June 12, 2020

Summary of Financial Results for the Fiscal Year Ended March 31, 2020 (FY2019) [Japanese GAAP]

Company name: Sanrio Company, Ltd. Listed Stock Exchange: TSE 1st Section
Stock code: 8136 URL: https://www.sanrio.co.jp/english/corporate/ir/
Representative: Shintaro Tsuji, President and Chief Executive Officer
Inquiries: Susumu Emori, Senior Managing Director TEL: +81-3-3779-8058
Scheduled date of Annual General Meeting of Shareholders: August 26, 2020
Scheduled date of filing of Annual Securities Report: August 27, 2020
Starting date of dividend payment: June 9, 2020
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 FY2019 (April 1, 2019 – March 31, 2020)

(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	%
FY2019	55,261	(6.5)	2,106	(56.0)	3,274	(43.9)	191	(95.1)
FY2018	59,120	(1.8)	4,786	(16.5)	5,836	(3.1)	3,880	(21.3)

Note: Comprehensive income (millions of yen) FY2019: (1,521) (-%) FY2018: 2,193 (down 66.1%)

	Net Profit per Share	Fully-Diluted Net Profit per Share	Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit to Sales
	Yen	Yen	%	%	%
FY2019	2.26	-	0.4	3.5	3.8
FY2018	45.73	-	7.4	6.0	8.1

Reference: Equity in earnings of unconsolidated subsidiaries (millions of yen) FY2019: - FY2018: -

(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, 2020	89,515	46,387	51.5	548.78
As of Mar. 31, 2019	95,185	52,396	54.7	614.09

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2020: 46,060 As of Mar. 31, 2019: 52,109

(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
FY2019	834	(3,624)	(4,993)	21,011
FY2018	4,868	(2,576)	(3,053)	29,258

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	%	%
FY2018	-	15.00	-	15.00	30.00	2,545	65.6	4.9
FY2019	-	15.00	-	20.00	35.00	2,951	1,545.3	6.0
FY2020 (forecast)	-	-	-	-	-		-	

Notes: 1. Breakdown of the year-end dividend for FY2019:
Ordinary dividend: 15.00 yen; 60th anniversary commemorative dividend: 5.00 yen
2. The dividends forecast for FY2020 has yet to be determined at this time.

3. Consolidated Forecast for FY2020 (April 1, 2020 – March 31, 2021)

The consolidated forecast for the fiscal year ending March 31, 2021 has yet to be determined at this time due to the difficulty of reasonably estimating the impact of the spread of COVID-19 on business activities and operating results. We will promptly disclose forecast once it becomes possible to make a reasonable estimate in the future.

*** 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, 2020: 89,065,301 shares As of Mar. 31, 2019: 89,065,301 shares

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

As of Mar. 31, 2020: 5,131,983 shares As of Mar. 31, 2019: 4,208,583 shares

3) Average number of shares outstanding during the period

FY2019: 84,640,664 shares FY2018: 84,851,377 shares

Reference: Unconsolidated Financial Results

1. Unconsolidated Financial Results for FY2019 (April 1, 2019 – March 31, 2020)

(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	%
FY2019	38,044	(6.8)	330	(85.9)	2,808	(41.3)	1,738	(51.5)
FY2018	40,808	(3.3)	2,342	(24.6)	4,784	(18.1)	3,587	(14.1)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
FY2019	20.54	-
FY2018	42.28	-

(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, 2020	50,412	22,223	44.1	264.78
As of Mar. 31, 2019	54,921	25,786	47.0	303.88

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2020: 22,223 As of Mar. 31, 2019: 25,786

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

Forward-looking statements are not presented as it is difficult to make a reasonable estimate of the forecast at the time of release of this report. Please refer to "Overview of Results of Operations, etc., (4) Outlook"of the attachments.

Overview of Results of Operations, etc.

(1) Results of Operations

(100 millions of yen)

	FY2019 Results	Vs. Plan			Y-O-Y		
		*Final plan	Increase/ decrease	Change (%)	FY2018 Results	Increase/ decrease	Change (%)
Sales	552	577	(24)	(4.2)	591	(38)	(6.5)
Gross profit	350	374	(23)	(6.4)	378	(28)	(7.5)
Selling, general & administrative expenses	329	334	(4)	(1.5)	330	(1)	(0.5)
Operating profit	21	40	(18)	(47.3)	47	(26)	(56.0)
Non-operating profit or expenses	11	10	1	16.9	10	1	11.2
Ordinary profit	32	50	(17)	(34.5)	58	(25)	(43.9)
Extraordinary gains or losses	(20)	(11)	(9)	-	2	(22)	-
Net profit before income taxes	12	39	(26)	(67.5)	60	(48)	(79.1)
Total income taxes	10	16	(5)	(35.4)	21	(11)	(51.8)
Net profit attributable to owners of parent	1	23	(21)	(91.7)	38	(36)	(95.1)
Gross margin	63.4%	64.8%	(1.4)%	-	64.1%	(0.7)%	-
Operating margin	3.8%	6.9%	(3.1)%	-	8.1%	(4.3)%	-
Ordinary margin	5.9%	8.7%	(2.8)%	-	9.9%	(4.0)%	-

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

The fiscal year under review marked the second year of the Sanrio Group's three-year medium-term management plan, Marketing Innovation Project 2021. Considering the plan's four basic strategies, in the first year we promoted the strengthening and reshaping of marketing functions and in the year under review we focused on establishing the animation and digital business while reinventing sales as a point of interaction with customers. In the animation and digital business, distribution of the music game Show By Rock!! Fes A Live for smartphones launched in March 2020. Moreover, in the product sales business, we have completed the introduction of POS to Sanrio shops in domestic department stores and are ready to transition to the new point system, Sanrio + (Sanrio Plus).

Regarding business results, in Japan, the licensing and product sales businesses struggled due to fewer campaigns and other large-scale projects in the licensing business and unseasonable weather in the form of a cold summer, warm winter, and typhoons. Meanwhile, the theme parks were supported by visitors, mostly Japanese women in their late teens and early twenties, arriving as the result of successful marketing measures. In the product sales business, despite the effects of the weather and the stagnation of inbound travel, hit products such as products for idol fans and handy fans came onto the market and sold strongly. However, since February, the spread of COVID-19 has had a major impact on business performance throughout Japan. Overseas, especially in Asia, conditions have made it difficult to proceed according to the plan drawn up at the start of the fiscal year. Negative factors include demonstrations in Hong Kong, deteriorating economic conditions triggered by U.S.-China trade friction, a worsening of Japan-Korea relations, and sluggish consumption due to the presidential election in Taiwan. In Europe and the United States, we made efforts to improve our challenging business results. In North America, the cultivation of new licensees was successful and the licensing business performed well. In Europe, the sales structure was strengthened and a legal department was enhanced by having a new COO in December.

As a result of these factors, sales fell 6.5% year-on-year to 55.2 billion yen, with a decline in overseas royalty income having a large impact, and operating profit fell 56.0% to 2.1 billion yen. Ordinary profit fell 43.9% year-on-year to 3.2 billion yen due to such factors as accounting interest income and dividend income of 0.7 billion yen together as non-operating profit. Extraordinary losses include a loss related to a competition-law surcharge imposed by the European Commission of 0.7 billion yen, a loss on valuation of investment securities of 0.7 billion yen, and a loss of 0.5 billion yen mainly from the temporary closure of theme parks to prevent the spread of COVID-19, while income taxes amounted to 1.0 billion yen. As a result, net profit attributable to owners of parent fell 95.1% year-on-year to 0.1 billion yen.

Additionally, to enable improved capital efficiency together with shareholder returns as well as flexible capital policies, we repurchased 923,400 shares worth approximately 2 billion yen from November 2019 to January 2020.

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 2019.

Reportable Segment (100 millions of yen)

		Sales				Segment profit (operating profit)			
		FY2018	FY2019	Increase/ decrease	Change (%)	FY2018	FY2019	Increase/ decrease	Change (%)
Japan	Product sales/others	351	339	(12)	(3.7)	36	17	(19)	(52.6)
	Royalties	99	91	(8)	(8.1)				
	Total	451	430	(21)	(4.7)				
Europe	Product sales/others	0	0	(0)	(68.5)	(3)	(5)	(1)	-
	Royalties	17	14	(2)	(16.8)				
	Total	17	14	(3)	(17.3)				
North America	Product sales/others	9	9	(0)	(3.1)	(10)	(11)	(0)	-
	Royalties	16	16	(0)	(1.4)				
	Total	26	26	(0)	(2.0)				
Latin America	Product sales/others	0	0	(0)	(51.2)	0	0	0	14.0
	Royalties	5	4	(0)	(8.8)				
	Total	5	5	(0)	(10.1)				
Asia	Product sales/others	11	11	(0)	(3.1)	35	28	(6)	(18.9)
	Royalties	77	64	(13)	(16.8)				
	Total	89	76	(13)	(15.0)				
Adjustment		-	-	-	-	(9)	(8)	0	-
Consolidated	Product sales/others	374	360	(13)	(3.7)	47	21	(26)	(56.0)
	Royalties	217	192	(24)	(11.4)				
	Total	591	552	(38)	(6.5)				

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

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

Reference: Overseas Sales and Profits for the Past Three Years by Area (Millions of yen)

Areas		Sales to customers					Operating profit				
		FY2017	FY2018	Change (%)	FY2019	Change (%)	FY2017	FY2018	Change (%)	FY2019	Change (%)
Europe	Germany	1,586	1,366	(13.9)	1,063	(22.2)	(105)	(192)	-	(439)	-
	Britain	568	397	(30.0)	396	(0.3)	11	(206)	-	(113)	-
	Subtotal	2,155	1,764	(18.1)	1,459	(17.3)	(93)	(398)	-	(553)	-
North America	U.S.A.	3,042	2,661	(12.5)	2,607	(2.0)	(950)	(1,082)	-	(1,126)	-
Latin America	Brazil/Chile	808	561	(30.6)	504	(10.1)	93	16	(82.0)	19	14.0
Asia	Hong Kong	3,247	2,952	(9.1)	2,531	(14.3)	1,159	1,173	1.2	874	(25.5)
	Taiwan	1,398	1,356	(3.0)	1,087	(19.9)	483	444	(7.9)	371	(16.4)
	South Korea	910	824	(9.4)	617	(25.1)	159	167	4.7	71	(57.3)
	China	3,297	3,809	15.5	3,369	(11.6)	1,450	1,765	21.7	1,560	(11.6)
	Subtotal	8,854	8,943	1.0	7,605	(15.0)	3,253	3,551	9.2	2,878	(18.9)
Total		14,860	13,930	(6.3)	12,177	(12.6)	2,301	2,087	(9.3)	1,217	(41.7)

(2) Financial Position

(100 millions of yen)

	As of Mar. 31, 2019	As of Mar. 31, 2020	Increase/decrease	As of Sep. 30, 2019
Assets	951	895	(56)	972
Liabilities	427	431	3	464
(Interest-bearing debt)	200	201	1	239
Net assets	523	463	(60)	507
Equity ratio	54.7%	51.5%	(3.2)pt	51.9%

* Interest-bearing debt excludes lease obligations.

(3) Cash Flows

(100 millions of yen)

	FY2018	FY2019	Increase/decrease
Cash flows from operating activities	48	8	(40)
Cash flows from investing activities	(25)	(36)	(10)
Cash flows from financing activities	(30)	(49)	(19)
Effect of exchange rate changes on cash and cash equivalents	(8)	(4)	4
Increase (decrease) in cash and cash equivalents	(16)	(82)	(66)
Cash and cash equivalents at beginning of year	308	292	(15)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	0	-	(0)
Cash and cash equivalents at end of year	292	210	(82)

(4) Outlook

The economic environment for the next fiscal year is expected to remain extremely severe in Japan and overseas due to the impact of COVID-19. Although COVID-19 is believed to be slowly coming to an end, at this point in time it is impossible to predict when the situation can be completely resolved.

We believe it is important to be thorough in preventing infection and that it is our responsibility as a company to help the world keep smiling. In every case, we will continue to place the utmost importance on ensuring the safety of our customers and employees and take action accordingly.

In response to the impact of COVID-19, from February 22, 2020, both Sanrio Puroland and Harmony Land theme parks in Japan closed temporarily and our directly managed stores continued to practice long-term self-restraint. Later, in June, considering the domestic COVID-19 situation and the relaxation of requests for self-restraint from national and local governments, almost all directly managed stores and Harmony Land resumed operations.

In addition, lockdown regulations and other measures taken by local and national governments in each country have significantly impacted the business activities of our overseas subsidiaries, but the situation is slowly improving due to subsequent deregulation.

Nevertheless, the environment surrounding the group remains uncertain in many areas. Under these circumstances, being extremely difficult to reasonably calculate at this time, the consolidated forecast for the fiscal year ending March 31, 2021 is still pending. Once it becomes possible to make such an estimate, we will disclose it promptly.

Consolidated Financial Statements and Notes
(1) Consolidated Balance Sheets

(Millions of yen)

	FY2018 (As of Mar. 31, 2019)	FY2019 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposit	43,814	40,053
Trade notes and accounts receivable	6,866	6,211
Merchandise and finished goods	4,276	4,589
Work in process	32	22
Raw materials and supplies	115	243
Other accounts receivable	614	1,683
Other	797	1,078
Allowance for doubtful accounts	(130)	(102)
Total current assets	56,387	53,780
Fixed assets		
Tangible fixed assets		
Buildings and structures	51,106	51,107
Accumulated depreciation and impairment loss	(45,700)	(45,801)
Buildings and structures, net	5,405	5,306
Machinery and vehicles	12,951	12,968
Accumulated depreciation and impairment loss	(12,634)	(12,656)
Machinery and vehicles, net	317	312
Tools, furniture and fixtures	5,534	5,563
Accumulated depreciation and impairment loss	(4,997)	(5,048)
Tools, furniture and fixtures, net	536	514
Land	8,473	7,825
Lease assets	2,167	3,357
Accumulated depreciation and impairment loss	(1,020)	(1,431)
Lease assets, net	1,147	1,925
Construction in process	31	5
Total tangible fixed assets	15,912	15,890
Intangible fixed assets	3,397	2,474
Investments and other assets		
Investment securities	11,524	9,062
Long-term loans to employees	193	144
Guarantees	1,748	1,728
Deferred tax assets	2,683	2,956
Retirement benefit asset	-	898
Other	4,379	3,080
Allowance for doubtful accounts	(1,071)	(531)
Total investments and other assets	19,458	17,339
Total fixed assets	38,768	35,704
Deferred assets		
Corporate bond issuance costs	29	30
Total deferred assets	29	30
Total assets	95,185	89,515

(Millions of yen)

	FY2018 (As of Mar. 31, 2019)	FY2019 (As of Mar. 31, 2020)
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,433	3,964
Short-term borrowings	6,869	8,089
Current portion of corporate bonds to be redeemed	1,744	1,686
Lease obligations	308	656
Accrued income taxes	678	425
Allowance for bonuses	495	479
Reserve for adjustment of returned goods	3	25
Provision for shareholder benefit program	29	45
Provision for point card certificates	87	71
Provision for business structure improvement	247	-
Other	7,994	7,152
Total current liabilities	22,891	22,595
Long-term liabilities		
Corporate bonds	2,384	1,347
Long-term borrowings	9,027	9,048
Lease obligations	928	1,395
Long-term deposits received	559	638
Long-term accounts payable	1,135	1,334
Retirement benefit liability	5,157	5,883
Other	704	885
Total long-term liabilities	19,896	20,532
Total liabilities	42,788	43,127
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,409	3,409
Retained earnings	55,114	52,818
Treasury stock	(11,762)	(13,762)
Total shareholder's equity	56,762	52,466
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(231)	(995)
Deferred hedge gain (loss)	(0)	(0)
Foreign currency translation adjustments	(1,786)	(2,494)
Remeasurements of defined benefit plans	(2,634)	(2,914)
Total accumulated other comprehensive income	(4,652)	(6,405)
Non-controlling interests	287	326
Total net assets	52,396	46,387
Total liabilities and net assets	95,185	89,515

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements

(Millions of yen)

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Sales	59,120	55,261
Cost of sales	21,340	20,222
Gross profit	37,780	35,039
Provision for sales returns	-	22
Reversal of provision for sales returns	91	-
Net gross profit on sales	37,871	35,017
Selling, general and administrative expenses		
Sales and promotion expenses	2,375	2,845
Provision of allowance for doubtful accounts	(28)	(109)
Directors bonuses and salaries	7,814	7,641
Miscellaneous wages	3,275	3,166
Bonus	1,011	961
Provision of reserves for bonuses	487	464
Provision for shareholder benefit program	(20)	16
Provision for point card certificates	(3)	(15)
Retirement benefit expenses	1,883	1,972
Freight charges	997	990
Rent	2,955	2,676
Depreciation	1,052	1,230
Other	11,285	11,070
Total selling, general and administrative expenses	33,084	32,910
Operating profit	4,786	2,106
Non-operating profit		
Interest income	501	557
Dividend income	223	213
Foreign exchange gains	59	-
Gain on investments in partnership	336	277
Compensation for expropriation	-	167
Other	247	264
Total non-operating profit	1,368	1,480
Non-operating expenses		
Interest expense	101	107
Foreign exchange loss	-	74
Commission expenses	189	106
Other	26	23
Total non-operating expenses	317	311
Ordinary profit	5,836	3,274
Extraordinary gains		
Gain on sales of fixed assets	686	122
Gain on sales of investment securities	542	397
Other	13	-
Total extraordinary gains	1,241	519

(Millions of yen)

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Extraordinary losses		
Loss on disposal of fixed assets	28	87
Impairment loss	115	129
Loss on sale of investment securities	35	218
Loss on valuation of investment securities	515	721
Business structure improvement expenses	311	48
Loss related to competition law	-	760
Loss from the temporary closure of theme parks, etc.	-	562
Total extraordinary losses	1,007	2,528
Net profit before income taxes	6,070	1,266
Income taxes – current	2,138	747
Income taxes – deferred	3	286
Total income taxes	2,141	1,033
Net profit	3,929	233
Net profit attributable to non-controlling interests	48	41
Net profit attributable to owners of parent	3,880	191

Consolidated Comprehensive Income Statements

(Millions of yen)

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Net profit	3,929	233
Other comprehensive income		
Net unrealized gain (loss) on other securities	(12)	(763)
Deferred hedge gain (loss)	1	0
Foreign currency translation adjustments	(2,038)	(710)
Remeasurements of defined benefit plans, net of tax	313	(280)
Total other comprehensive income	(1,736)	(1,754)
Comprehensive income	2,193	(1,521)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,149	(1,560)
Comprehensive income attributable to non-controlling interests	43	39

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	10,000	3,423	53,779	(11,789)	55,413
Cumulative effects of changes in accounting policies					
Restated balance	10,000	3,423	53,779	(11,789)	55,413
Changes during period					
Dividends of surplus			(2,545)		(2,545)
Net profit attributable to owners of parent			3,880		3,880
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(13)		27	14
Net changes in items other than shareholders' equity					
Total changes during period	-	(13)	1,334	27	1,348
Balance at end of period	10,000	3,409	55,114	(11,762)	56,762

	Accumulated other comprehensive income					Share acquisition rights	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	(219)	(2)	247	(2,947)	(2,921)	-	243	52,734
Cumulative effects of changes in accounting policies								-
Restated balance	(219)	(2)	247	(2,947)	(2,921)	-	243	52,734
Changes during period								
Dividends of surplus								(2,545)
Net profit attributable to owners of parent								3,880
Purchase of treasury stock								(0)
Disposal of treasury stock								14
Net changes in items other than shareholders' equity	(12)	1	(2,033)	313	(1,730)	-	43	(1,687)
Total changes during period	(12)	1	(2,033)	313	(1,730)	-	43	(338)
Balance at end of period	(231)	(0)	(1,786)	(2,634)	(4,652)	-	287	52,396

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	10,000	3,409	55,114	(11,762)	56,762
Cumulative effects of changes in accounting policies			58		58
Restated balance	10,000	3,409	55,172	(11,762)	56,820
Changes during period					
Dividends of surplus			(2,545)		(2,545)
Net profit attributable to owners of parent			191		191
Purchase of treasury stock				(1,999)	(1,999)
Disposal of treasury stock					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(2,353)	(1,999)	(4,353)
Balance at end of period	10,000	3,409	52,818	(13,762)	52,466

	Accumulated other comprehensive income					Share acquisition rights	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	(231)	(0)	(1,786)	(2,634)	(4,652)	-	287	52,396
Cumulative effects of changes in accounting policies								58
Restated balance	(231)	(0)	(1,786)	(2,634)	(4,652)	-	287	52,454
Changes during period								
Dividends of surplus								(2,545)
Net profit attributable to owners of parent								191
Purchase of treasury stock								(1,999)
Disposal of treasury stock								-
Net changes in items other than shareholders' equity	(763)	0	(708)	(280)	(1,752)	-	39	(1,713)
Total changes during period	(763)	0	(708)	(280)	(1,752)	-	39	(6,067)
Balance at end of period	(995)	(0)	(2,494)	(2,914)	(6,405)	-	326	46,387

(4) Consolidated Cash Flow Statements

(Millions of yen)

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Net profit before income taxes	6,070	1,266
Depreciation	1,863	2,115
Amortization of long-term prepaid expenses	64	70
Increase (decrease) in allowance for doubtful accounts	(136)	(551)
Increase (decrease) in provision for business restructuring	246	(244)
Increase (decrease) in reserve for bonuses	3	(15)
Decrease (increase) in retirement benefit asset	-	(417)
Increase (decrease) in retirement benefit liability	(535)	(148)
Increase (decrease) in reserve for adjustment of returned goods	(91)	22
Increase (decrease) in provision for shareholder benefit program	(20)	15
Increase (decrease) in provision for point card certificates	(3)	(15)
Interest and dividend income	(725)	(770)
Interest expense	101	107
Loss (gain) on disposal of fixed assets	(657)	(34)
Impairment loss	115	129
Loss (gain) on sale of investment securities	(506)	(179)
Valuation loss (gain) on investment securities	515	721
Loss related to competition law	-	760
Decrease (increase) in accounts receivable	1,103	822
Decrease (increase) in inventories	(221)	(435)
Decrease (increase) in other assets	(216)	164
Increase (decrease) in accounts payable	(136)	(462)
Increase (decrease) in consumption tax payable	66	72
Increase (decrease) in other liabilities	148	(506)
Other	(191)	(170)
Subtotal	6,857	2,315
Interests and dividends received	715	781
Interests paid	(105)	(105)
Payments related to competition law	-	(760)
Income taxes paid	(2,599)	(1,396)
Cash flows from operating activities	4,868	834
Cash flows from investing activities		
Payments for time deposits	(24,477)	(35,860)
Withdrawal of time deposits	22,675	32,018
Payments for purchase of tangible fixed assets	(633)	(1,091)
Proceeds from sale of tangible fixed assets	16	752
Purchase of intangible fixed assets	(295)	(343)
Payments for purchase of investment securities	(2,619)	(1,505)
Proceeds from sale of investment securities	2,486	2,276
Proceeds from distributions from investment partnerships	396	328
Payments for loans receivable	-	(150)
Collection of loans receivable	29	49
Payments for guarantees	(50)	(56)
Collection of guarantees	68	194
Other	(173)	(235)
Cash flows from investing activities	(2,576)	(3,624)

(Millions of yen)

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from financing activities		
Decrease in short-term borrowings	(40)	(40)
Increase in long-term borrowings	7,550	7,800
Decrease in long-term borrowings	(5,873)	(6,519)
Proceeds from issuance of corporate bonds	934	685
Payment for redemption of corporate bonds	(2,619)	(1,795)
Payment for purchase of treasury stock	(0)	(1,999)
Dividends paid	(2,561)	(2,556)
Other	(444)	(568)
Cash flows from financing activities	(3,053)	(4,993)
Effect of exchange rate changes on cash and cash equivalents	(880)	(463)
Increase (decrease) in cash and cash equivalents	(1,640)	(8,246)
Cash and cash equivalents at beginning of period	30,817	29,258
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	81	-
Cash and cash equivalents at end of period	29,258	21,011

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.