

Summary of Consolidated Financial Statements for FY2023
(the Fiscal Year Ending March 31, 2023)
 < under Japanese GAAP >

Company Name:	Mitsubishi Estate Co., Ltd.	Listed Stock Exchanges:	Tokyo
Securities Code:	8802	URL:	https://www.mec.co.jp/en/
Representative:	Atsushi Nakajima, President & CEO		
Inquiries:	Keiko Nakano, General Manager of the Corporate Communications Department	TEL:	+81-3-3287-5200
Annual General Meeting of Shareholders (Planned):	June 29, 2023	Date for Payment of Dividends (Planned):	June 30, 2023
Filing of Securities Report (Planned):	June 29, 2023		
Supplementary documents on financial results:	Yes		
Information meetings arranged related to financial results:	Yes (for institutional investors and analysts, in Japanese)		

*Figures are rounded down to the nearest million.

1. Consolidated Results for FY2023 (April 1, 2022 – March 31, 2023)

* Percent figures for operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent express the percentage changes from the corresponding period of the previous fiscal year.

(1) Consolidated Results

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023	1,377,827	2.1	296,702	6.4	271,819	7.1	165,343	6.6
FY2022	1,349,489	11.8	278,977	24.3	253,710	20.3	155,171	14.4

Note: Comprehensive Income:

FY2023	¥280,004 million (6.6%)	FY2022	¥262,605 million (57.1%)
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	EPS	Diluted EPS	ROE	Income before Taxes and Special Items to Total Assets	Operating Income to Revenue from Operations
	Yen	Yen	%	%	%
FY2023	125.54	125.33	7.9	4.1	21.5
FY2022	116.45	116.44	8.1	4.0	20.7

(Reference) Share of profit of entities accounted for using equity method

FY2023	¥260 million	FY2022	¥332 million
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(2) Consolidated Financial Position

	Total Assets	Net Assets	Total Equity to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Mar.31, 2023	6,871,959	2,379,941	31.4	1,664.47
Mar. 31, 2022	6,493,917	2,236,432	30.8	1,514.58

(Reference) Total Equity Mar. 31, 2023 ¥2,157,561 million Mar. 31, 2022 ¥2,003,225 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 Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2023	269,914	(312,046)	30,457	225,772
FY2022	280,090	(313,778)	90,973	234,244

2. Dividends

	Dividends per Share					Cash Dividends Paid (Annual)	Dividend Payout Ratio (Consolidated)	Cash Dividends to Net Assets (Consolidated)
	1Q	2Q	3Q	4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2022	—	16.00	—	20.00	36.00	47,793	30.9	2.5
FY2023	—	19.00	—	19.00	38.00	49,764	30.3	2.4
FY2024 (Planned)	—	20.00	—	20.00	40.00		30.8	

3. Forecast of Consolidated Financial Results for FY2024 (April 1, 2023 – March 31, 2024)

* Percent figures for operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent express the percentage changes from the previous fiscal year.

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		EPS
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Fiscal Year	1,469,000	6.6	264,000	(11.0)	232,000	(14.6)	166,000	0.4	130.08

Note: The Company resolved to repurchase its own shares at the board of directors meeting held on November 10, 2022. The impact of repurchase of own shares is taken into account in regards to EPS in the forecast of consolidated financial results for FY2024.

Note: The EPS is calculated using the number of shares after the Company issued the restricted shares (159,042 shares) on May 26, 2023.

4. Others

(1) Changes in Important Subsidiaries during the Period (Changes in Specified Subsidiaries in accordance with Changes in the Scope of Consolidation): No

(2) Changes in Accounting Principles, Procedures, Presentation Methods, etc., Concerning the Preparation of Consolidated Financial Statements (Recorded under “Changes in Significant Matters in the Preparation of Consolidated Financial Statements”)

- 1) Changes of accompanying revisions in accounting standards: Yes
- 2) Changes of accompanying revisions other than 1. above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Number of Outstanding Shares (Common Stock)

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

Mar. 31, 2023	1,324,288,306 shares	Mar. 31, 2022	1,391,478,706 shares
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- 2) Number of shares of treasury stock at the fiscal period-end

Mar. 31, 2023	28,043,822 shares	Mar. 31, 2022	68,852,376 shares
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- 3) Average number of shares for the period (quarterly consolidated cumulative basis)

Mar. 31, 2023	1,317,074,020 shares	Mar. 31, 2022	1,332,466,105 shares
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Implementation status of review processes

This Summary of Consolidated Financial Results is not subject to the review processes under the Financial Products and Exchange Law.

Cautionary Statement with respect to Forecast of Consolidated Financial Results

The forecasts and projected operating results contained in this report are based on information and data available to the Company at the time of disclosure as well as certain assumptions deemed rational. Therefore, actual performance may differ significantly from such forecasts due to various factors.

Details can be found on our website. (<https://www.mec.co.jp/en/ir/library/>)

Please refer to FACT BOOK for the details of revisions to the forecast of consolidated financial results announced today.

1. Business Results and Financial Position

(1) Segment Information

Commercial Property Business

Development, leasing, and management of office buildings, retail, logistics, hotels, airports and other facilities, parking business and district heating and cooling business.

Residential Business

Development, sales, leasing, management, renovation and brokerage of condominiums and houses, new town development, leisure facility management and design and construction of custom-built housing.

International Business

Real estate development, leasing and management overseas.

Investment Management Business

Real estate investment management

Architectural Design & Engineering Business and Real Estate Services Business

Construction, civil engineering and interior design administration, brokerage, management, leasing, real estate related consulting and parking business.

(2) Business Results

(million yen)

	FY2022	FY2023	Net Change
Operating revenue	1,349,489	1,377,827	28,337
Operating profit	278,977	296,702	17,724
Ordinary profit	253,710	271,819	18,108
Profit attributable to owners of parent	155,171	165,343	10,171

(million yen)

	FY2022 (From April 1, 2021 to March 31, 2022)		FY2023 (From April 1, 2022 to March 31, 2023)	
	Operating revenue	Operating profit (loss)	Operating revenue	Operating profit (loss)
Commercial Property Business	760,658	189,909	777,424	188,852
Residential Business	380,959	30,173	346,419	35,037
International Business	121,234	55,816	176,130	89,400
Investment Management Business	46,702	26,537	35,878	8,054
Architectural Design & Engineering Business and Real Estate Services Business	57,780	2,802	60,774	4,176
Other	10,134	(1,683)	11,801	(2,121)
Eliminations or Corporate	(27,979)	(24,578)	(30,602)	(26,696)
Total	1,349,489	278,977	1,377,827	296,702

(3) Information regarding sales, gains or losses, assets and others, by reportable segment

FY2022 (From April 1, 2021 to March 31, 2022)

(million yen)

	Reportable segments						Other *1	Total	Adjustments *2	Amount recorded in consolidated financial statements *3
	Commercial Property Business	Residential Business	International Business	Investment management business	Architectural design & engineering business and real estate services business	Subtotal				
Operating revenue										
External customers	755,066	379,415	121,397	44,533	47,599	1,348,013	1,476	1,349,489	-	1,349,489
Internal sales and transfer amount among segments	5,592	1,543	(163)	2,168	10,180	19,321	8,658	27,979	(27,979)	-
Subtotal	760,658	380,959	121,234	46,702	57,780	1,367,334	10,134	1,377,469	(27,979)	1,349,489
Segment profit (loss) *3	189,909	30,173	55,816	26,537	2,802	305,239	(1,683)	303,555	(24,578)	278,977
Segment assets	4,273,287	666,928	1,130,973	108,984	57,759	6,237,934	25,352	6,263,287	230,630	6,493,917
Other items										
Depreciation *4	73,315	4,570	8,460	1,681	894	88,923	147	89,071	2,510	91,581
Increase in property, plant and equipment and intangible assets *4	169,453	53,410	123,234	978	1,112	348,190	99	348,289	(595)	347,694

	Reportable segments						Other *1	Total	Adjustments *2	Amount recorded in consolidated financial statements *3
	Commercial Property Business	Residential Business	International Business	Investment management business	Architectural design & engineering business and real estate services business	Subtotal				
Operating revenue										
External customers	771,671	344,598	176,517	32,703	51,161	1,376,653	1,174	1,377,827	—	1,377,827
Internal sales and transfer amount among segments	5,752	1,821	(386)	3,174	9,612	19,974	10,627	30,602	(30,602)	—
Subtotal	777,424	346,419	176,130	35,878	60,774	1,396,628	11,801	1,408,429	(30,602)	1,377,827
Segment profit (loss) *3	188,852	35,037	89,400	8,054	4,176	325,520	(2,121)	323,399	(26,696)	296,702
Segment assets	4,434,331	834,751	1,270,849	112,590	61,225	6,713,748	27,599	6,741,348	130,610	6,871,959
Other items										
Depreciation *4	72,181	4,993	10,410	1,837	981	90,404	147	90,551	2,907	93,459
Increase in property, plant and equipment and intangible assets *4	136,938	60,284	97,581	364	676	295,846	883	296,730	1,709	298,439

- Note: 1. The “Other” category represents operating segments that are not included in reportable segments.
2. The adjustments column for segment profit (loss) includes elimination of intersegment transactions and corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments. The adjustments column for segment assets includes corporate assets and the elimination of intersegment transactions not allocated to each reportable segment. The adjustments column for depreciation is amortization of corporate assets and elimination of intersegment transactions. The adjustments for the Increase in property, plant and equipment and intangible assets is the increase in corporate assets and elimination of intersegment assets.
3. The segment profit (loss) is adjusted to operating profit in the consolidated statements.
4. In other items, the depreciation and the increase in property, plant and equipment and intangible assets include the amortization and increase in long-term prepaid expenses.

(4) Segment data (Operating Revenue Breakdown)

(a) Commercial Property Business

(million yen)

		FY2022 (From April 1, 2021 to March 31, 2022)		FY2023 (From April 1, 2022 to March 31, 2023)	
		Contracted area (square meters)	Operating revenue *1	Contracted area (square meters)	Operating revenue *1
Leasing	Marunouchi Area Office Building	(Owned by MEC) 1,360,974 (Subleases) 404,672	256,967	(Owned by MEC) 1,331,673 (Subleases) 401,163	253,525
	Tokyo Area Office Building (Outside of Marunouchi)	(Owned by MEC) 602,738 (Subleases) 897,046	149,361	(Owned by MEC) 592,043 (Subleases) 823,864	145,827
	Office Building (Outside of Tokyo)	(Owned by MEC) 595,315 (Subleases) 289,964	60,450	(Owned by MEC) 566,469 (Subleases) 290,616	61,914
	Outlet Mall	(Store area) 334,488	44,164	(Store area) 362,408	51,052
	Other *2	-	35,242	-	36,634
Sales of assets		-	126,878	-	105,228
Other*3		-	87,593	-	123,240
Total		-	760,658	-	777,424

Note: 1. Including revenue from other segments.

2. Including independent shopping center, logistics facility, etc.

3. Including property management, hotel, dividend from unconsolidated SPV (including capital gain through SPV), etc.

(b) Residential Business

(million yen)

		FY2022 (From April 1, 2021 to March 31, 2022)		FY2023 (From April 1, 2022 to March 31, 2023)	
		Number of sales, etc.	Operating revenue *1	Number of sales, etc.	Operating revenue *1
Condominiums sold *2		3,046 (units)	212,335	1,596(units)	112,937
Condominium management		345,327 (units)	56,664	344,867(units)	57,713
Custom-built housing		-	38,910	-	38,252
Other		-	73,049	-	137,517
Total		-	380,959	-	346,419

Note: 1. Including operating revenue from other segments.

2. Based on MEC's shares for joint business properties.

(c) International Business

(million yen)

		FY2022 (From April 1, 2021 to March 31, 2022)		FY2023 (From April 1, 2022 to March 31, 2023)	
		Contracted area, etc. (square meters)	Operating revenue	Contracted area, etc. (square meters)	Operating revenue
Development / Leasing	US	Contracted area 443,817	90,169	Contracted area 461,530	117,499
		Management area 97,527		Management area 97,527	
	Europe	Contracted area 62,321	3,828	Contracted area 59,254	45,040
	Asia	Contracted area 58,757	26,722	Contracted area 8,436	10,392
		Condominium sold 1,634(units)		Condominium sold 1,171(units)	
Other		-	513	-	3,198
Total		-	121,234	-	176,130

Note: Including revenue from other segments.

(d) Investment Management Business

(million yen)

	Operating revenue	
	FY2022 (From April 1, 2021 to March 31, 2022)	FY2023 (From April 1, 2022 to March 31, 2023)
Investment management	46,702	35,878
Total	46,702	35,878

Note: Including revenue from other segments.

(e) Architectural Design & Engineering Business and Real Estate Services Business

(million yen)

	FY2022 (From April 1, 2021 to March 31, 2022)		FY2023 (From April 1, 2022 to March 31, 2023)	
	Number of sales, etc.	Operating revenue	Number of sales, etc.	Operating revenue
Architectural Design & Engineering	Project orders 1,245	20,615	Project orders 1,289	20,940
	Sales 1,284		Sales 1,238	
Real estate brokerage	Number of brokerage 1,118	8,961	Number of brokerage 1,196	10,394
Operation and management of parking	Number of parking management 58,418	10,472	Number of parking management 61,004	11,029
Other	-	17,730	-	18,409
Total	-	57,780	-	60,774

Note: Including revenue from other segments.

2. Rental Properties

The Company and some of its consolidated subsidiaries own office buildings for lease, commercial facilities for lease and others in Tokyo and other areas including overseas countries (the United States and the United Kingdom, etc.) for the purpose of obtaining revenue from leases. Some office buildings for lease in Japan are regarded as real estate including space used as rental properties since they are used by the Company and some of its consolidated subsidiaries. The carrying value on the consolidated balance sheet as of March 31, 2023 and the fair value of these rental properties and real estate including space used as rental properties are as follows:

(million yen)

		FY2022 (From April 1, 2021 to March 31, 2022)	FY2023 (From April 1, 2022 to March 31, 2023)
Rental Properties			
Book value			
	As of April 1	3,565,590	3,725,804
	Net Change	160,214	68,525
	As of March 31	3,725,804	3,794,330
Fair value			
Real estate including space used as rental properties			
Book value			
	As of April 1	545,404	541,325
	Net Change	(4,079)	(5,028)
	As of March 31	541,325	536,297
Fair value			
		916,224	948,351

Note: 1. The book value represents the acquisition cost less accumulated depreciation and accumulated impairment loss.

2. The fair value is based on the following:

- (1) The fair value of real estate in Japan is calculated by the Company based mainly on the Real Estate Appraisal Standards.
- (2) The fair value of real estate in overseas countries is appraised principally by local real estate appraisers.

The income or loss from rental properties and real estate including space used as rental properties for the years ended March 31, 2022 and 2023 are as follows:

		FY2022 (From April 1, 2021 to March 31, 2022)	FY2023 (From April 1, 2022 to March 31, 2023)
Rental properties			
	Rental revenue	503,737	512,945
	Rental costs	329,374	343,578
	Difference	174,363	169,367
	Other income (loss)	(17,577)	(15,468)
Real estate including space used as rental properties			
	Rental revenue	44,552	44,640
	Rental costs	34,562	36,497
	Difference	9,990	8,143
	Other income (loss)	(777)	(466)

Note: Rental revenue excludes that from real estate including space used as rental properties that was used by the Company and some of its consolidated subsidiaries for leasing service and operating management.

3. Consolidated Forecasts FY2024 (From April 1, 2023 to March 31, 2024)

(million yen)

	FY2023 (From April 1, 2022 to March 31, 2023)	FY2024 (Forecasts) (From April 1, 2023 to March 31, 2024)	Net Change
Operating revenue	1,377,827	1,469,000	91,173
Operating profit	296,702	264,000	(32,702)
Ordinary profit	271,819	232,000	(39,819)
Profit attributable to owners of parent	165,343	166,000	657

(million yen)

	FY2023 (From April 1, 2022 to March 31, 2023)		FY2024 (Forecasts) (From April 1, 2023 to March 31, 2024)	
	Operating revenue	Operating profit (loss)	Operating revenue	Operating profit (loss)
Commercial Property Business	777,424	188,852	836,000	188,000
Residential Business	346,419	35,037	381,000	36,000
International Business	176,130	89,400	158,000	54,000
Investment management business	35,878	8,054	43,000	12,000
Architectural design & engineering business and real estate services business	60,774	4,176	67,000	5,000
Other	11,801	(2,121)	11,000	(1,000)
Eliminations or Corporate	(30,602)	(26,696)	(27,000)	(30,000)
Total	1,377,827	296,702	1,469,000	264,000

4. Basic Policy regarding Profit Distribution / Dividends for the Current and Next Fiscal Year

Although the Company recognizes capital requirements for future business developments such as the redevelopment of Marunouchi, it focuses on the provision of an appropriate return to all shareholders as a key point of the basic policy on shareholders return by considering overall performance levels and business environment in real estate market etc. In terms of dividends for FY2023 and FY2024, the Company has decided to aim for consolidated payout ratio of 30%. The Company has set the interim dividends at ¥ 19 per share and the year-end dividends at ¥ 19 per share. Since the profit attributable to owners of parent achieved 165,343 million yen in consolidated financial statements for FY2023, the year-end dividends are expected to be ¥ 19 per share as scheduled (annual dividend payout is ¥ 38 per share).

As the above dividends policy, forecasts and other factors were taken into account, the interim dividends are expected to be ¥ 20 per share and the year-end dividends at ¥ 20 per share, and the annual dividend payout at ¥ 40 per share for FY2024 (Ending March 31, 2024). The company intends to decide dividends in accordance with the number of eligible shares aiming for consolidated payout ratio of 30%.

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	233,117	225,011
Trade notes accounts receivable, and contract assets	60,645	69,987
Securities	4,280	3,578
Real estate for sale	41,239	65,252
Real estate for sale in process	299,532	420,956
Real estate for development	724	719
Costs on construction contracts in progress	4,316	5,201
Other inventories	1,575	1,413
Equity investments	624,521	716,416
Other	87,260	108,723
Allowance for doubtful accounts	(422)	(659)
Total current assets	1,356,789	1,616,602
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,919,944	2,984,949
Accumulated depreciation and impairment	(1,689,430)	(1,761,958)
Buildings and structures, net	1,230,513	1,222,991
Machinery, equipment and vehicles	99,855	100,030
Accumulated depreciation and impairment	(68,647)	(72,120)
Machinery, equipment and vehicles, net	31,208	27,909
Land	2,310,551	2,335,460
Land in trust	585,470	575,648
Construction in progress	169,700	228,955
Other	61,398	69,815
Accumulated depreciation and impairment	(42,852)	(44,565)
Other, net	18,545	25,249
Total property, plant and equipment	4,345,989	4,416,214
Intangible assets		
Leasehold interests in land	82,541	81,745
Other	25,550	29,441
Total intangible assets	108,092	111,187
Investments and other assets		
Investment securities	299,617	306,352
Long-term loans receivable	2,324	2,559
Leasehold and guarantee deposits	140,230	144,070
Retirement benefit asset	45,998	62,528
Deferred tax assets	25,887	25,943
Other	169,535	187,095
Allowance for doubtful accounts	(548)	(596)
Total investments and other assets	683,045	727,954
Total non-current assets	5,137,127	5,255,356
Total assets	6,493,917	6,871,959

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Trade notes and accounts payable	60,516	66,407
Short-term borrowings	182,052	194,881
Current portion of long-term borrowings	79,928	210,087
Current portion of bonds payable	90,000	26,635
Income taxes payable	29,445	23,574
Other	189,099	333,752
Total current liabilities	631,043	855,337
Non-current liabilities		
Bonds payable	786,335	820,584
Long-term borrowings	1,598,562	1,618,019
Leasehold and guarantee deposits received	451,749	448,442
Deferred tax liabilities	274,176	288,861
Deferred tax liabilities for land revaluation	264,082	264,082
Retirement benefit liability	27,402	27,644
Provision for retirement benefits for directors (and other officers)	464	478
Provision for environmental measures	888	582
Negative goodwill	85,526	60,413
Other	137,252	107,568
Total non-current liabilities	3,626,441	3,636,680
Total liabilities	4,257,484	4,492,017
Net assets		
Shareholders' equity		
Share capital	142,414	142,414
Capital surplus	159,749	157,914
Retained earnings	1,165,344	1,147,425
Treasury shares	(132,483)	(48,454)
Total shareholders' equity	1,335,024	1,399,299
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	130,841	138,552
Deferred gains or losses on hedges	103	2,106
Revaluation reserve for land	526,417	526,417
Foreign currency translation adjustment	2,162	77,489
Remeasurements of defined benefit plans	8,675	13,695
Total accumulated other comprehensive income	668,200	758,261
Share acquisition rights	201	193
Non-controlling interests	233,005	222,187
Total net assets	2,236,432	2,379,941
Total liabilities and net assets	6,493,917	6,871,959

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue	1,349,489	1,377,827
Operating costs	974,724	980,792
Operating gross profit	374,765	397,034
Selling, general and administrative expenses	95,787	100,332
Operating profit	278,977	296,702
Non-operating income		
Interest income	800	873
Dividend income	7,197	7,755
Share of profit of entities accounted for using equity method	332	260
Contribution for construction	1,455	—
Other	6,532	5,472
Total non-operating income	16,319	14,361
Non-operating expenses		
Interest expenses	20,742	25,001
Loss on retirement of non-current assets	12,404	5,749
Other	8,438	8,493
Total non-operating expenses	41,586	39,244
Ordinary profit	253,710	271,819
Extraordinary income		
Gain on sale of non-current assets	6,781	8,921
Gain on sale of investment securities	7,987	3,303
Gain on sale of shares of subsidiaries and associates	1,843	—
Reversal of provision for environmental measures	3,576	—
Total extraordinary income	20,189	12,224
Extraordinary losses		
Loss related to retirement of non-current assets	16,254	17,741
Loss on valuation of shares of subsidiaries and associates	—	2,599
Impairment losses	3,866	3,535
Loss on valuation of equity investments	—	7,264
Total extraordinary losses	20,120	31,141
Profit before income taxes	253,779	252,902
Income taxes - current	60,331	65,855
Income taxes - deferred	10,558	4,779
Total income taxes	70,889	70,634
Profit	182,889	182,268
Profit attributable to non-controlling interests	27,718	16,924
Profit attributable to owners of parent	155,171	165,343

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	182,889	182,268
Other comprehensive income		
Valuation difference on available-for-sale securities	12,754	7,726
Deferred gains or losses on hedges	1,508	912
Foreign currency translation adjustment	59,588	82,727
Remeasurements of defined benefit plans, net of tax	5,519	5,045
Share of other comprehensive income of entities accounted for using equity method	344	1,324
Total other comprehensive income	79,715	97,736
Comprehensive income	262,605	280,004
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	231,360	255,404
Comprehensive income attributable to non-controlling interests	31,244	24,599

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	253,779	252,902
Depreciation	91,581	93,459
Loss (gain) on sale and retirement of property, plant and equipment	12,557	750
Loss (gain) on sale of securities	(7,987)	(3,303)
Loss (gain) on sale of shares of subsidiaries and associates	(1,843)	—
Loss on valuation of shares of subsidiaries and associates	—	2,599
Loss on valuation of equity investments	—	7,264
Impairment losses	3,866	3,535
Bond issuance costs	435	266
Amortization of goodwill	2,544	3,170
Contribution received for construction	(1,455)	—
Share of loss (profit) of entities accounted for using equity method	(332)	(260)
Increase (decrease) in provisions	(3,526)	(32)
Increase (decrease) in retirement benefit liability	(3,855)	(9,486)
Interest and dividend income	(7,997)	(8,628)
Interest expenses	20,742	25,001
Decrease (increase) in trade receivables and contract assets	(6,948)	(6,084)
Decrease (increase) in inventories	116,993	7,462
Decrease (increase) in equity investments	(30,267)	(5,399)
Decrease (increase) in advance payments to suppliers	266	2,293
Decrease (increase) in leasehold and guarantee deposits	(3,722)	(442)
Increase (decrease) in trade payables	474	4,132
Increase (decrease) in accrued consumption taxes	1,555	2,792
Increase (decrease) in leasehold and guarantee deposits received	(15,024)	(2,894)
Other, net	(76,589)	(20,700)
Subtotal	345,246	348,396
Interest and dividends received	7,704	9,620
Interest paid	(20,653)	(23,797)
Income taxes refund (paid)	(52,206)	(64,305)
Net cash provided by (used in) operating activities	280,090	269,914
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	2	544
Payments into time deposits	(411)	(2)
Proceeds from sale and redemption of securities	1,461	2,314
Purchase of securities	(1,514)	(2,360)
Proceeds from sale of property, plant and equipment	14,570	17,047
Purchase of property, plant and equipment	(328,591)	(286,301)

Proceeds from sale and redemption of investment securities	9,562	7,717
Purchase of investment securities	(7,488)	(5,453)
Purchase of leasehold interests in land	(523)	(221)
Proceeds from collection of short-term loans receivable	50	105
Short-term loan advances	(4,960)	(397)
Proceeds from collection of long-term loans receivable	9,545	11
Long-term loan advances	(74)	(247)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	1,883	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(455)	(33,421)
Proceeds from contribution received for construction	1,455	—
Other, net	(8,289)	(11,381)
Net cash provided by (used in) investing activities	(313,778)	(312,046)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	26,104	16,728
Net increase (decrease) in commercial papers	(50,000)	—
Repayments of finance lease obligations	(378)	(697)
Proceeds from long-term borrowings	261,114	249,592
Repayments of long-term borrowings	(118,951)	(85,040)
Proceeds from issuance of bonds	129,564	59,733
Redemption of bonds	(65,000)	(90,000)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(10,442)	(6,346)
Net decrease (increase) in treasury shares	(29,861)	(45,822)
Dividends paid	(46,792)	(51,579)
Dividends paid to non-controlling interests	(11,457)	(18,846)
Proceeds from share issuance to non-controlling shareholders	7,054	3,122
Other, net	18	(386)
Net cash provided by (used in) financing activities	90,973	30,457
Effect of exchange rate change on cash and cash equivalents	4,651	5,244
Net increase (decrease) in cash and cash equivalents	61,937	(6,430)
Cash and cash equivalents at beginning of period	172,307	234,244
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	762
Decrease in cash and cash equivalents	—	(2,804)

resulting from exclusion of subsidiaries
from consolidation

Cash and cash equivalents at end of period	234,244	225,772
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