

Summary of Financial Results for the Fiscal Year Ended March 31, 2022 (FY2021) [Japanese GAAP]

Company name: Sanrio Company, Ltd. Listed Stock Exchange: Tokyo Stock Exchange
 Stock code: 8136 URL: <https://www.sanrio.co.jp/english/corporate/ir/>
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 Scheduled date of Annual General Meeting of Shareholders: June 23, 2022
 Scheduled date of filing of Annual Securities Report: June 24, 2022
 Starting date of dividend payment: June 7, 2022
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)
 (All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for FY2021 (April 1, 2021 – March 31, 2022)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021	52,763	28.5	2,537	-	3,318	-	3,423	-
FY2020	41,053	(25.7)	(3,280)	-	(1,731)	-	(3,960)	-

Note: Comprehensive income (millions of yen) FY2021: 7,108 (-%) FY2020: (1,225) (-%)

	Net Profit per Share	Fully-Diluted Net Profit per Share	Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit to Sales
	Yen	Yen	%	%	%
FY2021	42.49	-	8.5	3.9	4.8
FY2020	(47.93)	-	(9.5)	(2.0)	(8.0)

Reference: Equity in earnings of unconsolidated subsidiaries (millions of yen) FY2021: - FY2020: -

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2022	83,809	43,800	52.1	541.73
As of Mar. 31, 2021	85,040	37,285	43.7	461.32

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2022: 43,642 As of Mar. 31, 2021: 37,155

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2021	5,064	2,300	(9,106)	23,882
FY2020	(2,287)	7,007	(862)	24,788

2. Dividends

	Dividend per Share					Total Dividends	Dividend Payout Ratio (Consolidated)	Dividend on Equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
FY2020	-	0.00	-	0.00	0.00	-	-	-
FY2021	-	8.00	-	8.00	16.00	1,288	37.7	3.2
FY2022 (forecast)	-	8.00	-	8.00	16.00		61.4	

3. Consolidated Forecast for FY2022 (April 1, 2022 – March 31, 2023)

(Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Owners of Parent		Net Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	25,200	5.9	700	142.8	900	41.4	400	(79.5)	4.97
Full year	54,600	3.5	3,000	18.2	3,500	5.5	2,100	(38.7)	26.07

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

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

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares at the end of the period (including treasury stock)

As of Mar. 31, 2022: 89,065,301 shares As of Mar. 31, 2021: 89,065,301 shares

2) Number of shares of treasury stock at the end of the period

As of Mar. 31, 2022: 8,503,829 shares As of Mar. 31, 2021: 8,523,746 shares

3) Average number of shares outstanding during the period

FY2021: 80,553,824 shares FY2020: 82,628,774 shares

Reference: Unconsolidated Financial Results

1. Unconsolidated Financial Results for FY2021 (April 1, 2021 – March 31, 2022)

(1) Unconsolidated results of operations (Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021	37,527	22.8	1,614	-	2,132	(70.9)	3,148	(51.9)
FY2020	30,563	(19.7)	(1,757)	-	7,339	161.3	6,542	276.3

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
FY2021	39.09	-
FY2020	79.18	-

(2) Unconsolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2022	54,811	24,681	45.0	306.37
As of Mar. 31, 2021	55,631	22,235	40.0	276.08

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2022: 24,681 As of Mar. 31, 2021: 22,235

Note 1: The current financial report is not subject to audit by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors.

Overview of Results of Operations, etc.**(1) Results of Operations**

(100 millions of yen)

	FY2021 Results	Vs. Plan			Y-O-Y		
		*Final plan	Increase/ decrease	Change (%)	FY2020 Results	Increase/ decrease	Change (%)
Sales	527	513	14	2.9	410	117	28.5
Gross profit	338	328	10	3.3	252	85	33.9
Selling, general & administrative expenses	313	316	(2)	(0.8)	285	27	9.7
Operating profit	25	12	13	111.5	(32)	58	-
Non-operating profit or expenses	7	7	0	11.5	15	(7)	(49.6)
Ordinary profit	33	19	14	74.7	(17)	50	-
Extraordinary gains or losses	16	22	(5)	(26.0)	(9)	25	-
Net profit before income taxes	49	41	8	20.7	(26)	76	-
Total income taxes	15	16	(0)	(5.7)	12	2	19.1
Net profit attributable to owners of parent	34	25	9	36.9	(39)	73	-
Gross margin	64.2%	63.9%	0.3%	-	61.6%	2.6%	-
Operating margin	4.8%	2.3%	2.5%	-	(8.0)%	12.8%	-
Ordinary margin	6.3%	3.7%	2.6%	-	(4.2)%	10.5%	-

*Since the initial forecast has been revised, the table above shows comparisons with the final plan.

During the fiscal year under review, although COVID-19 infections were expected to be contained as vaccination rates rose, the economy failed to achieve a full-fledged recovery due to the repeated spread of infections caused by the emergence of mutant strains and other factors. Moreover, it is essential to continue monitoring the global economic outlook and its impact on the domestic economy, including the international impact of the conflict in Europe, geopolitical risks in East Asia, rising raw material and fuel prices, and trends in financial policies and exchange rates. The Company continues to protect the health of its customers and employees and take measures to prevent the spread of COVID-19 while operating safe stores and facilities.

The Company announced on May 25, 2021 the three-year medium-term management plan “Creating and Challenging for our Future” concluding in the fiscal year ending March 31, 2024. The three pillars of this plan are corporate culture reform, initiation and completion of domestic and overseas structural reforms, and planting the seeds for regrowth strategies and growth markets. We are implementing this plan through radically restructuring our organization. The current fiscal year is set as the first year of the medium-term management plan, and we aim to release information on the plan’s progress on our website in mid-May.

Regarding the Company’s situation over the fiscal year, economic activity in Japan has continued to normalize since the state of emergency was fully lifted in October. Customers returned once more to our directly-managed stores that had been affected by the COVID-19 crisis up to that point. Overall sales increased, including for clothing, accessories and sundries, which are trending favorably due to stay-home “nesting” demand, and for animation, toy and hobby, digital products and e-commerce business.

In addition, the membership of Sanrio+, an application for Sanrio fan members, continued to grow steadily after surpassing the one million mark in October 2021 to reach 1,130,000 members as of the end of March 2022.

In the theme park business, while the number of park visitors fell temporarily due to the rapid spread of a mutant strain of COVID-19 from the start of this year, full-year sales increased significantly year-on-year, mainly due to a significant recovery in visitor numbers after the state of emergency was fully lifted last October (Sanrio Puroland sets a daily cap on the number of visitors).

Overseas, initiatives with apparel licensees grew significantly in Europe. In North America, initiatives with toy manufacturers remained strong in the licensing business, and e-commerce sales grew in the product sales business. In China, sales performed well in almost all categories, with especially strong growth in the health and beauty

category.

As a result of these factors, sales rose 28.5% year-on-year to 52.7 billion yen, and operating profit was 2.5 billion yen (loss of 3.2 billion yen in the previous fiscal year). Ordinary profit was 3.3 billion yen (loss of 1.7 billion yen in the previous fiscal year) due to accounting interest income and gain on investments in partnership as non-operating profit. Net profit attributable to owners of parent was 3.4 billion yen (loss of 3.9 billion yen in the previous fiscal year) after accounting for extraordinary gains including 3.8 billion yen from gain on sales of fixed assets; extraordinary losses including 1.1 billion yen from loss on valuation of shares of subsidiaries and associates related to non-consolidated subsidiary Sanrio Brand Development Shanghai Co., Ltd.; provision of 300 million yen for founder merit bonus upon retirement of Chairman Shintaro Tsuji and other factors; and total income taxes of 1.5 billion yen.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, the fiscal year under review for these subsidiaries covers the period from January to December 2021.

Reportable Segment

(100 millions of yen)

		Sales				Segment profit (operating profit)			
		FY2020	FY2021	Increase/ decrease	Change (%)	FY2020	FY2021	Increase/ decrease	Change (%)
Japan	Product sales/others	236	308	71	30.4	(29)	22	51	-
	Royalties	79	93	14	17.7				
	Total	315	401	86	27.2				
Europe	Product sales/others	0	0	(0)	(31.8)	(3)	(1)	1	-
	Royalties	11	16	4	42.0				
	Total	12	16	4	40.7				
North America	Product sales/others	10	15	4	38.8	(11)	(4)	7	-
	Royalties	10	20	10	97.0				
	Total	21	35	14	67.3				
Latin America	Product sales/others	0	0	(0)	(63.7)	0	0	0	375.2
	Royalties	2	3	0	21.2				
	Total	3	3	0	17.9				
Asia	Product sales/others	5	6	0	17.0	19	21	1	7.5
	Royalties	52	62	10	19.6				
	Total	58	69	11	19.3				
Adjustment		-	-	-	-	(8)	(12)	(4)	-
Consolidated	Product sales/others	253	330	77	30.4	(32)	25	58	-
	Royalties	157	197	40	25.5				
	Total	410	527	117	28.5				

Note: Regional subsidiaries overseas pay the amount of royalties commensurate as the cost of sales while the Japanese parent company (the copyright holder) calculates this income as sales. Because consolidated transactions are eliminated, however, these are not included in Japan's sales figures stated above (although included in segment profit (operating profit)).

Further, the above sales figures are "sales to customers," and the inter-segment sales, which are not limited to the above-mentioned royalties, are eliminated as internal transaction sales.

Reference: Overseas Sales and Profits for the Past Three Years by Area

(Millions of yen)

Areas		Sales to customers					Operating profit				
		FY2019	FY2020	Change (%)	FY2021	Change (%)	FY2019	FY2020	Change (%)	FY2021	Change (%)
Europe	Germany	1,063	857	(19.4)	1,054	23.0	(439)	(174)	-	(312)	-
	UK	396	346	(12.7)	639	84.5	(113)	(130)	-	198	-
	Subtotal	1,459	1,203	(17.6)	1,693	40.7	(553)	(305)	-	(113)	-
North America	USA	2,607	2,136	(18.1)	3,574	67.3	(1,126)	(1,167)	-	(442)	-
Latin America	Brazil/Chile	504	305	(39.4)	360	17.9	19	7	(62.2)	34	375.2
Asia	Hong Kong	2,531	1,767	(30.2)	1,385	(21.6)	874	470	(46.2)	362	(22.9)
	Taiwan	1,087	1,019	(6.3)	928	(8.9)	371	306	(17.5)	258	(15.8)
	South Korea	617	457	(25.9)	602	31.7	71	19	(72.1)	99	399.1
	China	3,369	2,580	(23.4)	4,035	56.4	1,560	1,162	(25.5)	1,385	19.2
	Subtotal	7,605	5,825	(23.4)	6,952	19.3	2,878	1,959	(31.9)	2,106	7.5
Total		12,177	9,470	(22.2)	12,580	32.8	1,217	493	(59.5)	1,584	221.2

(2) Financial Position

(100 millions of yen)

	As of Mar. 31, 2021	As of Mar. 31, 2022	Increase/decrease	As of Sep. 30, 2021
Assets	850	838	(12)	896
Liabilities	477	400	(77)	485
(Interest-bearing debt)	278	200	(78)	269
Net assets	372	438	65	411
Equity ratio	43.7%	52.1%	8.4 pt	45.7%

* Interest-bearing debt excludes lease obligations.

(3) Cash Flows

(100 millions of yen)

	FY2020	FY2021	Increase/decrease
Cash flows from operating activities	(22)	50	73
Cash flows from investing activities	70	23	(47)
Cash flows from financing activities	(8)	(91)	(82)
Effect of exchange rate changes on cash and cash equivalents	(0)	8	9
Increase (decrease) in cash and cash equivalents	37	(9)	(46)
Cash and cash equivalents at beginning of year	210	247	37
Cash and cash equivalents at end of year	247	238	(9)

(4) Outlook

By steadily implementing the three pillars of the medium-term management plan—corporate culture reform; initiation and completion of domestic and overseas structural reforms; and planting the seeds for regrowth strategies and growth markets—the Company aims to further enhance profitability and increase corporate value over the medium to long term.

Operating profit for the fiscal year ending March 31, 2023, is projected to be 3 billion yen, and we expect to achieve the operating profit target for the fiscal year ending March 31, 2024, the final year of the medium-term management plan, ahead of schedule. We will carefully monitor the progress of the medium-term management plan and might consider upward revisions.

Consolidated Financial Statements and Notes
(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2020 (As of Mar. 31, 2021)	FY2021 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposit	36,876	38,404
Trade notes and accounts receivable	5,269	-
Notes receivable-trade	-	239
Accounts receivable-trade	-	6,028
Contract assets	-	0
Merchandise and finished goods	4,383	3,382
Work in process	10	5
Raw materials and supplies	213	144
Other accounts receivable	1,631	905
Other	637	970
Allowance for doubtful accounts	(85)	(95)
Total current assets	48,937	49,987
Fixed assets		
Tangible fixed assets		
Buildings and structures	51,170	49,445
Accumulated depreciation and impairment loss	(46,539)	(45,946)
Buildings and structures, net	4,631	3,498
Machinery and vehicles	13,006	12,901
Accumulated depreciation and impairment loss	(12,705)	(12,658)
Machinery and vehicles, net	300	242
Tools, furniture and fixtures	5,649	5,858
Accumulated depreciation and impairment loss	(5,249)	(5,453)
Tools, furniture and fixtures, net	399	405
Land	7,831	6,190
Lease assets	4,311	4,011
Accumulated depreciation and impairment loss	(1,380)	(1,531)
Lease assets, net	2,930	2,480
Construction in process	4	27
Total tangible fixed assets	16,098	12,845
Intangible fixed assets	2,216	2,236
Investments and other assets		
Investment securities	11,649	11,808
Long-term loans to employees	114	69
Guarantees	1,722	1,702
Deferred tax assets	364	412
Retirement benefit asset	1,812	2,352
Other	2,557	2,724
Allowance for doubtful accounts	(454)	(342)
Total investments and other assets	17,766	18,727
Total fixed assets	36,081	33,808
Deferred assets		
Corporate bond issuance costs	21	12
Total deferred assets	21	12
Total assets	85,040	83,809

	(Millions of yen)	
	FY2020 (As of Mar. 31, 2021)	FY2021 (As of Mar. 31, 2022)
Liabilities		
Current liabilities		
Trade notes and accounts payable	3,180	3,797
Short-term borrowings	17,030	9,835
Current portion of corporate bonds to be redeemed	512	462
Lease obligations	752	543
Accrued income taxes	486	953
Contract liabilities	-	142
Allowance for bonuses	421	469
Reserve for adjustment of returned goods	8	-
Provision for shareholder benefit program	38	43
Provision for point card certificates	118	13
Provision for founder merit bonus	-	300
Other	6,786	7,669
Total current liabilities	29,336	24,230
Long-term liabilities		
Corporate bonds	935	473
Long-term borrowings	9,382	9,243
Lease obligations	2,351	2,117
Long-term deposits received	620	634
Long-term accounts payable	1,142	641
Retirement benefit liability	3,091	1,797
Other	893	870
Total long-term liabilities	18,417	15,778
Total liabilities	47,754	40,008
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,409	3,403
Retained earnings	47,179	49,968
Treasury stock	(19,762)	(19,716)
Total shareholder's equity	40,827	43,656
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	139	32
Foreign currency translation adjustments	(3,320)	(999)
Remeasurements of defined benefit plans	(490)	953
Total accumulated other comprehensive income	(3,671)	(14)
Non-controlling interests	130	158
Total net assets	37,285	43,800
Total liabilities and net assets	85,040	83,809

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

(Millions of yen)

	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Sales	41,053	52,763
Cost of sales	15,779	18,893
Gross profit	25,273	33,870
Provision for sales returns	17	-
Net gross profit on sales	25,290	33,870
Selling, general and administrative expenses		
Sales and promotion expenses	1,875	2,127
Provision of allowance for doubtful accounts	113	1
Directors bonuses and salaries	7,280	7,542
Miscellaneous wages	2,441	2,729
Bonus	834	907
Provision of reserves for bonuses	405	459
Provision for shareholder benefit program	(15)	0
Provision for point card certificates	43	(19)
Retirement benefit expenses	1,792	1,491
Freight charges	1,066	1,201
Rent	2,368	2,801
Depreciation	885	797
Other	9,478	11,290
Total selling, general and administrative expenses	28,570	31,332
Operating profit (loss)	(3,280)	2,537
Non-operating profit		
Interest income	412	247
Dividend income	200	182
Foreign exchange gains	-	97
Gain on valuation of investment securities	286	-
Gain on investments in partnership	919	135
Subsidies for employment adjustment	140	-
Other	423	428
Total non-operating profit	2,382	1,091
Non-operating expenses		
Interest expense	131	168
Foreign exchange loss	301	-
Commission expenses	123	107
Settlement package	141	-
Other	135	34
Total non-operating expenses	833	310
Ordinary profit (loss)	(1,731)	3,318
Extraordinary gains		
Gain on sales of fixed assets	-	3,855
Gain on sales of investment securities	528	313
Subsidies for employment adjustment	487	65
Other	-	23
Total extraordinary gains	1,015	4,258

	(Millions of yen)	
	FY2020	FY2021
	(Apr. 1, 2020 – Mar. 31, 2021)	(Apr. 1, 2021 – Mar. 31, 2022)
Extraordinary losses		
Loss on disposal of fixed assets	17	19
Impairment loss	470	184
Loss on sale of investment securities	51	426
Loss on valuation of investment securities	11	256
Business restructuring expenses	35	1
Loss from the temporary closure of theme parks, etc.	1,370	251
Loss on valuation of shares of subsidiaries and associates	-	1,190
Provision for founder merit bonus	-	300
Other	2	-
Total extraordinary losses	1,960	2,629
Net profit (loss) before income taxes	(2,676)	4,947
Income taxes – current	1,155	1,585
Refund of income taxes	(820)	-
Income taxes – deferred	931	(76)
Total income taxes	1,267	1,509
Net profit (loss)	(3,943)	3,437
Net profit attributable to non-controlling interests	16	14
Net profit (loss) attributable to owners of parent	(3,960)	3,423

Consolidated Comprehensive Income Statements

(Millions of yen)

	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Net profit (loss)	(3,943)	3,437
Other comprehensive income		
Net unrealized gain (loss) on other securities	1,135	(107)
Deferred hedge gain (loss)	0	-
Foreign currency translation adjustments	(841)	2,334
Remeasurements of defined benefit plans, net of tax	2,424	1,443
Total other comprehensive income	2,717	3,671
Comprehensive income	(1,225)	7,108
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,226)	7,080
Comprehensive income attributable to non-controlling interests	0	28

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2020 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	10,000	3,409	52,818	(13,762)	52,466
Changes during period					
Dividends of surplus			(1,678)		(1,678)
Net loss attributable to owners of parent			(3,960)		(3,960)
Purchase of treasury stock				(6,000)	(6,000)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(5,639)	(6,000)	(11,639)
Balance at end of period	10,000	3,409	47,179	(19,762)	40,827

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities	Deferred hedge gain (loss)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(995)	(0)	(2,494)	(2,914)	(6,405)	326	46,387
Changes during period							
Dividends of surplus							(1,678)
Net loss attributable to owners of parent							(3,960)
Purchase of treasury stock							(6,000)
Net changes in items other than shareholders' equity	1,135	0	(825)	2,424	2,733	(195)	2,537
Total changes during period	1,135	0	(825)	2,424	2,733	(195)	(9,101)
Balance at end of period	139	-	(3,320)	(490)	(3,671)	130	37,285

FY2021 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	10,000	3,409	47,179	(19,762)	40,827
Cumulative effects of changes in accounting policies			10		10
Restated balance	10,000	3,409	47,190	(19,762)	40,837
Changes during period					
Dividends of surplus			(644)		(644)
Net profit attributable to owners of parent			3,423		3,423
Purchase of treasury stock				(0)	(0)
Disposal of treasury shares		(6)		46	39
Net changes in items other than shareholders' equity					
Total changes during period	-	(6)	2,778	46	2,818
Balance at end of period	10,000	3,403	49,968	(19,716)	43,656

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	139	(3,320)	(490)	(3,671)	130	37,285
Cumulative effects of changes in accounting policies						10
Restated balance	139	(3,320)	(490)	(3,671)	130	37,296
Changes during period						
Dividends of surplus						(644)
Net profit attributable to owners of parent						3,423
Purchase of treasury stock						(0)
Disposal of treasury shares						39
Net changes in items other than shareholders' equity	(107)	2,321	1,443	3,657	28	3,685
Total changes during period	(107)	2,321	1,443	3,657	28	6,504
Balance at end of period	32	(999)	953	(14)	158	43,800

(4) Consolidated Cash Flow Statements

(Millions of yen)

	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from operating activities		
Net profit (loss) before income taxes	(2,676)	4,947
Depreciation	1,792	1,643
Amortization of long-term prepaid expenses	54	56
Increase (decrease) in allowance for doubtful accounts	(74)	(144)
Increase (decrease) in reserve for bonuses	(58)	40
Decrease (increase) in retirement benefit asset	(428)	(462)
Increase (decrease) in retirement benefit liability	370	64
Increase (decrease) in reserve for adjustment of returned goods	(17)	(8)
Increase (decrease) in provision for shareholder benefit program	(6)	4
Increase (decrease) in provision for point card certificates	47	(19)
Increase (decrease) in provision for founder merit bonus	-	300
Interest and dividend income	(613)	(430)
Interest expense	131	168
Loss (gain) on disposal of fixed assets	17	(3,836)
Impairment loss	470	184
Loss (gain) on sale of investment securities	(476)	112
Valuation loss (gain) on investment securities	(274)	256
Loss on valuation of shares of subsidiaries and associates	-	1,190
Decrease (increase) in accounts receivable	1,023	(607)
Decrease (increase) in inventories	222	1,116
Decrease (increase) in other assets	(22)	(99)
Increase (decrease) in accounts payable	(752)	543
Increase (decrease) in consumption tax payable	(291)	788
Increase (decrease) in contract liabilities	-	67
Increase (decrease) in other liabilities	230	(538)
Other	(787)	50
Subtotal	(2,118)	5,388
Interests and dividends received	618	434
Interests paid	(134)	(149)
Income taxes paid	(1,082)	(902)
Income taxes refund	429	293
Cash flows from operating activities	(2,287)	5,064

	(Millions of yen)	
	FY2020	FY2021
	(Apr. 1, 2020 – Mar. 31, 2021)	(Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from investing activities		
Payments for time deposits	(29,121)	(19,168)
Withdrawal of time deposits	35,720	18,281
Purchase of tangible fixed assets	(723)	(576)
Proceeds from sale of tangible fixed assets	1	6,143
Purchase of intangible fixed assets	(330)	(139)
Proceeds from sale of intangible fixed assets	734	-
Payments for purchase of investment securities	(2,978)	(4,376)
Proceeds from sale of investment securities	3,107	2,870
Proceeds from distributions from investment partnerships	1,091	579
Payment for purchase of shares of unconsolidated subsidiaries	(451)	(713)
Collection of loans receivable	29	86
Payments for guarantees	(54)	(125)
Collection of guarantees	41	73
Other	(60)	(635)
Cash flows from investing activities	7,007	2,300
Cash flows from financing activities		
Increase in short-term borrowings	8,000	2,000
Decrease in short-term borrowings	(610)	(9,400)
Increase in long-term borrowings	10,100	9,200
Decrease in long-term borrowings	(8,214)	(9,134)
Proceeds from issuance of corporate bonds	98	-
Payment for redemption of corporate bonds	(1,686)	(512)
Payment for purchase of treasury stock	(6,000)	(0)
Dividends paid	(1,688)	(648)
Other	(861)	(611)
Cash flows from financing activities	(862)	(9,106)
Effect of exchange rate changes on cash and cash equivalents	(81)	837
Increase (decrease) in cash and cash equivalents	3,776	(905)
Cash and cash equivalents at beginning of period	21,011	24,788
Cash and cash equivalents at end of period	24,788	23,882

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.