

Consolidated Financial Statements
of the Fiscal Year Ended March 31, 2023
(Japanese accounting standards)

May 11, 2023

Corporate Name : H2O Retailing Corporation
Securities Code : 8242 (Tokyo Stock Exchange)
URL : <http://www.h2o-retailing.co.jp/en>
Representative : Naoya Araki, President and Representative Director
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Scheduled date of shareholders' meeting : June 28, 2023
Scheduled date of filing of the financial report : June 28, 2023
Scheduled date of dividend payment : June 7, 2023
Preparation of supplementary materials : Yes
Briefing session on financial results : Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen.)

1. Consolidated Business Results of the Fiscal Year ended March 31, 2023
(From April 1, 2022 to March 31, 2023)

(1) Consolidated operating results (Cumulative total) (Percentages indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023	628,089	21.1	11,388	—	13,004	454.3	16,382	65.9
FY2022	518,447	—	740	—	2,346	—	9,872	—

Note : Comprehensive income FY2023 25,778 million yen, 179.1% , FY2022 9,235 million yen, -%

Note : The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of FY2022. As for FY2022, the percentage change from the same period of the previous fiscal year in net sales is not shown due to the significant impact on net sales.

	Net Income per Share	Net Income per Share(Diluted)	Return on Equity	Ratio of Ordinary Profit to Total Assets	Ratio of Operating Profit to Net Sales
	Yen	Yen	%	%	%
FY2023	135.85	134.81	6.7	1.9	1.8
FY2022	79.84	79.26	4.2	0.4	0.1

Reference : Equity in earnings of affiliates FY2023 Δ 281 million yen , FY2022 Δ 901 million yen

(2) Consolidated financial position

	Total Assets	Net Assets	Owner's Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY2023	686,423	272,814	36.2	2,137.87
FY2022	654,558	260,938	36.2	1,922.25

Reference : Owner's equity FY2023 248,821 million yen, FY2022 236,844 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 year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2023	30,295	5,782	(12,549)	57,020
FY2022	6,465	(5,203)	(28,578)	33,174

2. Dividends

	Annual Dividends					Total Dividends Payment (Annual)	Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Fiscal Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2022	-	12.50	-	12.50	25.00	3,086	31.3	1.3
FY2023	-	12.50	-	12.50	25.00	2,995	18.4	1.2
FY2024(Forecast)		12.50		12.50	25.00		36.4	

3. Forecast of Consolidated Business Results for the Fiscal Year ending March 31, 2023

(From April 1, 2023 to March 31, 2024)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half Year	322,000	5.8	4,800	330.9	4,500	58.7	500	(82.1)	4.30
Full Year	675,000	7.5	17,000	49.3	16,500	26.9	8,000	(51.2)	68.74

Note : The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of FY2022.

Consolidated gross sales, which is equivalent to net sales up to FY2021 excluding the effects of changes in accounting policies, amounted to ¥496,000 million (up 7.5% year on year) for the half year and ¥1,040,000 million (up 6.2% year on year) for the full year.

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

Notes

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope of consolidation) : No
- (2) Changes in accounting policies, changes in accounting estimates or restatements
 - (a) Changes in accounting policies due to changes in consolidated accounting standards : No
 - (b) Changes other than (a) : Yes
 - (c) Changes in accounting estimates : No
 - (d) Restatements due to correction : No
- (3) Number of shares issued and outstanding (common stock)
 - (a) Number of shares issued at the end of the period (including treasury stock)

FY2023	125,201,396 shares
FY2022	125,201,396 shares
 - (b) Number of shares of treasury stock at the end of the period

FY2023	8,813,548 shares
FY2022	1,989,253 shares
 - (c) Average number of shares during the period

FY2023	120,589,216 shares
FY2022	123,651,665 shares

Note : These consolidated financial results are outside the scope of audit by certified public accountants or auditing firms.

Note : Explanation regarding the appropriate use of forecast

The above-mentioned forecast is based on the information available to the company at present, and including a potential risk and uncertainty. Actual achievements may differ from these forecasts due to many factors.

1. Consolidated Financial Results

Following the business integration through a share exchange with Kansai Super Market Ltd. in December 2021, consolidated results for the previous year include the result of 4Q of Kansai Food Market Ltd, Kansai Super Market Ltd. and Kansai Super Premium Co., Ltd.

▶ Sales

Consolidated net sales of FY2023 was ¥628,089 million, increased by 21.1% YOY.

Consolidated gross sales, which is equivalent to net sales up to the fiscal year before the application of Accounting Standard for Revenue Recognition, excluding the effects of changes in accounting policies, amounted to ¥979,723 million, increased by 24.3% YOY. In Department store Business segment, sales increased significantly, with Hankyu Main Store achieving record high sales. In Supermarket Business segment, consolidated sales increased significantly since the new consolidation of Kansai Super Market Ltd. started from 4Q of FY2022.

▶ Operating Profit and Ordinary Profit

As a result of an increase in gross profit due to higher sales and controlling selling, general and administrative expenses less than planned in Department store Business segment, operating profit was ¥11,388 million (operating profit of ¥740 million in the previous fiscal year) and ordinary profit was ¥13,004 million, increased by 454.3% YOY.

(Department store business)

With the impact of the COVID-19 easing and society returning to pre-COVID-19 levels, domestic sales remained strong throughout the period and domestic sales for the full year exceeded FY2019 results.

Furthermore, in the second half of the year, inbound sales also recovered to more than 80% of pre-COVID-19 sales, and total sales also exceeded FY2019 results. At Hankyu Main Store, sales of women's fashion, in particular, performed well with the increase in commuting and opportunities to go out, in addition to the increased needs for wedding or graduation ceremonies. Sales of high-end items such as jewelry, watches and luxuries also increased significantly. As a result, Hankyu Main Store exceeded record sales for the full year.

Hanshin Umeda Main Store celebrated its grand opening of entire building in April, 2022. Efforts to strengthen the value of experiences centered on food, which is offered on four floors, resulted in a wide range of customers visiting the store. Although sales of non-food items were lower than expected, measures to enhance the customer experience are steadily attracting new customers and increase customer loyalty.

Selling, general and administrative expenses increased compared with the previous fiscal year due to the decrease of the transfer to extraordinary losses related to COVID-19 infection, the increase of depreciation cost with the opening of the Hanshin Umeda Main Store and heating and lighting expenses rise. Selling, general and administrative expenses were lower than planned by reducing costs such as advertising expenses while improving efficiency, despite the increase of sales commission cost due to sales increase.

As results of above, gross sales was ¥491,838 million, increased by 27.7% YOY and operating profit was ¥10,299 million (operating profit of ¥939 million in the previous fiscal year).

(Supermarket business)

Gross sales was ¥416,139 million, increased by 27.2% YOY and operating profit was ¥5,469 million, increased by 2.7% YOY.

In the first half of the year, sales struggled due to the downturn after the increasing demand for eating at home at the previous year. On the other hand, in the second half of the year, existing store sales remained at the same level as the previous year because average sales per customer increased due to price hikes although the number of customers decreased from the previous year at each company.

Regarding stores opening and remodel, one store was opened and seven stores were remodeled.

Existing store sales year-on-year for Izumiya Co., Ltd. were 97.1% (96.0% for the number of customers and 101.1% for the average spend per customer), and those for Hankyu Oasis Co., Ltd. were 94.3% (95.1% for the number of customers and 99.1% for the average spend per customer).

Both companies, worked to improve profits through thorough chain-store operation. That is, measures to increase sales and improve gross profit margin such as by restructuring merchandising, promoting purchasing integration, reducing labor costs by reviewing store operations, and reviewing other expenses.

Selling, general and administrative expenses were lower than both the previous year result and forecast due to efforts to reduce personnel costs by optimizing store staff organization through chain operations, while utility expenses increased at both companies.

Kansai Super Market Ltd. promoted measures based on three categories, "health management" (e.g. counseling health visitor), "productivity improvement" (e.g. installation of sliding shelves, expansion of steam convection systems), and "education" (e.g. training sessions for management executives and store managers to share information and unify their intentions).

Existing store sales were 99.0% (98.3% for the number of customers and 100.7% for the average spend per customer).

Selling, general and administrative expenses were lower than both the previous year result and forecast due to a review of expenses for consumables etc., while utility costs soared.

The food manufacturing subsidiaries, HANKYU delica i, Inc. and Hankyu Bakery Co., Ltd. reported increases in wholesale sales to supermarket companies and specialty store sales, resulting in an increase in profit.

(Shopping Center business)

Gross sales was ¥35,574 million, decreased by 17.0% YOY and operating profit was ¥1,808 million, increased by 361.8% YOY.

In H2O Shopping Center Development Co., Ltd., which operates management of Izumiya SC and sales of apparel and home products at Izumiya stores, gross sales decreased due to closure of direct operation area and operating profit increased due to effective use of vacant tenant lots, reorganization of direct operation area and cost reduction by operational efficiency.

Oi Development Co., Ltd, which operates the business hotel, increased in gross sales and profit since occupancy rate improved and remained above 90% from October to March thanks to flexible pricing to capture demand and recovery of business and travel activities.

(Other business)

Gross sales was ¥36,169 million, increased by 9.8% YOY and operating loss was ¥3,100 million (operating loss of ¥3,409 million in the previous year).

The subsidiaries in the other businesses, excluding the Company as a holding company, posted an operating profit increase of ¥784 million, reflecting an increase in sales due to a reduction in the number and duration of COVID-19 related closed stores compared to the previous year.

▶ Profit attributable to owners of parent

The Companies recorded extraordinary income of ¥17,563 million including gain on sales of noncurrent assets of ¥13,543 million and gain on sale of investment securities of ¥3,819 million and extraordinary losses of ¥9,422 million including loss on store closings and others of ¥1,699 million and loss on retirement of noncurrent assets of ¥1,600 million. As a result, profit attributable to owners of parent was ¥16,382 million, increased 65.9% YOY, reached a record high due to profitability improved of each business segment centered on Department store business, asset sales and review of tax effects associated with recovery of profitability.

2. Forecast of FY2024

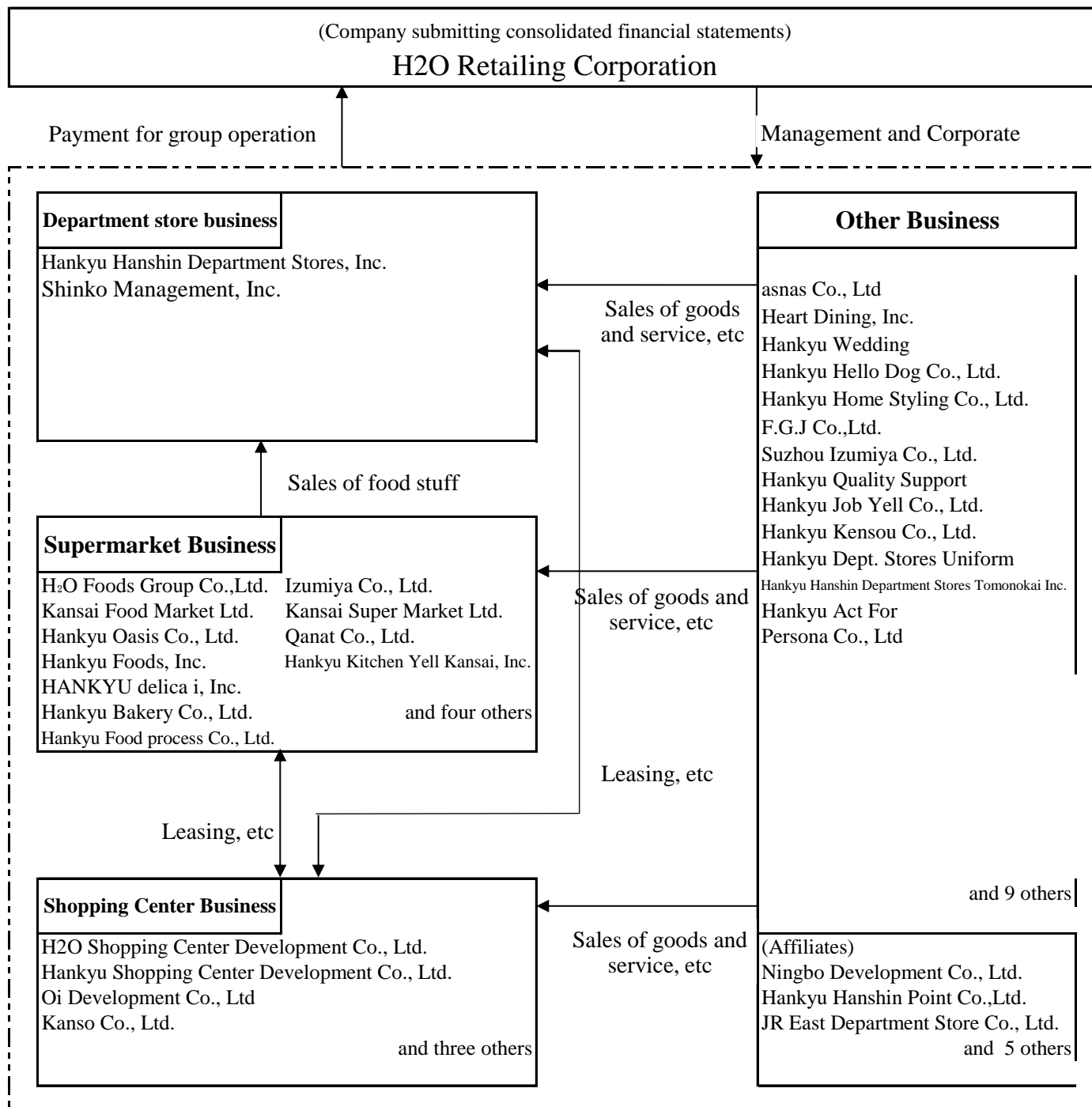
Forecast of FY2024 are as follows: gross sales ¥675,000 million, operating profit ¥17,000 million, ordinary

profit ¥16,500 million and profit attributable to owners of the parent ¥8,000 million.

Forecast of dividends for FY2024 is ¥25 per share (second quarter ¥12.5 and fiscal year end ¥12.5), which is at the same amount as the previous year.

3.Subsidiaries

The major subsidiaries of the Company as of March 31, 2023 are shown as follows:



Other affiliate company

Hankyu Hanshin Holdings, Inc.

(NOTE) H2O Retailing Corporation, Hankyu Hanshin Department Stores and etc lease real estate from Hankyu Corporation and others which are the subsidiaries of Hankyu Hanshin holdings.

(NOTE) On April 1, 2023, Hankyu Oasis Co., Ltd.(the surviving company), consolidated subsidiary of the Company, was merged with Izumiya Co., Ltd.(the dissolved company), also a consolidated subsidiary of the Company, resulting in an absorption-type merger and a change of its trade name.

4. Management Policy

Basic management policy

The company's basic philosophy is "To remain indispensable to the local communities through our activities of providing a model of lifestyle to local residents." Guided by this philosophy, the company established a vision; "To be a customer's lifestyle partner to enrich their hearts through offering "fun, happy and tasty" experiences, contributing to the future of the local community, children and our planet." The company strives to enhance the corporate value of the entire group.

In July 2021, the Company announced Long-Term Business Plan 2030 and Medium-Term Management Plan, which centered on rebuilding existing businesses and challenges for new market and new business model, with fiscal 2022 as the first year and is steadily promoting management aimed at achieving the goal.

We provide a variety of products and services based on strong and deep ongoing relationships with our customers through direct communication and aim to continue to grow with the community as a "communication retailer", which offers various goods and services personally to our customers.

Mid- to long-term business plan and Challenges to be Addressed

Issues and Challenges in Each Business

In department store business, we aim for the most enjoyable department store by realizing joyful and affluent lifestyle for customer and empowering their future based on the group vision.

Centered on Hankyu Main Store, which is the Group's hub store, and Hanshin Umeda Main Store, which was rebuilt and grand-opened in April 2022, we provide new shopping experiences and develop business models by creating value based on real stores and strengthening customer communication through the use of online services, and remodel Kobe Hankyu and Takatsuki Hankyu to enhance their competitiveness. In FY2023, we have further increased our operating surplus, but we will continue to implement cost structure reforms to lower the break-even point.

In supermarket business, to increase operating profit, we will work to further strengthen the competitiveness and improve the profitability of our mainstay food supermarkets. We have been promoted the integration of the supermarket operational functions of Izumiya and Hankyu Oasis and accelerated the development of a business model with enhanced market responsiveness, rebuild our chain operation management capabilities, and strengthen our sales capabilities through integrated manufacturing and sales operations. At last, on this April 1, Izumiya and Hankyu Oasis were merged to further accelerate management decision-making and strengthen the business foundation. In addition, the three SM companies, including Kansai Supermarket Co. Ltd., the Company will also move forward with specific plans to achieve synergies in store operations, merchandising, payment method, logistics, private brands, refurbishment and store opening plans, and IT digitalization.

In shopping center business, initiatives for growth are as follows. In H2O Shopping Center Development which was divided from Izumiya in April, 2020, we achieved operating profitability in FY2022, two year ahead of the original schedule by downsizing our direct operations and promoting the shift to shopping center from general merchandise store and increased operating profit furthermore in FY2023. At the same time, we will improve our customer mind share by promoting activities to build strong ties with the community. In Oi Development, which operates a business hotel, turned profitable in FY2022 in the midst of the headwind of the COVID-19 pandemic by achieving low-cost operations through the use of IT and strengthening sales capabilities, and will strive to further improve profitability with a view to post-COVID-19 in the future.

Furthermore, we try to develop new customer service business through digital technologies by leveraging our uniqueness point which has variety of touch points with customers in Kansai region.

With the impact of the COVID-19 easing and society returning to pre-COVID-19 levels, we will work to further recover earnings through initiatives in each business based on the Medium-Term Management Plan. In addition to cost control and asset efficiency improvement, we will also make preparations to accelerate business development at the same time.

We will work to enhance our corporate value by promoting management based on our unique model, which is to gain the empathy of local communities and consumers and to increase our mindshare and market share by implementing both business activities rooted in the "community" and sustainability activities centered on the Kansai area.

Basic policy concerning profit distribution

The company's basic policy is to implement stable profit distribution with considering cash flow which is necessary for establishing an appropriate financial base for mid-, long-term, and investment for growth, based on the performance of each fiscal year. The company will implement an appropriate profit distribution under the consideration of an overall mid-, long-term plan, of Profit attributable to owners of parent, consolidated net assets, and consolidated cash flow.

5. Basic policy concerning the accounting standard

The company adopts Japanese accounting standards as the accounting standard.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2022 (as of March 31, 2022)	FY2023 (as of March 31, 2023)
Assets		
Current assets		
Cash and deposits	34,724	58,670
Notes and accounts receivable -trade	59,906	68,572
Merchandise and finished goods	21,002	19,800
Work in process	231	149
Raw materials and supplies	1,405	1,285
Accounts receivable - other	7,398	8,055
Other	5,368	5,306
Allowance for doubtful accounts	(311)	(430)
Total current assets	129,725	161,408
Non-current assets		
Property, plant and equipment		
Buildings and structures	345,658	355,118
Accumulated depreciation	(223,168)	(229,334)
Buildings and structures, net	122,490	125,783
Machinery, equipment and vehicles	9,280	9,557
Accumulated depreciation	(6,376)	(6,718)
Machinery, equipment and vehicles, net	2,903	2,839
Land	162,462	162,665
Construction in progress	2,220	1,465
Other	50,019	51,428
Accumulated depreciation	(38,852)	(40,929)
Other, net	11,167	10,498
Total property, plant and equipment	301,245	303,253
Intangible assets		
Goodwill	2,197	1,690
Other	14,245	18,074
Total intangible assets	16,443	19,764
Investments and other assets		
Investment securities	104,231	101,249
Long-term loans receivable	16,044	11,454
Guarantee deposits	73,074	70,903
Retirement benefit asset	4,156	4,548
Deferred tax assets	10,495	14,901
Other	1,943	1,683
Allowance for doubtful accounts	(2,802)	(2,743)
Total investments and other assets	207,143	201,997
Total non-current assets	524,832	525,015
Total Assets	654,558	686,423

	(Millions of yen)	
	FY2022	FY2023
	(as of March 31, 2022)	(as of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	56,839	63,674
Current portion of long-term borrowings	1,100	15,350
Accounts payable - other	24,764	27,877
Lease obligations	1,267	839
Income taxes payable	3,546	5,395
Gift certificates	9,211	8,908
Advances received	32,320	32,820
Provision for bonuses	4,177	4,740
Provision for bonuses for directors	24	109
Provision for loss on store closings and others	1,457	1,947
Provision for temporary expenses associated with reforms of human resource systems	4	682
Asset retirement obligations	620	570
Other	12,329	13,139
Total current liabilities	147,663	176,055
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	154,282	143,917
Long-term accounts payable - other	386	325
Lease obligations	12,248	10,280
Deferred tax liabilities	26,938	31,735
Deferred tax liabilities for land revaluation	266	266
Provision for directors' retirement benefits	228	207
Provision for redemption of gift certificates	3,079	3,247
Long-term guarantee deposited	10,651	10,572
Net defined benefit liability	13,260	13,028
Asset retirement obligations	3,580	3,444
Other	1,034	526
Total non-current liabilities	245,956	237,553
Total Liabilities	393,620	413,608
Net Assets		
Shareholders' equity		
Capital stock	17,796	17,796
Capital surplus	95,086	94,882
Retained earnings	92,299	105,473
Treasury shares	(3,151)	(11,938)
Total shareholders' equity	202,030	206,213
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,881	42,925
Revaluation reserve for land	303	303
Foreign currency translation adjustments	565	1,188
Remeasurements of defined benefit plans	(1,936)	(1,808)
Total accumulated other comprehensive income	34,814	42,608
Share acquisition rights	1,168	1,200
Non-controlling interests	22,924	22,792
Total net assets	260,938	272,814
Total Liabilities and Net Assets	654,558	686,423

(2) Consolidated Statements of Income

(Millions of yen)

	FY2022	FY2023
	(From April 1, 2021 to March 31, 2022)	(From April 1, 2022 to March 31, 2023)
Net sales	518,447	628,089
Cost of sales	299,766	362,641
Gross profit	218,660	265,447
Selling, general and administrative expenses		
Salaries and allowances	67,553	76,869
Rent expenses	40,468	47,521
Other	109,918	129,668
Total selling, general and administrative expenses	217,939	254,059
Operating profit	740	11,388
Non-operating income		
Interest income	553	541
Dividend income	1,062	1,116
Gain on debt settlement	1,105	913
Foreign exchange gains	1,530	873
Other	835	818
Total non-operating income	5,068	4,262
Non-operating expenses		
Interest expenses	940	962
Provision for redemption of gift certificates	729	701
Share of loss of entities accounted for using equity method	901	281
Other	891	700
Total non-operating expenses	3,462	2,646
Ordinary profit	2,346	13,004
Extraordinary income		
Gain on sales of non-current assets	13,632	13,543
Gain on sales of investment securities	6,485	3,819
Gain on gift certificates settlement	-	134
Subsidy income	3,001	66
Gain on bargain purchase	3,427	-
Gain on reversal of asset retirement obligations	486	-
Total extraordinary income	27,032	17,563
Extraordinary losses		
Impairment losses	1,881	3,877
Loss on store closings	2,530	1,699
Loss on retirement of non-current assets	2,222	1,600
Temporary expenses associated with reforms of human resource systems	-	798
Loss related to COVID-19	4,253	415
Head office relocation expenses	-	324
Loss on sale of investment securities	-	324
Loss on withdrawal of system development	-	279
Expenses for store openings	751	102
Loss on step acquisitions	1,753	-
Loss on sale of shares of subsidiaries	400	-
Total extraordinary losses	13,792	9,422
Profit (loss) before income taxes	15,586	21,146
Income taxes - current	4,166	5,885
Income taxes - deferred	1,399	(2,737)
Total income taxes	5,566	3,147
Profit	10,020	17,998
Profit attributable to non-controlling interests	148	1,616
Profit attributable to owners of parent	9,872	16,382

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2022 (From April 1, 2021 to March 31, 2022)	FY2023 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	15,886	21,146
Depreciation	17,902	19,159
Impairment losses	1,881	3,877
Loss on store closing	1,086	227
Loss on withdrawal of system development	-	279
Head office relocation expenses	-	76
Amortization of goodwill	507	507
Increase (decrease) in Allowance for doubtful accounts (decrease in Δ)	7	59
Increase (decrease) in provision for bonuses (decrease in Δ)	445	561
Increase (decrease) in provision for directors' bonuses (decrease in Δ)	2	84
Increase (decrease) in net defined benefit liability (decrease in Δ)	(422)	(231)
Increase (decrease) in remeasurements of defined benefit plans (Δ decreased)	463	127
Increase (decrease) in provision for retirement benefits for directors (decrease in Δ)	56	(21)
Increase(decrease) in provision for redemption of gift certificates (decrease in Δ)	262	167
Increase(decrease) in provision for loss on store closings (decrease in Δ)	1,108	490
Interest and dividend income	(1,596)	(1,657)
Interest expense	940	962
Foreign exchange losses (gains)	(1,529)	(873)
Gain on bargain purchase	(3,427)	-
Subsidy income	(3,001)	(66)
Loss related to COVID-19	3,700	415
Gain (loss) on step acquisitions	1,753	-
Share of loss (profit) of entities accounted for using equity method	901	281
Loss (gain) on sales of investment securities	(6,485)	(3,495)
Gain on sale of shares of subsidiaries and associates	400	-
Loss (gain) on sales of non-current assets	(13,624)	(13,511)
Loss on retirement of non-current assets	1,130	658
Decrease (increase) in trade receivables	(3,420)	(8,655)
Decrease (increase) in inventories	2,992	1,234
Increase (decrease) in accounts payable - other	370	2,982
Increase (decrease) in trade payables	(4,705)	6,807
Increase (decrease) in accrued consumption taxes	(2,869)	777
Increase (decrease) in gift certificates	(37)	(302)
Increase (decrease) in advances received	(208)	477
Other	(1,230)	1,748
Sub total	8,939	34,297
Interest and dividends received	1,535	1,650
Interest paid	(945)	(949)
Income taxes paid	(2,228)	(4,237)
Subsidies received	3,001	66
Payments for loss on COVID-19	(3,601)	(531)
Extra payments for early retirements	(237)	-
Net cash provided by (used in) operating activities	6,465	30,295

	(Millions of yen)	
	FY2022	FY2023
	(From April 1, 2021 to March 31, 2022)	(From April 1, 2022 to March 31, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,304)	(23,925)
Proceeds from sales of property, plant and equipment	19,771	13,896
Purchase of intangible assets	(3,874)	(6,788)
Proceeds from sales of intangible assets	1	4
Payments for asset retirement obligations	(260)	(473)
Purchases of investment securities	(125)	(34)
Proceeds from sale of investment securities	9,386	16,828
Payments into time deposits	(1,400)	(2,650)
Proceeds from withdrawal of time deposits	900	2,550
Payments for long-term loans	(4,011)	-
Proceeds from collection of long-term loans receivable	451	5,331
Payments of guarantee deposits	(341)	(644)
Proceeds from refund of guarantee deposits	620	1,687
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(18)	-
Cash flows from investing activities	<u>(5,203)</u>	<u>5,782</u>
Cash flows from financing activities		
Proceeds from long-term borrowings	32,000	5,000
Repayments of long-term borrowings	(46,840)	(1,181)
Proceeds from sales of treasury shares	0	-
Purchase of treasury shares	(473)	(8,855)
Purchase of treasury shares of subsidiaries	(7,383)	(1,611)
Dividends paid	(3,093)	(3,080)
Dividends paid to non-controlling interests	-	(390)
Repayments of lease obligations	(1,027)	(2,430)
Repayments of investments in silent partnerships	(1,760)	-
Cash flow from financing activities	<u>(28,578)</u>	<u>(12,549)</u>
Effect of exchange rate change on cash and cash equivalents	763	317
Net increase (decrease) in cash and cash equivalents	<u>(26,553)</u>	<u>23,845</u>
Cash and cash equivalents at beginning of year	49,991	33,174
Increase in cash and cash equivalents resulting from share exchange	9,736	-
Cash and cash equivalents	<u>33,174</u>	<u>57,020</u>