

Summary of Financial Results for the Fiscal Year Ended March 31, 2023 (FY2022) [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/>
 Representative: Tomokuni Tsuji, President and Chief Executive Officer
 Inquiries: Jiro Kishimura, Senior Managing Director TEL: +81-3-3779-8058
 Scheduled date of Annual General Meeting of Shareholders: June 22, 2023
 Scheduled date of filing of Annual Securities Report: June 23, 2023
 Starting date of dividend payment: June 7, 2023
 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 FY2022 (April 1, 2022 – March 31, 2023)

(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	%
FY2022	72,624	37.6	13,247	422.0	13,724	313.6	8,158	138.3
FY2021	52,763	28.5	2,537	-	3,318	-	3,423	-

Note: Comprehensive income (millions of yen) FY2022: 14,127 (up 98.7%) FY2021: 7,108 (-%)

	Net Profit per Share	Fully-Diluted Net Profit per Share	Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit to Sales
	Yen	Yen	%	%	%
FY2022	101.22	-	16.4	14.9	18.2
FY2021	42.49	-	8.5	3.9	4.8

Reference: Equity in earnings of unconsolidated subsidiaries (millions of yen) FY2022: - FY2021: -

(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, 2023	100,704	56,295	55.6	694.48
As of Mar. 31, 2022	83,809	43,800	52.1	541.73

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2023: 56,005 As of Mar. 31, 2022: 43,642

(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
FY2022	11,525	(2,079)	(2,718)	32,139
FY2021	5,064	2,300	(9,106)	23,882

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	Millions of yen	%	%
FY2021	-	8.00	-	8.00	16.00	1,288	37.7	3.2
FY2022	-	15.00	-	20.00	35.00	2,822	34.6	5.7
FY2023 (forecast)	-	17.50	-	17.50	35.00		34.4	

3. Consolidated Forecast for FY2023 (April 1, 2023 – March 31, 2024)

(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	34,300	12.0	4,800	(10.2)	5,100	(9.1)	4,200	39.5	52.08
Full year	74,200	2.2	11,200	(15.5)	11,800	(14.0)	8,200	0.5	101.68

* 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, 2023: 89,065,301 shares As of Mar. 31, 2022: 89,065,301 shares

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

As of Mar. 31, 2023: 8,422,649 shares As of Mar. 31, 2022: 8,503,829 shares

3) Average number of shares outstanding during the period

FY2022: 80,604,212 shares FY2021: 80,553,824 shares

Reference: Unconsolidated Financial Results

1. Unconsolidated Financial Results for FY2022 (April 1, 2022 – March 31, 2023)

(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	%
FY2022	50,049	33.4	6,991	333.0	8,459	296.6	5,202	65.2
FY2021	37,527	22.8	1,614	-	2,132	(70.9)	3,148	(51.9)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
FY2022	64.54	-
FY2021	39.09	-

(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, 2023	59,114	28,635	48.4	355.09
As of Mar. 31, 2022	54,811	24,681	45.0	306.37

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2023: 28,635 As of Mar. 31, 2022: 24,681

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)

	FY2022 Results	Vs. Plan			Y-O-Y		
		*Final plan	Increase/ decrease	Change (%)	FY2021 Results	Increase/ decrease	Change (%)
Sales	726	706	20	2.9	527	198	37.6
Gross profit	499	483	16	3.4	338	160	47.5
Selling, general & administrative expenses	367	354	13	3.7	313	(53)	17.2
Operating profit	132	129	3	2.7	25	107	422.0
Non-operating profit or expenses	4	7	(2)	(31.9)	7	(3)	(38.9)
Ordinary profit	137	136	1	0.9	33	104	313.6
Extraordinary gains or losses	(4)	(4)	(0)	-	16	(20)	-
Net profit before income taxes	132	132	0	0.7	49	83	168.5
Total income taxes	50	56	(5)	(9.6)	15	35	235.2
Net profit attributable to owners of parent	81	76	5	7.4	34	47	138.3
Gross margin	68.8%	68.4%	0.4%	-	64.2%	4.6%	-
Operating margin	18.2%	18.3%	(0.1)%	-	4.8%	13.4%	-
Ordinary margin	18.9%	19.3%	(0.4)%	-	6.3%	12.6%	-

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

During the fiscal year under review, the Japanese economy gradually normalized in terms of socioeconomic activity alongside the implementation of measures to prevent the spread of COVID-19. With the easing of restrictions on activities, personal consumption showed signs of picking up, and increased spending by tourists from overseas was seen from October onwards. Meanwhile, the outlook remains uncertain due to prolonged conflict in Europe, rising prices, and fluctuations in financial and capital markets.

Amid these conditions, the Sanrio Group set the current fiscal year as the second year of the three-year medium-term management plan “Creating and Challenging for our Future” concluding in the fiscal year ending March 31, 2024, and we have steadily implemented various initiatives based on the three pillars of this plan: corporate culture reform, initiation and completion of domestic and overseas structural reforms, and planting the seeds for regrowth strategies and growth markets. We have substantially exceeded our target of 3 billion yen in operating profit for the final year, achieving it one year ahead of schedule.

Domestic shops and theme parks succeeded in operating normally during the entire year without restrictions on activities. From autumn onwards, in particular, the introduction of government travel support measures stimulated the movement of people domestically while the relaxation of entry restrictions led to a significant increase in foreign tourists, boosting sales at shops and theme parks. In the domestic and overseas licensing businesses, the development of products with a wide range of Sanrio characters was successful in attracting new licensees and increasing product development by existing licensees, resulting in sales growth.

Moreover, the membership of Sanrio+, an app for Sanrio fan members, reached around 1.36 million as of the end of March 2023.

As for consolidated operating profit, the Company posted a significant increase due to sales growth both in Japan and overseas, as well as improved sales profitability resulting from a lower cost of sales ratio due to progress in structural reforms.

As a result of these factors, sales rose 37.6% year-on-year to 72.6 billion yen, operating profit increased 422.0% year-on-year to 13.2 billion yen, ordinary profit rose 313.6% year-on-year to 13.7 billion yen, and net profit attributable to owners of parent rose 138.3% year-on-year to 8.1 billion yen with additional taxes (including additional and local taxes) of 1.3 billion yen imposed as a corrective by the Tokyo Regional Taxation Bureau, of which 1.2 billion yen was recorded as income taxes for prior periods.

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 2022.

Reportable Segment (100 millions of yen)

		Sales				Segment profit (operating profit)			
		FY2021	FY2022	Increase/ decrease	Change (%)	FY2021	FY2022	Increase/ decrease	Change (%)
Japan	Product sales/others	308	417	108	35.2	22	105	83	377.1
	Royalties	93	105	12	13.6				
	Total	401	523	121	30.2				
Europe	Product sales/others	0	(0)	(0)	-	(1)	(1)	(0)	-
	Royalties	16	18	1	8.7				
	Total	16	18	1	7.6				
North America	Product sales/others	15	20	5	36.7	(4)	7	11	-
	Royalties	20	44	23	113.6				
	Total	35	64	28	81.1				
Latin America	Product sales/others	0	0	0	251.7	0	0	(0)	(24.9)
	Royalties	3	4	1	37.4				
	Total	3	5	1	40.0				
Asia	Product sales/others	6	12	5	89.1	21	40	19	93.2
	Royalties	62	102	39	63.2				
	Total	69	115	45	65.7				
Adjustment		-	-	-	-	(12)	(19)	(6)	-
Consolidated	Product sales/others	330	450	119	36.3	25	132	107	422.0
	Royalties	197	275	78	39.9				
	Total	527	726	198	37.6				

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					
		FY2020	FY2021	Change (%)	FY2022	Change (%)	FY2020	FY2021	Change (%)	FY2022	Change (%)	
Europe	Germany	857	1,054	23.0	1,203	14.2	(174)	(312)	-	(327)	-	
	UK	346	639	84.5	619	(3.1)	(130)	198	-	148	(25.1)	
	Subtotal	1,203	1,693	40.7	1,823	7.6	(305)	(113)	-	(179)	-	
North America	USA	2,136	3,574	67.3	6,473	81.1	(1,167)	(442)	-	726	-	
Latin America	Brazil/Chile	305	360	17.9	504	40.0	7	34	375.2	25	(24.9)	
Asia	Hong Kong	1,767	1,385	(21.6)	1,376	(0.6)	470	362	(22.9)	291	(19.7)	
	Taiwan	1,019	928	(8.9)	1,148	23.7	306	258	(15.8)	294	14.1	
	South Korea	457	602	31.7	1,485	146.5	19	99	399.1	473	376.5	
	China	2,580	4,035	56.4	6,382	58.1	1,162	1,385	19.2	2,798	101.9	
	Singapore	-	-	-	1,124	-	-	-	-	-	211	-
	Subtotal	5,825	6,952	19.3	11,517	65.7	1,959	2,106	7.5	4,069	93.2	
Total		9,470	12,580	32.8	20,318	61.5	493	1,584	221.2	4,642	193.0	

(2) Financial Position

(100 millions of yen)

	As of Mar. 31, 2022	As of Mar. 31, 2023	Increase/decrease	As of Sep. 30, 2022
Assets	838	1,007	168	966
Liabilities	400	444	44	462
(Interest-bearing debt)	200	199	(0)	249
Net assets	438	562	124	504
Equity ratio	52.1%	55.6%	3.5 pt	51.9%

* Interest-bearing debt excludes lease obligations.

(3) Cash Flows

(100 millions of yen)

	FY2021	FY2022	Increase/decrease
Cash flows from operating activities	50	115	64
Cash flows from investing activities	23	(20)	(43)
Cash flows from financing activities	(91)	(27)	63
Effect of exchange rate changes on cash and cash equivalents	8	12	4
Increase (decrease) in cash and cash equivalents	(9)	80	89
Cash and cash equivalents at beginning of year	247	238	(9)
Cash and cash equivalents at end of year	238	321	82

(4) Outlook

The Company has achieved the sales and operating profit targets set out in the medium-term management plan ahead of schedule, but in order to increase its corporate value in the future, in the fiscal year ending March 31, 2024 it will steadily implement 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—and aim to complete the measures planned for implementation over the three-year period.

Regarding the outlook for the future, we expect domestic demand from inbound tourism to recover as the impact of the COVID-19 pandemic subsides. However, the impact of future developments in international affairs and trends in resource prices on the domestic and global economy needs to be monitored.

In addition, we plan to actively invest in anticipation of future growth and expect a corresponding increase in SG&A expenses.

Operating profit for the fiscal year ending March 31, 2024 is projected to be 11.2 billion yen.

Consolidated Financial Statements**(1) Consolidated Balance Sheets**

	(Millions of yen)	
	FY2021 (As of Mar. 31, 2022)	FY2022 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposit	38,404	52,008
Notes receivable-trade	239	313
Accounts receivable-trade	6,028	8,392
Contract assets	0	-
Merchandise and finished goods	3,382	3,894
Work in process	5	299
Raw materials and supplies	144	348
Other accounts receivable	905	441
Other	970	1,210
Allowance for doubtful accounts	(95)	(156)
Total current assets	49,987	66,752
Fixed assets		
Tangible fixed assets		
Buildings and structures	49,445	49,676
Accumulated depreciation and impairment loss	(45,946)	(46,380)
Buildings and structures, net	3,498	3,296
Machinery and vehicles	12,901	12,910
Accumulated depreciation and impairment loss	(12,658)	(12,710)
Machinery and vehicles, net	242	199
Tools, furniture and fixtures	5,858	6,020
Accumulated depreciation and impairment loss	(5,453)	(5,524)
Tools, furniture and fixtures, net	405	496
Land	6,190	6,140
Lease assets	4,011	5,234
Accumulated depreciation and impairment loss	(1,531)	(2,048)
Lease assets, net	2,480	3,185
Construction in process	27	31
Total tangible fixed assets	12,845	13,350
Intangible fixed assets	2,236	2,244
Investments and other assets		
Investment securities	11,808	9,720
Long-term loans to employees	69	50
Guarantees	1,702	1,802
Deferred tax assets	412	145
Retirement benefit asset	2,352	5,398
Other	2,724	1,564
Allowance for doubtful accounts	(342)	(332)
Total investments and other assets	18,727	18,350
Total fixed assets	33,808	33,946
Deferred assets		
Corporate bond issuance costs	12	5
Total deferred assets	12	5
Total assets	83,809	100,704

	(Millions of yen)	
	FY2021 (As of Mar. 31, 2022)	FY2022 (As of Mar. 31, 2023)
Liabilities		
Current liabilities		
Trade notes and accounts payable	3,797	4,074
Short-term borrowings	9,835	9,086
Current portion of corporate bonds to be redeemed	462	332
Lease obligations	543	653
Accrued income taxes	953	1,563
Contract liabilities	2,993	4,062
Allowance for bonuses	469	638
Provision for shareholder benefit program	43	39
Provision for point card certificates	13	8
Provision for founder merit bonus upon retirement	300	-
Other	4,818	7,287
Total current liabilities	24,230	27,746
Long-term liabilities		
Corporate bonds	473	141
Long-term borrowings	9,243	10,378
Lease obligations	2,117	2,876
Long-term deposits received	634	692
Long-term accounts payable	641	496
Retirement benefit liability	1,797	1,020
Other	870	1,056
Total long-term liabilities	15,778	16,662
Total liabilities	40,008	44,408
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,403	3,468
Retained earnings	49,968	56,211
Treasury stock	(19,716)	(19,528)
Total shareholder's equity	43,656	50,152
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	32	383
Deferred hedge gain (loss)	-	2
Foreign currency translation adjustments	(999)	1,707
Remeasurements of defined benefit plans	953	3,758
Total accumulated other comprehensive income	(14)	5,853
Non-controlling interests	158	290
Total net assets	43,800	56,295
Total liabilities and net assets	83,809	100,704

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

(Millions of yen)

	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)
Sales	52,763	72,624
Cost of sales	18,893	22,663
Gross profit	33,870	49,960
Selling, general and administrative expenses		
Sales and promotion expenses	2,127	2,528
Provision of allowance for doubtful accounts	1	2
Directors' bonuses and salaries	7,542	8,157
Miscellaneous wages	2,729	2,833
Bonus	907	1,494
Provision of reserves for bonuses	459	653
Provision for shareholder benefit program	0	(4)
Provision for point card certificates	(19)	(4)
Retirement benefit expenses	1,491	888
Freight charges	1,201	1,537
Rent	2,801	2,907
Depreciation	797	899
Other	11,290	14,820
Total selling, general and administrative expenses	31,332	36,713
Operating profit	2,537	13,247
Non-operating profit		
Interest income	247	520
Dividend income	182	206
Foreign exchange gains	97	104
Gain on investments in partnership	135	-
Other	428	441
Total non-operating profit	1,091	1,273
Non-operating expenses		
Interest expense	168	173
Loss on investments in partnership	-	371
Commission expenses	107	116
Other	34	135
Total non-operating expenses	310	796
Ordinary profit	3,318	13,724
Extraordinary gains		
Gain on sales of fixed assets	3,855	1
Gain on sales of investment securities	313	492
Subsidies for employment adjustment	65	-
Other	23	2
Total extraordinary gains	4,258	496

(Millions of yen)

	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)
Extraordinary losses		
Loss on disposal of fixed assets	19	20
Impairment loss	184	123
Loss on sale of investment securities	426	505
Loss on valuation of investment securities	256	157
Business restructuring expenses	1	-
Loss from the temporary closure of theme parks, etc.	251	-
Loss on valuation of shares of subsidiaries and associates	1,190	122
Provision for founder merit bonus upon retirement	300	-
Other	-	6
Total extraordinary losses	2,629	934
Net profit before income taxes	4,947	13,286
Income taxes – current	1,585	3,283
Income taxes for prior periods	-	1,297
Income taxes – deferred	(76)	479
Total income taxes	1,509	5,060
Net profit	3,437	8,225
Net profit attributable to non-controlling interests	14	67
Net profit attributable to owners of parent	3,423	8,158

Consolidated Comprehensive Income Statements

(Millions of yen)

	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)
Net profit	3,437	8,225
Other comprehensive income		
Net unrealized gain (loss) on other securities	(107)	351
Deferred hedge gain (loss)	-	2
Foreign currency translation adjustments	2,334	2,742
Remeasurements of defined benefit plans, net of tax	1,443	2,805
Total other comprehensive income	3,671	5,901
Comprehensive income	7,108	14,127
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,080	14,025
Comprehensive income attributable to non-controlling interests	28	101

(3) Consolidated Statements of Changes in Shareholders' Equity

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

FY2022 (Apr. 1, 2022 – Mar. 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	10,000	3,403	49,968	(19,716)	43,656
Changes during period					
Dividends of surplus			(1,853)		(1,853)
Net profit attributable to owners of parent			8,158		8,158
Purchase of treasury stock				(0)	(0)
Disposal of treasury shares		65		188	253
Increase (decrease) due to new consolidation			(62)		(62)
Net changes in items other than shareholders' equity					
Total changes during period	-	65	6,242	187	6,495
Balance at end of period	10,000	3,468	56,211	(19,528)	50,152

	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	32	-	(999)	953	(14)	158	43,800
Changes during period							
Dividends of surplus							(1,853)
Net profit attributable to owners of parent							8,158
Purchase of treasury stock							(0)
Disposal of treasury shares							253
Increase (decrease) due to new consolidation						35	(26)
Net changes in items other than shareholders' equity	351	2	2,707	2,805	5,867	96	5,963
Total changes during period	351	2	2,707	2,805	5,867	132	12,495
Balance at end of period	383	2	1,707	3,758	5,853	290	56,295

(4) Consolidated Cash Flow Statements

(Millions of yen)

	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Net profit before income taxes	4,947	13,286
Depreciation	1,643	1,872
Amortization of long-term prepaid expenses	56	86
Increase (decrease) in allowance for doubtful accounts	(144)	(5)
Increase (decrease) in reserve for bonuses	40	153
Decrease (increase) in retirement benefit asset	(462)	(518)
Increase (decrease) in retirement benefit liability	64	(499)
Increase (decrease) in reserve for adjustment of returned goods	(8)	-
Increase (decrease) in provision for shareholder benefit program	4	(3)
Increase (decrease) in provision for point card certificates	(19)	(5)
Increase (decrease) in provision for founder merit bonus upon retirement	300	(300)
Interest and dividend income	(430)	(727)
Interest expense	168	173
Loss (gain) on disposal of fixed assets	(3,836)	19
Impairment loss	184	123
Loss (gain) on sale of investment securities	112	12
Valuation loss (gain) on investment securities	256	157
Loss on valuation of shares of subsidiaries and associates	1,190	122
Decrease (increase) in accounts receivable	(607)	(1,885)
Decrease (increase) in inventories	1,116	(957)
Decrease (increase) in other assets	(99)	(158)
Increase (decrease) in accounts payable	543	177
Increase (decrease) in consumption tax payable	788	66
Increase (decrease) in contract liabilities	(691)	593
Increase (decrease) in other liabilities	220	1,993
Other	50	671
Subtotal	5,388	14,449
Interests and dividends received	434	703
Interests paid	(149)	(204)
Income taxes paid	(902)	(3,837)
Income taxes refund	293	414
Cash flows from operating activities	5,064	11,525
Cash flows from investing activities		
Payments for time deposits	(19,168)	(23,228)
Withdrawal of time deposits	18,281	20,316
Purchase of tangible fixed assets	(576)	(658)
Proceeds from sale of tangible fixed assets	6,143	74
Purchase of intangible fixed assets	(139)	(347)
Payments for purchase of investment securities	(4,376)	(786)
Proceeds from sale of investment securities	2,870	2,504
Proceeds from distributions from investment partnerships	579	18
Payment for purchase of shares of unconsolidated subsidiaries	(713)	-
Collection of loans receivable	86	65
Payments for guarantees	(125)	(174)
Collection of guarantees	73	125
Other	(635)	11
Cash flows from investing activities	2,300	(2,079)

	(Millions of yen)	
	FY2021	FY2022
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from financing activities		
Increase in short-term borrowings	2,000	-
Decrease in short-term borrowings	(9,400)	-
Increase in long-term borrowings	9,200	10,100
Decrease in long-term borrowings	(9,134)	(9,714)
Payment for redemption of corporate bonds	(512)	(462)
Payment for purchase of treasury stock	(0)	(0)
Dividends paid	(648)	(1,853)
Other	(611)	(787)
Cash flows from financing activities	(9,106)	(2,718)
Effect of exchange rate changes on cash and cash equivalents	837	1,275
Increase (decrease) in cash and cash equivalents	(905)	8,003
Cash and cash equivalents at beginning of period	24,788	23,882
Increase in cash and cash equivalents due to new consolidation	-	253
Cash and cash equivalents at end of period	23,882	32,139

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.