

Summary of Consolidated Financial and Business Results for the Year Ended March 2023 (Japanese GAAP)

Company Name:	Oji Holdings Corporation		(Code No. 3861 Tokyo Stock Exchange)
URL:	https://www.ojiholdings.co.jp/		
Representative:	Hiroyuki Isono, President & Chief Executive Officer		
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General meeting of stockholders to be held:	June 29, 2023	Start of dividend payout:	June 7, 2023
Statutory annual report to be presented:	June 29, 2023		

(All yen figures are rounded down to the nearest one million yen)

1. Results for the Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Unaudited)

(1) Consolidated Business Results

(Figures shown in percentage are ratios compared to the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022	1,706,641	16.1	84,818	(29.4)	95,008	(29.7)	56,483	(35.5)
FY2021	1,470,161	8.2	120,119	41.7	135,100	62.7	87,509	76.3
Note: Comprehensive income	FY2022		117,148 million yen		FY2021		135,388 million yen	

	Profit per share	Diluted profit per share	Ratio of profit to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2022	57.00	56.97	6.3	4.4	5.0
FY2021	88.35	88.30	10.9	6.7	8.2

Note: Equity in earning of affiliates FY2022 2,924 million yen FY2021 2,679 million yen

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2022	2,296,018	964,564	40.8	945.27
FY2021	2,053,752	875,470	41.4	859.29

Note: Shareholders' equity FY2022 936,949 million yen FY2021 851,232 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 the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2022	18,262	(123,274)	101,787	56,837
FY2021	143,587	(92,567)	(136,002)	55,474

2. Dividend Conditions

	Dividend per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2021	-	7.00	-	7.00	14.00	13,890	15.9	1.7
FY2022	-	8.00	-	8.00	16.00	15,881	28.1	1.8
FY2023(Forecast)	-	8.00	-	8.00	16.00		24.4	

3. Consolidated Forecasts for the Year Ending March 2024 (April 1, 2023-March 31, 2024)

(Figures shown in percentage for the full year are ratios compared to the previous year,

Figures shown in percentage for the first half are ratios compared to the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	860,000	2.7	45,000	11.4	43,000	(28.6)	28,000	(26.2)	28.25
Full year	1,800,000	5.5	100,000	17.9	100,000	5.3	65,000	15.1	65.58

4. Notes

(1) Changes in important subsidiaries

(changes regarding specified subsidiaries accompanying changes in the scope of consolidation) : None

(2) Changes in accounting methods compared with recent consolidated accounting periods

- (i) Changes due to accounting standard changes : Yes
(ii) Changes besides (i) : None
(iii) Accounting estimate change : None
(iv) Restatement : None

(Note) Please refer to “Consolidated Quarterly Financial Statements and Notes (Changes in accounting policies)” on page 11 of the attached document for more details.

(3) Outstanding balance of issued shares (common stock)

- (i) Outstanding balance of issued shares at the end of fiscal year (including treasury shares)
FY2022 1,014,381,817 FY2021 1,014,381,817
- (ii) Outstanding balance of treasury shares at the end of fiscal year
FY2022 23,179,622 FY2021 23,764,570
- (iii) Weighted average number of shares during fiscal year
FY2022 990,976,801 FY2021 990,497,836

(Reference)

1. Results for the Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Non-consolidated Business Results

(Figures shown in percentage are ratios compared to the previous year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022	47,392	17.5	30,359	23.3	28,703	11.4	25,102	5.0
FY2021	40,335	(24.0)	24,618	(31.5)	25,759	(24.8)	23,899	(31.9)

	Profit per share		Diluted profit per share	
	Yen		Yen	
FY2022	25.33		25.31	
FY2021	24.12		24.11	

(2) Non-consolidated Financial Condition

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
FY2022	1,209,188		422,133		34.9		425.65	
FY2021	1,098,746		401,274		36.5		404.83	

Note: Shareholders' equity FY2022 421,998 million yen FY2021 401,117 million yen

NOTICE

- This document is out of the scope of the audit procedures required by Financial Instruments and Exchange Act, and audit procedures for consolidated financial statement have not been finished as of the date of publication.
- Forecasts released are based on expectations of future economic conditions as of the date of publication. The actual results may differ drastically from these forecasts due to various factors that may arise in the future.
- This document is an excerpt translation of the Japanese original and is only for reference purposes. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

1. Qualitative Information Concerning Business Performance and Financial Situation

(1) Qualitative Information Concerning Business Performance

Business Performance for FY2022

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Profit Per Share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen
FY2022	1,706.6	84.8	95.0	56.5	57.00
FY2021	1,470.2	120.1	135.1	87.5	88.35
Increase (Decrease)	236.5	(35.3)	(40.1)	(31.0)	
Increase (Decrease) %	16.1%	(29.4%)	(29.7%)	(35.5%)	

The Oji Group has set the basic policy of "Growth to Evolution" as the Long-term Vision for 2030, and is promoting "Initiatives for Environmental Issues -Sustainability-", "Initiatives for Profitability Improvement -Profitability-" and "Initiatives for Product Development -Green Innovation-". As the milestones of the Long-term vision, we have set FY2022-2024 Medium-term Management Plan, which aims to achieve the consolidated operating profit of ¥150.0 billion or more by FY2024 and stably maintain consolidated profit attributable to owners of parent of ¥100.0 billion or more.

Specifically, we will continue our efforts on environmental issues by promoting greenhouse gas reduction and expanding net CO2 absorption by forests, as countermeasures against climate change. At the same time, we will enhance the value of our business by deepening the existing businesses through the establishment of an optimal production system, and expanding the highly-expected businesses including overseas packaging business and eco-friendly products. Furthermore, we will develop and quickly commercialize new wood-derived products and materials such as eco-friendly materials and products, based on a range of core technologies we have cultivated through paper manufacturing and forestation. We will continue to contribute to society as a company that "grows and manages the sustainable forest, develops and delivers the products from renewable forest and brings this world a brighter future filled with hope".

Consolidated net sales for FY2022 increased by ¥236.5 billion to ¥1,706.6 billion (year-on-year increase of 16.1%) due to a recovery in demand, resulting from the resumption of economic activities that had been stagnant due to the spread of COVID-19, a rise in the pulp market, and the implementation of price revision in response to the impact of the recent sharp rise in raw material and fuel prices. Overseas sales ratio increased by 4.1 points from the previous year to 37.6%.

Consolidated operating profit decreased by ¥35.3 billion to ¥84.8 billion (year-on-year decrease of 29.4%) due to the significant impact of higher raw material and fuel prices despite the price revision mentioned above and an increase in sales volume. Ordinary profit decreased by ¥40.1 billion to ¥95.0 billion (year-on-year decrease of 29.7%) due in part to the decrease in foreign exchange gains from revaluation of foreign currency-denominated receivables and payables. Profit before taxes decreased by ¥44.6 billion to ¥84.6 billion (year-on-year decrease of 34.5%), and profit attributable to owners of parent decreased by ¥31.0 billion to ¥56.5 billion (year-on-year decrease of 35.5%) .

Overview of Business Performance for FY2022 by Segment

(I) Business Performance by Segment

(Unit: Billions of yen)

		Net Sales			Operating Profit (Loss)		
		FY2021	FY2022	Increase (Decrease)	FY2021	FY2022	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	698.8	780.5	11.7%	26.2	(1.2)	-
	Functional Materials	184.7	219.9	19.0%	15.3	15.5	1.5%
	Forest Resources & Environment Marketing	320.6	423.8	32.2%	55.2	68.5	24.1%
	Printing & Communications Media	244.5	281.0	14.9%	17.8	(4.8)	-
	Total	1,448.7	1,705.2	17.7%	114.5	78.0	(31.9%)
Others		291.1	318.1	9.3%	7.2	8.4	18.0%
Total		1,739.8	2,023.3	16.3%	121.7	86.5	(28.9%)
Adjustment (*)		(269.6)	(316.7)		(1.6)	(1.6)	
Consolidated total		1,470.2	1,706.6	16.1%	120.1	84.8	(29.4%)

*Adjustment is mainly those concerning internal transactions.

(II) Overview of Business Performance by Segment

The Oji Group's four reporting segments are: "Household and Industrial Materials", "Functional Materials", "Forest Resources and Environment Marketing", and "Printing and Communications Media". Each of the reporting segment consists of those that are recognized to be similar in terms of economic characteristics, manufacturing methods or processes of products, markets in which products are sold, and types of customers, among the constituent units of the Oji Group.

Business segments that are not included in the reporting segments are classified as "Others".

From the first half of FY2022, some businesses that had been classified under "Household and Industrial Materials" and "Others" have been reclassified under "Forest Resources and Environment Marketing". Year-on-year comparisons are made with figures for the previous year after reclassification into the new segment classifications.

Major business lineup for the segments are as follows.

- Household and Industrial Materials:
Containerboard/corrugated containers, boxboard/folding cartons, packing paper/paper bags, household paper, disposable diapers, etc.
- Functional Materials:
Specialty paper, thermal paper, adhesive materials, film, etc.
- Forest Resources and Environment Marketing:
Pulp, energy, forest plantation/lumber processing, etc.
- Printing and Communications Media:
Newsprint, printing/publication/communication paper, etc.
- Others:
Trading business, logistics, engineering, Real estate etc.

○Household and Industrial Materials

In FY2022, net sales amounted to ¥780.5 billion (year-on-year increase of 11.7%), and operating loss was ¥1.2 billion (year-on-year decrease of ¥27.4 billion).

Regarding domestic business, sales amount increased from the previous year due to ongoing price revision for containerboard, corrugated containers, boxboard and household paper. As for disposable diapers, sales amount almost remained unchanged from the previous year.

Regarding overseas business, sales amount increased from the previous year due to increased sales volume and the penetration of price increases of containerboard and corrugated containers mainly in Southeast Asia and India, in addition to the start of operation of a new containerboard machine in Malaysia in October 2021.

○Functional Materials

In FY2022, net sales amounted to ¥219.9 billion (year-on-year increase of 19.0%), and operating profit was ¥15.5 billion (year-on-year increase of 1.5%).

Regarding domestic business, sales volume of specialty paper decreased from the previous year, but sales amount increased due to price revision. Sales amount of thermal paper increased from the previous year due to a recovery trend in demand, which had declined due to the spread of COVID-19, in addition to price revision.

Regarding overseas business, sales amount of thermal paper increased from the previous year due to the recovery trend in demand similarly in the domestic market, as well as price revision and the completion of enhancement and expansion work in Brazil, which started operation in January 2022.

○Forest Resources and Environment Marketing

In FY2022, net sales amounted to ¥423.8 billion (year-on-year increase of 32.2%), and operating profit was ¥68.5 billion (year-on-year increase of 24.1%).

Regarding domestic business, sales amount of pulp business increased from the previous year due to a rise in the pulp market. Sales amount of energy business increased from the previous year due to the start of operation of a new biomass power plant in Tokushima Prefecture in December 2022.

Regarding overseas business, sales amount of pulp business increased from the previous year due to a rise in the pulp market in addition to the strong sales.

○Printing and Communications Media

In FY2022, net sales amounted to ¥281.0 billion (year-on-year increase of 14.9%), and operating loss was ¥4.8 billion (year-on-year decrease of ¥22.6 billion).

Regarding domestic business, sales amount of newsprint almost remained unchanged from the previous year due to price revision, although its demand continued to decline. Sales amount of printing paper increased from the previous year due to higher demand for domestic products resulting from a decline in imported paper, in addition to price revision.

Regarding overseas business, sales amount increased from the previous year at Jiangsu Oji Paper Co., Ltd..

Forecast for the Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024, "FY2023")

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen
First Half of FY2023	860.0	45.0	43.0	28.0	28.25
First Half of FY2022	837.5	40.4	60.2	37.9	38.28
Increase (Decrease)	22.5	4.6	(17.2)	(9.9)	
Increase (Decrease) %	2.7%	11.4%	(28.6%)	(26.2%)	
FY2023	1,800.0	100.0	100.0	65.0	65.58
FY2022	1,706.6	84.8	95.0	56.5	57.00
Increase (Decrease)	93.4	15.2	5.0	8.5	
Increase (Decrease) %	5.5%	17.9%	5.3%	15.1%	

<FY2023 Forecast and Future Outlook >

The forecast for the next fiscal year is based on net sales of ¥1,800.0 billion, operating profit of ¥100.0 billion, ordinary profit of ¥100.0 billion, and net profit attributable to owners of parent of ¥65.0 billion.

The second year of our FY2022-2024 Medium-term Management Plan has begun. We have been facing drastic changes in the business environment, including sharp rises in raw material and fuel prices and significant fluctuations in foreign exchange rates. However, we will continue to steadily implement our "Initiatives for Environmental Issues -Sustainability-", "Initiatives for Profitability Improvement -Profitability-" and "Initiatives for Product Development -Green Innovation-" to achieve further growth and evolution, and to enhance our corporate value.

The assumed exchange rates for FY2023 forecast are as follows:

	Exchange rates	(Reference) Sensitivity for operating income
JPY/USD	130.00	Approx. ¥0.93 billion with a fluctuation of USD by 1% (strong USD: -)
BRL/USD	5.20	Approx. ¥0.58 billion with a fluctuation of USD by 1% (strong USD: +)
NZD/USD	1.60	Approx. ¥0.81 billion with a fluctuation of USD by 1% (strong USD: +)

2. Outline of Business Performance and Financial Situation

Business Performance		Billions of yen			
		FY2022		Forecasts for FY2023	
			Increase(Decrease) from FY2021		Increase(Decrease) from FY2022
Net Sales		1,706.6	236.5	1,800.0	93.4
	Domestic	1,064.6	87.3		
	Overseas	642.1	149.2		
	ratio	37.6%	4.1%		
Operating Profit		84.8	(35.3)	100.0	15.2
Ordinary Profit		95.0	(40.1)	100.0	5.0
Profit attributable to owners of parent		56.5	(31.0)	65.0	8.5

Billions of yen				
Depreciation	73.0	7.1	74.7	1.7
Capital expenditure	89.8	(16.7)	89.0	(0.8)

Average foreign exchange rate

		FY2022		Forecasts for FY2023	
			Increase(Decrease) from FY2021		Increase(Decrease) from FY2022
JPY / USD	April to March	135.5	23.1	130.0	(5.5)
BRL / USD	January to December	5.17	(0.22)	5.20	0.03
NZD / USD	January to December	1.58	0.17	1.60	0.02
CNY / USD	January to December	6.74	0.29	6.90	0.16

Financial situation

		Mar 31,2023	
			Increase(Decrease)from Mar 31,2022
Total assets		2,296.0	242.3
Net assets		964.6	89.1
Interest bearing debts		788.3	137.8
Net debts (Interest bearing debts - Cash and cash equivalents at end of period)		731.3	136.6

Consolidated Statements of Cash Flows

		FY2022	
			Increase(Decrease) from FY2021
Cash flows from operating activities		18.3	(125.3)
Cash flows from investing activities		(123.3)	(30.7)
Cash flows from financing activities		101.8	237.8

Number of employees

		Mar 31,2023	
			Increase(Decrease)from Mar 31,2022
Number of employees		37,845	2,237
	Domestic	16,192	(176)
	Overseas	21,653	2,413

3. Consolidated Financial Statements and Notes

(1) Consolidated balance sheets

(Unit : Millions of yen)

	FY2021 Mar 31,2022	FY2022 Mar 31,2023
Assets		
Current assets		
Cash and deposits	44,749	50,774
Notes receivable - trade	60,227	64,768
Accounts receivable - trade	260,231	309,604
Contract assets	3,983	2,995
Securities	11,074	6,299
Merchandise and finished goods	98,616	117,473
Work in process	20,294	23,510
Raw materials and supplies	106,266	140,337
Short-term loans receivable	4,764	4,101
Accounts receivable - other	18,575	33,877
Other	18,800	36,717
Allowance for doubtful accounts	(1,790)	(1,791)
Total current assets	<u>645,795</u>	<u>788,670</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	709,982	746,007
Accumulated depreciation	(513,533)	(529,962)
Buildings and structures, net	<u>196,448</u>	<u>216,045</u>
Machinery, equipment and vehicles	2,495,207	2,629,592
Accumulated depreciation	(2,156,261)	(2,221,722)
Machinery, equipment and vehicles, net	<u>338,946</u>	<u>407,869</u>
Tools, furniture and fixtures	61,622	63,934
Accumulated depreciation	(56,037)	(57,380)
Tools, furniture and fixtures, net	<u>5,585</u>	<u>6,553</u>
Land	240,765	242,287
Forests	116,490	133,123
Standing timber	92,343	111,352
Leased assets	65,356	76,573
Accumulated depreciation	(22,713)	(29,209)
Leased assets, net	<u>42,643</u>	<u>47,363</u>
Construction in progress	94,091	43,639
Total property, plant and equipment	<u>1,127,315</u>	<u>1,208,234</u>
Intangible assets		
Goodwill	3,472	11,868
Other	8,079	14,119
Total intangible assets	<u>11,552</u>	<u>25,988</u>
Investments and other assets		
Investment securities	168,545	180,067
Long-term loans receivable	5,571	4,693
Long-term prepaid expenses	3,497	2,760
Retirement benefit asset	61,542	53,837
Deferred tax assets	8,819	6,816
Other	22,095	26,921
Allowance for doubtful accounts	(982)	(1,972)
Total investments and other assets	<u>269,089</u>	<u>273,124</u>
Total non-current assets	<u>1,407,956</u>	<u>1,507,347</u>
Total assets	<u>2,053,752</u>	<u>2,296,018</u>

(Unit : Millions of yen)

	FY2021 Mar 31,2022	FY2022 Mar 31,2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	234,650	251,176
Short-term borrowings	166,445	226,739
Commercial papers	—	86,000
Accounts payable - other	24,653	20,111
Accrued expenses	51,457	49,809
Income taxes payable	23,993	16,643
Other	31,818	36,591
Total current liabilities	533,020	687,070
Non-current liabilities		
Bonds payable	155,000	155,000
Long-term borrowings	329,062	320,599
Deferred tax liabilities	64,013	69,283
Deferred tax liabilities for land revaluation	7,737	7,732
Retirement benefit liability	54,022	53,537
Long-term deposits received	6,809	6,620
Other	28,616	31,609
Total non-current liabilities	645,261	644,383
Total liabilities	1,178,282	1,331,453
Net assets		
Shareholders' equity		
Share capital	103,880	103,880
Capital surplus	99,163	85,892
Retained earnings	567,150	607,593
Treasury shares	(13,277)	(12,949)
Total shareholders' equity	756,918	784,418
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,500	41,573
Deferred gains or losses on hedges	2,076	474
Revaluation reserve for land	5,728	5,716
Foreign currency translation adjustment	29,593	85,253
Remeasurements of defined benefit plans	26,415	19,514
Total accumulated other comprehensive income	94,314	152,531
Share acquisition rights	157	134
Non-controlling interests	24,080	27,480
Total net assets	875,470	964,564
Total liabilities and net assets	2,053,752	2,296,018

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Unit : Millions of yen)

	FY2021 Apr '21 - Mar '22	FY2022 Apr '22 - Mar '23
Net sales	1,470,161	1,706,641
Cost of sales	1,126,207	1,366,642
Gross profit	<u>343,954</u>	<u>339,999</u>
Selling, general and administrative expenses		
Freight and incidental costs	112,417	135,135
Storage costs	6,771	6,747
Employees' salaries	52,957	55,105
Retirement benefit expenses	(241)	695
Depreciation	5,624	6,080
Other	46,306	51,417
Total selling, general and administrative expenses	<u>223,834</u>	<u>255,181</u>
Operating profit	<u>120,119</u>	<u>84,818</u>
Non-operating income		
Interest income	883	1,367
Dividend income	3,269	3,632
Foreign exchange gains	15,404	8,337
Share of profit of entities accounted for using equity method	2,679	2,924
Gain on valuation of derivatives	1,367	2,838
Other	6,777	6,325
Total non-operating income	<u>30,381</u>	<u>25,427</u>
Non-operating expenses		
Interest expenses	6,692	6,310
Other	8,708	8,925
Total non-operating expenses	<u>15,401</u>	<u>15,236</u>
Ordinary profit	<u>135,100</u>	<u>95,008</u>
Extraordinary income		
Insurance claim income	904	4,992
Gain on sale of investment securities	651	1,065
Gain on return of assets from retirement benefits trust	1,049	—
Other	2,300	270
Total extraordinary income	<u>4,906</u>	<u>6,327</u>
Extraordinary losses		
Loss on disaster	2,007	7,634
Loss on retirement of non-current assets	2,283	3,159
Business restructuring expenses	1,869	1,909
Provision for loss on litigation	—	1,839
Other	4,584	2,175
Total extraordinary losses	<u>10,745</u>	<u>16,718</u>
Profit before income taxes	<u>129,262</u>	<u>84,617</u>
Income taxes - current	37,476	26,434
Income taxes - deferred	(614)	41
Total income taxes	<u>36,861</u>	<u>26,476</u>
Profit	<u>92,400</u>	<u>58,141</u>
Profit attributable to non-controlling interests	<u>4,890</u>	<u>1,657</u>
Profit attributable to owners of parent	<u>87,509</u>	<u>56,483</u>

Consolidated statements of comprehensive income

(Unit : Millions of yen)

	FY2021	FY2022
	Apr '21 - Mar '22	Apr '22 - Mar '23
Profit	92,400	58,141
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,655)	10,707
Deferred gains or losses on hedges	(711)	(1,611)
Foreign currency translation adjustment	42,093	56,129
Remeasurements of defined benefit plans, net of tax	277	(7,735)
Share of other comprehensive income of entities accounted for using equity method	2,984	1,516
Total other comprehensive income	<u>42,988</u>	<u>59,007</u>
Comprehensive income	<u>135,388</u>	<u>117,148</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	123,713	114,664
Comprehensive income attributable to non-controlling interests	11,674	2,484

(3) Consolidated Statements of Cash Flows

(Unit : Millions of yen)

	FY2021 Apr '21 - Mar '22	FY2022 Apr '22 - Mar '23
Cash flows from operating activities		
Profit before income taxes	129,262	84,617
Depreciation	65,885	73,034
Amortization of goodwill	804	1,058
Depletion of standing timber	6,995	7,895
Increase (decrease) in allowance for doubtful accounts	31	911
Decrease (increase) in retirement benefit asset	(3,498)	(3,240)
Increase (decrease) in retirement benefit liability	(60)	(1,415)
Interest and dividend income	(4,152)	(5,000)
Interest expenses	6,692	6,310
Foreign exchange losses (gains)	(12,626)	(6,911)
Share of loss (profit) of entities accounted for using equity method	(2,679)	(2,924)
Loss (gain) on sale of investment securities	282	(1,052)
Loss (gain) on return of assets from retirement benefits trust	(1,049)	—
Loss on retirement of non-current assets	2,283	3,159
Business restructuring expenses	1,869	1,909
Decrease (increase) in trade receivables	(20,960)	(43,889)
Decrease (increase) in inventories	(26,001)	(42,615)
Increase (decrease) in trade payables	33,937	9,533
Other, net	(10,243)	(18,740)
Subtotal	166,771	62,642
Interest and dividends received	4,962	7,731
Interest paid	(5,805)	(5,169)
Income taxes paid	(22,341)	(46,940)
Net cash provided by (used in) operating activities	143,587	18,262
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(98,659)	(94,109)
Proceeds from sale of property, plant and equipment and intangible assets	2,905	555
Purchase of investment securities	(1,308)	(1,747)
Proceeds from sale and redemption of investment securities	4,967	3,404
Loan advances	(546)	(911)
Proceeds from collection of loans receivable	1,640	2,484
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,441)	(32,864)
Other, net	(125)	(85)
Net cash provided by (used in) investing activities	(92,567)	(123,274)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(23,001)	33,310
Net increase (decrease) in commercial papers	—	86,000
Proceeds from long-term borrowings	26,003	64,655
Repayments of long-term borrowings	(5,218)	(59,881)
Purchase of treasury shares of subsidiaries	(77,000)	—
Repayments of lease liabilities	(6,952)	(6,618)
Dividends paid	(13,889)	(14,883)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(35,059)	(307)
Other, net	(883)	(487)
Net cash provided by (used in) financing activities	(136,002)	101,787
Effect of exchange rate change on cash and cash equivalents	4,691	4,637
Net increase (decrease) in cash and cash equivalents	(80,291)	1,413
Cash and cash equivalents at beginning of period	135,669	55,474
Increase in cash and cash equivalents resulting from merger	115	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(20)	(50)
Cash and cash equivalents at end of period	55,474	56,837

(4)Notes

(Changes in accounting policies)

(Application of ASU No. 2016-02 “Leases”)

The Group’s subsidiaries that apply the US Generally Accepted Accounting Principles (GAAP) have adopted the Accounting Standards Update (ASU) No. 2016-02 “Leases” from the end of the current fiscal year. Accordingly, as a rule, the Group recognizes all leases as right-of-use assets and lease liabilities on the commencement date of adoption. The method of recognizing the cumulative impact on the commencement date of adoption, which is permitted as an interim measure, was employed for the adoption of this accounting standard.

The impact of the adoption of this accounting standard on the consolidated financial statements in the current fiscal year is immaterial.