

(English Translation)

This English translation is an abridged version of the original document in Japanese. In the event of any discrepancy, the Japanese version prevails

Summary of Consolidated Financial Results for the the Fiscal Year Ending March 31, 2021 [Japanese GAAP]

April 27, 2021

Listed company name: Infocom Corporation
Securities code: 4348
Representative: (Position) President and CEO
Contact: (Position) Head of Corporate Communications Office
Scheduled date of Annual General Shareholders' Meeting: June 15, 2021
Scheduled date to file securities report: June 16, 2021
Preparation of supplementary materials on financial results: Yes
Holding of financial results briefing: Yes

Listed on: Tokyo Stock Exchange
URL <https://www.infocom.co.jp/>
(Name) Norihiro Takehara
(Name) Shinya Tanaka (TEL) +81-3-6866-3160
Scheduled date to commence dividend payments: June 17, 2021

(Amounts less than one million yen are rounded down)

1. Consolidated Business Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year increases.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	68,055	16.6	10,812	31.7	10,936	32.3	6,276	13.2
March 31, 2020	58,375	12.8	8,211	19.2	8,268	20.3	5,543	15.9

(Note) Comprehensive income: Year ended March 31, 2021: ¥7,216 million (54.4%); Year ended March 31, 2020: ¥4,673 million(-12.8%)

Fiscal year ended	Earnings per share	Diluted earnings per share	Return on shareholders' equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	Yen	Yen	Yen
March 31, 2021	114.61	114.10	16.2	20.9	15.9
March 31, 2020	101.32	100.86	16.2	18.0	14.1

(Reference) Equity in earnings (losses) of affiliates: Year ended March 31, 2020: ¥8 million; Year ended March 31, 2019: ¥-1 million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	56,435	41,839	73.5	757.76
As of March 31, 2020	48,087	36,159	74.4	653.82

(Reference) Shareholders' equity: Year ended March 31, 2021: ¥41,503 million; Year ended March 31, 2020: ¥35,786 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the fiscal year
	Million yen	Million yen	%	Yen
As of March 31, 2021	9,871	(1,643)	(1,761)	29,956
As of March 31, 2020	7,355	(2,472)	(1,546)	23,491

2. Dividends

Fiscal year ended	Dividends per share					Total dividends paid (Annual) Million yen	Dividend payout ratio (Consolidated) %	Dividend on equity ratio (Consolidated) %
	Q1	Q2	Q3	Year-end	Total			
March 31, 2020	—	10.00	—	21.00	31.00	1,697	30.6	5.0
March 31, 2021	—	10.00	—	27.00	37.00	2,026	32.3	5.2
Fiscal year ending March 31, 2022 (forecast)	—	13.00	—	27.00	40.00		30.0	

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2021

(Percent figures indicate the rate of changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	35,000	5.4	4,800	(2.5)	4,800	(3.0)	3,250	(3.8)	59.35
Full-year	77,000	13.1	11,000	1.7	11,000	0.6	7,300	16.3	133.31

(Reference) Overview of individual business results

1. Individual Business Results for the fiscal year ended March 31, 2021

(1) Consolidated financial position

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2021	20,783	(9.9)	2,198	(19.1)	4,222	(11.8)	2,579	(32.2)
March 31, 2020	23,070	4.7	2,716	35.3	4,789	42.5	3,804	45.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2021	47.10	46.90
March 31, 2020	69.54	69.23

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	45,078	25,671	56.4	464.53
As of March 31, 2020	37,511	23,784	62.9	431.29

(Reference) Shareholders' equity: As of March 31, 2021: ¥25,442 million; As of March 31, 2020: ¥23,606 million

* Explanation regarding the appropriate use of financial forecasts and other special remarks

(Cautions concerning forward-looking statements)

Forward-looking statements, including forecasts of business results, are based on the information currently available and certain assumptions judged to be rational. Actual business results may differ substantially due to various factors. For the matters to be noted when using the financial forecasts and the assumptions behind these forecasts, please refer to "1. Analysis of Business Results, 4) Outlook for the Next Fiscal Year," on page 5 of the attached materials.

1. Analysis of Business Results

1) Overview of Business Results during the Year under Review

During the current fiscal year under review, the Japanese economy was impacted severely by the global spread of COVID-19, and the future outlook remains uncertain.

The IT-related markets were affected negatively by temporary suspensions of corporate capital investment due to the slowdown in economic activity. Meanwhile, we have seen a recovery in software demand related to work-style reform and labor shortages during the COVID-19 pandemic.

The e-book market continues its upward trajectory, driven by a growing user base and new lifestyles in this time of the *new normal* caused by voluntary restraints on non-essential travel outside the home.

In this operating environment, the Infocom Group medium-term management plan (April 2020 to March 2023) emphasized two fundamental policies: (1) pursue growth and (2) continue to build a strong foundation to support growth. To this end, we identified the E-comic and Health IT businesses as priority businesses. In these areas, we pursued continued growth, an evolution into a services-oriented business, and co-creation (M&A, overseas expansion).

As a result, the Infocom Group generated net sales of ¥68,055 million for current consolidated fiscal year, up 16.6% compared to the previous fiscal year. Operating profit rose 31.7% to ¥10,812 million and ordinary profit rose 32.3% to ¥10,936 million. Profit attributable to owners of the parent increased 13.2% to ¥6,276 million.

We recorded ¥1,002 million in impairment losses for the current consolidated fiscal year, posted under extraordinary loss, after reviewing the progress of initial business plans and future business outlook, etc., related to goodwill recorded at the time we acquired stock in an e-comic business in South Korea and in a nursing professional recruitment business in Japan.

The following paragraphs describe our results by segment.

(i) Digital Entertainment Group

Our Digital Entertainment Group recorded sales of ¥44,027 million for the consolidated fiscal year (+33.5% year on year) and operating profit of ¥7,909 million (+59.7%).

We implemented successful measures in our e-comic distribution service, *Mecha Comic*, using data analysis (free series, exclusive first run distributions, original comics, etc.), and the business experienced increased demand due to stay-at-home requests by the government. Although the impact of pirate sites became more apparent in Q4, sales increased substantially, exceeding ¥40 billion for the first time since the launch of this service.

(ii) Business Solution Group

Our Business Solution Group recorded sales of ¥24,027 million for the consolidated fiscal year (-5.4% year on year) and operating profit of ¥2,892 million (-11.0%).

Sales to hospitals in our Health IT business during the first half were impacted by a negative rebound from special demand in the prior year (change in imperial era, consumption tax hike). However, we saw a recovery in performance toward the end of the fiscal year. Further, our efforts in sales activities for corporate IT services and other measures secured sales results that were level with the previous year.

2) Overview of Financial Position for the Current Fiscal Year

Despite a decrease in goodwill due to the recording of impairment losses, total assets increased ¥8,348 million compared with the end of the previous consolidated fiscal year, amounting to ¥56,435 million. This result was mainly due to an increase in cash and cash deposits, as well as an increase in investment securities stemming from a rise in market value. Total liabilities rose ¥2,668 million to ¥14,596 million due to an increase in accounts payable-trade, income taxes payable, and accrued consumption taxes. Net assets rose ¥5,679 million compared with the end of the previous consolidated fiscal year, reaching ¥41,839 million.

3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents as of March 31, 2021, amounted to ¥29,956 million, up ¥6,465 million from one year earlier. The following paragraphs describe cash flows and reasons for major changes in cash flows.

[Cash flows from operating activities]

Net cash provided by operating activities amounted to ¥9,871 million (¥7,355 million in the previous fiscal year). This result was mainly due to increases stemming from profit before income taxes of ¥9,721 million (¥8,040 million in the previous fiscal year), depreciation (non-cash item) of ¥1,142 million (¥1,023 million), and impairment loss of ¥1,002 million (¥94 million). These increases were offset in part by a decrease stemming from ¥2,370 million in income taxes paid (¥2,653 million).

[Cash flows from investing activities]

Net cash used in investing activities amounted to ¥1,643 million (¥2,472 million in the previous fiscal year). This result was mainly due to cash outlays of ¥767 million in acquisition of software and other intangible fixed assets (¥691 million in the previous fiscal year) and outlays of ¥478 million in guarantee deposits for the relocation of our headquarters (¥90 million).

[Cash flows from financing activities]

Net cash used in financing activities amounted to ¥1,761 million (¥1,546 million in the previous fiscal year). This result was mainly due to cash outlays of ¥1,697 million in dividend payments (¥1,477 million).

(Reference) Changes in cash flow indicators

	3/2017	3/2018	3/2019	3/2020	3/2021
Equity ratio (%)	72.2	73.8	74.6	74.4	73.5
Equity ratio based on market value (%)	161.4	158.1	230.7	280.8	273.1
Interest-bearing debt to cash flow ratio (year)	—	—	—	—	—
Interest coverage ratio	1,643.9	3,239.6	3,390.9	4,406.2	9,377.1

(Notes) Equity ratio: Equity / total assets

Equity ratio based on market value: Total market capitalization / total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / operating cash flow

Interest coverage ratio: Operating cash flow / interest payments

Indicators are calculated based on consolidated financial figures.

Stock market capitalization is calculated by multiplying the closing stock price by the total number of issued shares at the end of the fiscal year (excluding treasury shares).

Operating cash flow uses cash flows from operating activities in the consolidated statements of cash flows.

Interest-bearing debt includes all interest-bearing liabilities recorded on the consolidated balance sheet. Interest payments refers to the amount of interest paid per the consolidated statement of cash flows.

4) Outlook for the Next Fiscal Year

The Japanese economy is expected to gradually recover with the greater adoption of measures to prevent the spread of COVID-19 and larger number of effective vaccinations. At this time, however, it remains unclear as to when the pandemic will subside, and the future is uncertain.

The IT-related market should see a recovery in IT demand with greater acceptance of the new normal. Factors include the spread of telework, society-wide digitization, expanded use of cloud services, greater adoption of AI in business, and improved business processes.

We assume the e-book market will settle over the first half of the fiscal year, despite the negative impact of pirate sites. We forecast that the e-book market will continue to grow due to new reading habits incorporating smartphones, the further expansion of the user base, and the full-scale spread of 5G.

In this environment, the Infocom Group medium-term management plan (April 2020 to March 2023) emphasizes two fundamental policies: (1) pursue growth and (2) continue to build a strong foundation to support growth. To this end, we have identified the E-comic and Health IT businesses as priority businesses. In addition, we plan to relocate our headquarters during the fiscal year ending March 31, 2022, reflecting new work-style reforms that include and incorporate Activity-Based Working.

For the fiscal year ending March 31, 2022, we anticipate net sales of ¥77,000 million (+13.1% year on year), operating profit of ¥11,000 million (+1.7%), ordinary profit of ¥11,000 million (+0.6%), and net income attributable to owners of parent of ¥7,300 million (+16.3%).

The above-stated performance forecasts are based on information as of the date these materials were released. Accordingly, actual results may differ materially from these forecasts, due to a variety of future factors.

5) Basic Policy on Distribution of Profit and Dividends for the Fiscal Years to March 31, 2021 and 2022

We consider the stable return of profits an important management priority for raising shareholder value. Balancing demands for cash, we strive to maintain a sound financial structure and prioritize investments to expand our businesses over the medium to long term. At the same time, we aim to provide stable dividends, targeting a dividend payout ratio of 30% and raising dividends in line with increases in operating performance.

For the fiscal year ended March 31, 2021, we plan to propose a year-end dividend of ¥27 per share at the 39th Ordinary General Meeting of Shareholders.

For the fiscal year ending March 31, 2022, we plan to pay an annual dividend of ¥40 per share, consisting of an interim dividend of ¥13 yen per share and a year-end dividend of ¥27 per share.

2. Basic Perspective on Selection of Accounting Standards

Our company applies Japanese standards.

We are preparing for the application of IFRS, and to this end we are developing a Group settlement system and in-house manual. We are also considering the timing for the application of IFRS.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	23,491	29,956
Notes and accounts receivable-trade	11,459	12,502
Inventories	392	167
Other	1,099	1,345
Allowance for doubtful accounts	(6)	(7)
Total current assets	36,436	43,964
Non-current assets		
Property, plant and equipment		
Buildings and structures	684	1,023
Accumulated depreciation	(428)	(541)
Buildings and structures, net	256	481
Machinery, equipment and vehicles	1	1
Accumulated depreciation	(1)	(1)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	1,484	1,548
Accumulated depreciation	(920)	(1,049)
Tools, furniture and fixtures, net	564	499
Leased asset	382	365
Accumulated depreciation	(255)	(291)
Leased asset (net)	127	73
Construction in progress	18	0
Total tangible fixed assets	965	1,054
Intangible assets		
Software	1,585	1,592
Goodwill	1,195	—
Other	36	47
Total intangible assets	2,818	1,639
Investment and other assets		
Investment securities	5,964	7,494
Shares of subsidiaries and associates	237	242
Deferred tax assets	758	686
Other	1,037	1,551
Allowance for doubtful accounts	(132)	(198)
Total investment and other assets	7,867	9,776
Total non-current assets	11,651	12,471
Total assets	48,087	56,435

(Unit: million yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable-trade	4,564	4,975
Lease obligations	59	48
Accounts payable - other	1,851	1,768
Income taxes payable	1,346	2,729
Accrued consumption taxes	868	1,189
Advances received	759	901
Provision for bonuses	1,411	1,402
Provision for loss on order received	69	—
Other	873	1,225
Total current liabilities	11,804	14,241
Non-current liabilities		
Lease obligations	81	32
Retirement benefit liability	8	16
Deferred tax liabilities	—	235
Other	32	70
Total non-current liabilities	123	355
Total liabilities	11,927	14,596
Net assets		
Shareholders' equity		
Share capital	1,590	1,590
Capital surplus	1,456	1,556
Retained earnings	32,900	37,479
Treasury shares	(805)	(795)
Total shareholders' equity	35,140	39,829
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	740	1,827
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	(94)	(153)
Total accumulated other comprehensive income	646	1,673
Share acquisition rights	177	228
Non-controlling interests	194	107
Total net assets	36,159	41,839
Total liabilities and net assets	48,087	56,435

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	58,375	68,055
Cost of sales	30,103	34,347
Gross profit	28,271	33,708
Selling, general and administrative expenses	20,060	22,896
Operating profit	8,211	10,812
Non-operating income		
Interest and dividend income	79	102
Share of profit of entities accounted for using equity method	—	8
Other	3	18
Total non-operating income	83	130
Non-operating expenses		
Interest expenses	1	1
Foreign exchange losses	3	1
Share of loss of entities accounted for using equity method	1	—
Partnership losses	20	3
Other	0	0
Total non-operating expenses	26	5
Ordinary profit	8,268	10,936
Extraordinary income		
Gain on sales of investment securities	2	0
Total extraordinary income	2	0
Extraordinary losses		
Impairment loss	94	1,002
Loss on retirement of non-current assets	8	14
Loss on valuation of shares of subsidiaries and associates	21	—
Loss on valuation of investment securities	40	23
Provision of allowance for doubtful accounts	63	172
Other	3	3
Total extraordinary losses	230	1,215
Profit before income taxes	8,040	9,721
Income taxes – current	2,522	3,705
Income taxes - deferred	(5)	(171)
Total income tax	2,516	3,533
Profit	5,523	6,188
Loss attributable to non-controlling interests	(20)	(88)
Profit attributable to owners of the parent	5,543	6,276

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	5,523	6,188
Other comprehensive income		
Valuation difference on available-for-sale securities	(808)	1,086
Deferred gains or losses on hedges	(1)	(0)
Foreign currency translation adjustment	(40)	(58)
Total other comprehensive income	(850)	1,028
Comprehensive income	4,673	7,216
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,696	7,303
Comprehensive income attributable to non-controlling interests	(23)	(87)

3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2020 (Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,590	1,447	28,833	(816)	31,054
Changes in items during period					
Dividends of surplus			(1,477)		(1,477)
Profit attributable to owners of the parent			5,543		5,543
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		9		10	20
Net changes in items other than shareholders' equity					
Total changes in items during period	—	9	4,066	10	4,086
Balance at end of period	1,590	1,456	32,900	(805)	35,140

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	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	1,549	1	(58)	1,492	157	2	32,707
Changes in items during period							
Dividends of surplus							(1,477)
Profit attributable to owners of the parent							5,543
Purchase of treasury shares							(0)
Disposal of treasury shares							20
Net changes in items other than shareholders' equity	(808)	(1)	(36)	(846)	20	191	(634)
Total changes in items during period	(808)	(1)	(36)	(846)	20	191	3,451
Balance at end of period	740	0	(94)	646	177	194	36,159

Fiscal year ended March 31, 2021 (Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,590	1,456	32,900	(805)	35,140
Changes in items during period					
Dividends of surplus			(1,697)		(1,697)
Profit attributable to owners of the parent			6,276		6,276
Restricted stock compensation		99		10	109
Net changes in items other than shareholders' equity					
Total changes in items during period	—	99	4,578	10	4,688
Balance at end of period	1,590	1,556	37,479	(795)	39,829

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	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	740	0	(94)	646	177	194	36,159
Changes in items during period							
Dividends of surplus							(1,697)
Profit attributable to owners of the parent							6,276
Restricted stock compensation							109
Net changes in items other than shareholders' equity	1,086	(0)	(58)	1,027	50	(86)	991
Total changes in items during period	1,086	(0)	(58)	1,027	50	(86)	5,679
Balance at end of period	1,827	—	(153)	1,673	228	107	41,839

4) Consolidated Statement of Cash Flows

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	8,040	9,721
Depreciation	1,023	1,142
Impairment loss	94	1,002
Share-based remuneration expenses	40	77
Amortization of goodwill	157	210
Increase (decrease) in allowance for doubtful accounts	62	172
Increase (decrease) in provision for bonuses	184	(8)
Increase (decrease) in provision for loss on order received	(88)	(69)
Interest and dividend income	(79)	(102)
Loss on valuation of shares of subsidiaries and associates	21	—
Loss (gain) on valuation of investment securities	40	23
Decrease (increase) in trade receivables	(834)	(1,045)
Decrease (increase) in inventories	165	224
Decrease (increase) in other assets	79	(197)
Increase (decrease) in trade payables	406	413
Increase (decrease) in other liabilities	617	572
Subtotal	9,931	12,137
Interest and dividend income received	79	105
Interest paid	(1)	(1)
Income taxes paid	(2,653)	(2,370)
Net cash provided by operating activities	7,355	9,871
Cash flows from investment activities		
Purchase of property, plant and equipment	(349)	(244)
Purchase of intangible assets	(691)	(767)
Purchase of investment securities	(275)	(178)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,092)	—
Payments of guarantee deposits	(90)	(478)
Proceeds from refund of guarantee deposits	7	2
Other, net	19	23
Net cash used in investing activities	(2,472)	(1,643)
Cash flows from financing activities		
Repayment of lease obligations	(62)	(54)
Dividends paid	(1,477)	(1,697)
Other, net	(7)	(9)
Net cash used in financing activities	(1,546)	(1,761)
Effect of exchange rate change on cash and cash equivalents	(23)	(1)
Net increase (decrease) in cash and cash equivalents	3,313	6,465
Cash and cash equivalents, beginning of period	20,177	23,491
Cash and cash equivalents, end of period	23,491	29,956

(5) Notes on the consolidated financial statements

(Note on going concern assumption)

Not applicable

(Segment information)

1. Overview of reportable segments

Infocom Group reportable segments are business units of the group for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors, which makes decisions about resources to be allocated to the segment and assesses segment performance.

The Group has two reportable segments: the Digital Entertainment segment and the Business Solution segment.

The Digital Entertainment segment offers BtoC e-comic distribution services for smartphones and mobile devices.

The Business Solution segment provides IT services such as planning, development, operation and management of information systems. This segment sells services to companies, pharmaceutical and medical institutions, care providers, public research institutes, and educational research facilities.

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

Reportable segment profits are based on operating profit. Intersegment sales or transfers are based on prevailing market prices.

3. Information related to sales, profits or losses, assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2020

(Unit: million yen)

	Digital Entertainment	Business Solution	Total	Adjustments (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
Net sales					
Sales to external customers	32,983	25,391	58,375	—	58,375
Intersegment sales or transfers	0	101	102	(102)	—
Total	32,983	25,493	58,477	(102)	58,375
Segment profit	4,951	3,250	8,201	9	8,211
Segment assets	19,456	17,386	36,843	11,244	48,087
Other items					
Depreciation	65	958	1,023	—	1,023
Amortization of goodwill	80	76	157	—	157
Share of profit of entities accounted for using equity method	(1)	—	(1)	—	(1)
Investment in entities accounted for using equity method	184	—	184	—	184
Impairment loss	—	94	94	—	94
Increase in property, plant and equipment and intangible assets	226	843	1,069	—	1,069

(Notes) 1. Adjustment amounts are as follows.

(1) The segment profit adjustment of ¥9 million is for the elimination of intersegment transactions and corporate expenses.

(2) The segment asset adjustment of ¥11,244 million includes ¥8,886 million for the elimination of receivables from the headquarters management department and ¥20,130 million corporate assets not allocated to individual reportable segments. Corporate assets are mainly cash and cash equivalents at the Company, and assets related to the administration department.

2. Segment profit is adjusted in operating profit in the consolidated income statement.

Fiscal year ended March 31, 2021

(Unit: million yen)

	Digital Entertainment	Business Solution	Total	Adjustments (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
Net sales					
Sales to external customers	44,027	24,027	68,055	—	68,055
Intersegment sales or transfers	0	182	182	(182)	—
Total	44,028	24,209	68,238	(182)	68,055
Segment profit	7,909	2,892	10,802	9	10,812
Segment assets	25,571	18,383	43,954	12,480	56,435
Other items					
Depreciation	191	950	1,142	—	1,142
Amortization of goodwill	108	101	210	—	210
Share of profit of entities accounted for using equity method	8	—	8	—	8
Investment in entities accounted for using equity method	189	—	189	—	189
Impairment loss	358	643	1,002	—	1,002
Increase in property, plant and equipment and intangible assets	265	642	908	—	908

(Notes) 1. Adjustment amounts are as follows.

- (1) The segment profit adjustment of ¥9 million is for the elimination of intersegment transactions and corporate expenses.
 - (2) The segment asset adjustment of ¥12,480 million includes ¥14,617 million for the elimination of receivables from the headquarters management department and ¥27,098 million corporate assets not allocated to individual reportable segments. Corporate assets are mainly cash and cash equivalents at the Company, and assets related to the administration department.
2. Segment profit is adjusted in operating profit in the consolidated income statement.

(Per share information)

(Unit: yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net assets per share	653.82	757.76
Net income per share	101.32	114.61
Diluted net income per share	100.86	114.10

(Note 1). The basis for calculating net income per share and diluted net income per share is as follows.

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net income per share		
Net income attributable to owners of parent	5,543	6,276
Net income not attributable to owners of parent	—	—
Net income attributable to owners of parent related to common stock	5,543	6,276
Average number of common shares during the period	54,714,477	54,759,562
Diluted net income per share		
Adjusted net income attributable to owners of parent	—	—
Increase in common stock	245,931	243,554
(Of which, share acquisition rights)	(245,931)	(243,554)
Overview of potential shares not included in the calculation of diluted net income per share as they have no dilutive effect	—	—

(Note 2). The basis for calculating net assets per share is as follows.

(Unit: million yen)

	As of March 31, 2020	As of March 31, 2021
Total net assets	36,159	41,839
Deductions from total net assets	372	336
(Of which, share acquisition rights)	(177)	(228)
(Of which, non-controlling interests)	(194)	(107)
Net assets at the end of the fiscal year related to ordinary shares	35,786	41,503
Number of common shares at the end of the fiscal year used to calculate net assets per share	54,734,777	54,770,577

(Important subsequent events)

Not applicable