shares
For the fiscal year ended March 31, 2022 13,631,718 shares

The number of treasury shares as of March 31, 2023 includes 180,000 shares of the Company held by the Board Benefit Trust and Employee Benefit Trust.

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results (Percentages are shown as year-on-year changes.)

Fiscal year ended	Operating revenue		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	2,917	212.2	2,135	758.1	2,086	796.1	1,989	–
March 31, 2022	934	4.5	248	1.2	232	1.3	180	(45.4)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	148.24	–
March 31, 2022	13.26	–

(2) Non-Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	6,426	3,174	49.4	238.82
March 31, 2022	6,311	1,754	27.8	129.29

Reference: Equity

As of March 31, 2023: 3,174 million yen
As of March 31, 2022: 1,754 million yen

* This consolidated financial report is not subject to review procedures by certified public accountants or an audit firm.

* Explanation of appropriate use of earnings forecasts, and other special notes

The forward-looking statements including the earnings forecasts contained in this report are based on information currently available to us and certain assumptions that we believe to be reasonable. Accordingly, please be advised that we do not guarantee the achievement of the forecasts, and the actual results may differ significantly from the forecasts due to a variety of factors.

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1. Consolidated Financial Statements and Major Notes**(1) Consolidated Balance Sheet**

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	3,307,363	3,058,126
Accounts receivable–trade	569,690	584,511
Merchandise and finished goods	5,038	4,936
Work in process	488	488
Prepaid expenses	180,457	190,098
Income taxes refund receivable	—	322,839
Other	12,502	11,101
Allowance for doubtful accounts	(826)	(130)
Total current assets	4,074,713	4,171,971
Non-current assets		
Property, plant and equipment		
Buildings and structures	73,772	116,372
Accumulated depreciation	(53,226)	(55,976)
Buildings and structures, net	20,546	60,396
Tools, furniture and fixtures	484,881	448,014
Accumulated depreciation	(387,927)	(371,745)
Tools, furniture and fixtures, net	96,953	76,268
Land	1,973	1,973
Total property, plant and equipment	119,474	138,638
Intangible assets		
Goodwill	19,545	14,090
Software	138,481	122,283
Other	3,209	3,209
Total intangible assets	161,236	139,583
Investments and other assets		
Investment securities	148,135	566,613
Deferred tax assets	59,181	56,634
Insurance funds	290,655	301,868
Other	163,177	166,116
Allowance for investment loss	(4,900)	(4,900)
Allowance for doubtful accounts	(1,920)	(4,956)
Total investments and other assets	654,329	1,081,375
Total non-current assets	935,039	1,359,597
Total assets	5,009,753	5,531,569

	(Thousands of yen)	
	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	9,985	9,646
Short-term borrowings	100,000	100,000
Accounts payable - other	107,593	129,533
Income taxes payable	336,737	284,892
Other	339,383	330,043
Total current liabilities	893,699	854,116
Non-current liabilities		
Provision for share-based payments	–	24,017
Total non-current liabilities	–	24,017
Total liabilities	893,699	878,134
Net assets		
Shareholders' equity		
Share capital	1,092,450	1,092,450
Capital surplus	–	57,960
Retained earnings	3,816,182	4,610,992
Treasury shares	(832,094)	(1,155,570)
Total shareholders' equity	4,076,538	4,605,832
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,515	47,603
Total accumulated other comprehensive income	39,515	47,603
Total net assets	4,116,053	4,653,435
Total liabilities and net assets	5,009,753	5,531,569

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

	(Thousands of yen)	
	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Net sales	4,502,622	4,875,169
Cost of sales	1,382,695	1,398,544
Gross profit	3,119,926	3,476,625
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	185,287	193,647
Payroll and allowances	420,486	427,076
Promotion expenses	226,773	249,574
Rent expenses on land and buildings	155,304	155,304
Other	611,850	685,172
Total selling, general and administrative expenses	1,599,702	1,710,774
Operating profit	1,520,224	1,765,851
Non-operating income		
Interest income	109	9,082
Dividend income	—	2,631
Insurance claim income	7,690	—
Dividend income of insurance	701	—
Compensation income	2,468	—
Other	1,291	1,107
Total non-operating income	12,262	12,820
Non-operating expenses		
Interest expenses	737	753
Commission expenses	12,995	4,940
Share related expenses	11,445	11,646
Foreign exchange losses	—	42,214
Share of loss of entities accounted for using the equity method	—	19,433
Other	28	332
Total non-operating expenses	25,207	79,320
Ordinary profit	1,507,279	1,699,351
Extraordinary income		
Gain on sale of investment securities	34,057	—
Total extraordinary income	34,057	—
Extraordinary losses		
Loss on retirement of non-current assets	2,469	17
Total extraordinary losses	2,469	17
Net income before income taxes	1,538,867	1,699,333
Income taxes—current	544,126	593,359
Income taxes—deferred	(16,713)	(1,022)
Total income taxes	527,412	592,337
Net income	1,011,454	1,106,996
Net income attributable to owners of the parent	1,011,454	1,106,996

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Net income	1,011,454	1,106,996
Other comprehensive income		
Valuation difference on available-for-sale securities	(30,310)	8,088
Total other comprehensive income	(30,310)	8,088
Comprehensive income	981,144	1,115,084
Comprehensive income attributable to		
Owners of the parent	981,144	1,115,084

(3) Consolidated Statements of Changes in Equity

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

(Thousands of yen)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,092,450	3,039,724	(562,322)	3,569,853
Changes of items during period				
Dividends of surplus		(234,997)		(234,997)
Net income attributable to owners of the parent		1,011,454		1,011,454
Purchase of treasury shares			(269,772)	(269,772)
Net changes of items other than shareholders' equity				
Total changes of items during period	—	776,457	(269,772)	506,685
Balance at end of period	1,092,450	3,816,182	(832,094)	4,076,538

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	69,825	69,825	3,639,678
Changes of items during period			
Dividends of surplus			(234,997)
Net income attributable to owners of the parent			1,011,454
Purchase of treasury shares			(269,772)
Net changes of items other than shareholders' equity	(30,310)	(30,310)	(30,310)
Total changes of items during period	(30,310)	(30,310)	476,374
Balance at end of period	39,515	39,515	4,116,053

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,092,450	—	3,816,182	(832,094)	4,076,538
Changes of items during period					
Dividends of surplus			(312,186)		(312,186)
Net income attributable to owners of the parent			1,106,996		1,106,996
Purchase of treasury shares				(265,515)	(265,515)
Purchase of treasury shares by Board Benefit Trust (BBT)				(154,440)	(154,440)
Dispose of treasury shares by Board Benefit Trust (BBT)		57,960		96,480	154,440
Net changes of items other than shareholders' equity					
Total changes of items during period	—	57,960	794,809	(323,475)	529,293
Balance at end of period	1,092,450	57,960	4,610,992	(1,155,570)	4,605,832

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	39,515	39,515	4,116,053
Changes of items during period			
Dividends of surplus			(312,186)
Net income attributable to owners of the parent			1,106,996
Purchase of treasury shares			(265,515)
Purchase of treasury shares by Board Benefit Trust (BBT)			(154,440)
Dispose of treasury shares by Board Benefit Trust (BBT)			154,440
Net changes of items other than shareholders' equity	8,088	8,088	8,088
Total changes of items during period	8,088	8,088	537,381
Balance at end of period	47,603	47,603	4,653,435

(4) Consolidated statements of Cash Flows

(Thousands of yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Net income before income taxes	1,538,867	1,699,333
Depreciation	112,230	97,567
Amortization of goodwill	5,454	5,454
Increase (decrease) in allowance for doubtful accounts	50	2,340
Interest and dividend income	(109)	(11,713)
Insurance claim income	(7,690)	—
Interest expenses	737	753
Share of loss (profit) of entities accounted for using the equity method	—	19,433
Loss on retirement of non-current assets	2,469	17
Loss (gain) on sale of investment securities	(34,057)	—
Decrease (increase) in trade receivables	(50,895)	(18,992)
Decrease (increase) in inventories	118	101
Increase (decrease) in trade payables	(609)	(338)
Increase (decrease) in accrued consumption taxes	26,032	(12,421)
Other	8,744	84,270
Subtotal	1,601,342	1,865,807
Interest and dividends received	109	2,663
Proceeds from insurance income	7,690	—
Interest paid	(732)	(752)
Income taxes paid	(461,764)	(968,353)
Net cash provided by (used in) operating activities	1,146,644	899,364
Cash flows from investing activities		
Payments into time deposits	—	(576,320)
Purchase of property, plant and equipment	(16,817)	(70,054)
Purchase of intangible assets	(45,934)	(29,510)
Purchase of investment securities	(25,000)	(426,254)
Proceeds from sale of investment securities	34,211	—
Proceeds from collection of loans receivable	6,000	10,000
Purchase of shares of subsidiaries and associates	(60,395)	—
Other	(11,177)	(14,152)
Net cash provided by (used in) investing activities	(119,112)	(1,106,291)
Cash flows from financing activities		
Purchase of treasury shares	(269,772)	(265,515)
Cash dividends paid	(234,585)	(310,913)
Net cash provided by (used in) financing activities	(504,357)	(576,429)
Increase (decrease) in cash and cash equivalents	523,174	(783,356)
Cash and cash equivalents at the beginning of the period	2,784,188	3,307,363
Cash and cash equivalents at the end of the period	3,307,363	2,524,006

(5) Notes to Quarterly Consolidated Financial Statements**Segment Information**

1. Overview of reporting segments

The Company's reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business results.

The Group consists of the Company, the pure holding company, and operating companies. Each operating company develops comprehensive strategies for the products and services it handles to conduct business activities.

Accordingly, the Group is comprised of segments grouped by products and services based on those operating companies. The Company has three reporting segments: Communication Business, Data Providing Business, and Mobile Business.

The Communication Business segment conducts Customer Satisfaction (CS) Research Business and News & Media Business. The CS Research Business provides services including trademark use, digital promotion (customer transfer), and data distribution. The News & Media Business is mainly engaged in advertising and the provision of news articles by using ORICON NEWS, the Company's own media. The Data Providing Business segment provides music software, video software, book marketing data, and other data. The Mobile Business segment mainly provides services to distribute music, books, and other content for mobile devices.

2. Calculation of net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting methods used for reportable segments are generally the same as those described in "Important basic matters for preparation of the consolidated financial statements."

The profit of the reportable segments is based on operating profit (before amortization of goodwill).

Intersegment sales and transfers are based on prevailing market prices.

The Company does not allocate assets to reportable segments.

3. Net sales, profit or loss, assets, liabilities and other items by reportable segment

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

(Thousands of yen)

	Reportable segments				Total
	Communication Business	Data Providing Business	Mobile Business	Subtotal	
Net sales					
Sales to external customers	3,401,422	662,983	438,215	4,502,622	4,502,622
Intersegment sales or transfers	84,000	–	–	84,000	84,000
Total	3,485,422	662,983	438,215	4,586,622	4,586,622
Segment profit	2,185,009	235,020	189,365	2,609,395	2,609,395
Other items					
Depreciation	15,269	19,952	17,723	52,944	52,944

Current fiscal year (April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Reportable segments				Total
	Communication Business	Data Providing Business	Mobile Business	Subtotal	
Net sales					
Sales to external customers	3,822,599	670,573	381,996	4,875,169	4,875,169
Intersegment sales or transfers	84,000	–	–	84,000	84,000
Total	3,906,599	670,573	381,996	4,959,169	4,959,169
Segment profit	2,542,225	234,622	133,145	2,909,994	2,909,994
Other items					
Depreciation	16,007	19,156	11,392	46,555	46,555

4. Reconciliation between the total amount of reportable segments and the amount recorded in the consolidated financial statements

(Thousands of yen)

Net sales	Previous fiscal year	Current fiscal year
Total of reportable segments	4,586,622	4,875,169
Elimination of intersegment transactions	(84,000)	(84,000)
Net sales in the consolidated financial statements	4,502,622	4,959,169

(Thousands of yen)

Profit	Previous fiscal year	Current fiscal year
Total of reportable segments	2,609,395	2,909,994
Elimination of intersegment transactions	–	–
Amortization of goodwill	(5,454)	(5,454)
Corporate expenses (Note)	(1,083,716)	(1,138,689)
Operating profit in the consolidated financial statements	1,520,224	1,765,851

Note: Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segments.

Other items	Total of reportable segments		Adjustments		Amount recorded in consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	52,944	46,555	59,285	51,011	112,230	97,567

Note: The adjustments for depreciation mainly consist of amortization related to the administration division.

Revenue Recognition

1. Disaggregation of revenue from contracts with customers

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

(Thousands of yen)

	Reportable segments				Total
	Communication Business	Data Providing Business	Mobile Business	Subtotal	
Customer Satisfaction Research	1,866,878	–	–	1,866,878	1,866,878
News & Media	1,534,544	–	–	1,534,544	1,534,544
Data Providing	–	662,983	–	662,983	662,983
Mobile Content Services	–	–	438,215	438,215	438,215
Revenue from contracts with customers	3,401,422	662,983	438,215	4,502,622	4,502,622
Other revenue	–	–	–	–	–
Sales to external customers	3,401,422	662,983	438,215	4,502,622	4,502,622

Current fiscal year (April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Reportable segments				Total
	Communication Business	Data Providing Business	Mobile Business	Subtotal	
Customer Satisfaction Research	2,144,640	–	–	2,144,640	2,144,640
News & Media	1,677,959	–	–	1,677,959	1,677,959
Data Providing	–	670,573	–	670,573	670,573
Mobile Content Services	–	–	381,996	381,996	381,996
Revenue from contracts with customers	3,822,599	670,573	381,996	4,875,169	4,875,169
Other revenue	–	–	–	–	–
Sales to external customers	3,822,599	670,573	381,996	4,875,169	4,875,169

2. Basic information to understand revenue from contracts with customers

The details are described in “Basic information to understand revenue from contracts with customers 4. Accounting policies (4) Basis for recognition of significant revenue and expense.”

3. Information related to the relationship between the satisfaction of performance obligations based on contracts with customers and the cash flows arising from such contracts, and the amounts and timing of revenue expected to be recognized in or after the next fiscal year from contracts with customers that existed at end of the current fiscal year

(1) Balances, etc. of contract assets and contract liabilities

(Thousands of yen)

	Previous fiscal year	Current fiscal year
Receivables arising from contracts with customers (Beginning balance)	524,257	569,690
Receivables arising from contracts with customers (Ending balance)	569,690	584,511
Contract liabilities (Beginning balance)	47,100	41,637
Contract liabilities (Ending balance)	41,637	37,465

Contract liabilities are mainly advances received from customers for the CS Research Business, and included in “Other” in “Current liabilities” in the consolidated balance sheet.

(2) Transaction price allocated to the remaining performance obligations

The Company and its consolidated subsidiaries have no material contracts with an initially expected contract term of more than one year. In addition, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.