Translation

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Consolidated Financial Results for the Fiscal Year Ending March 2021 [Japanese GAAP]

May 10, 2021

Listed company name SOCIALWIRE CO., LTD. Stock Listing: TSE
Code number 3929 URL https://www.socialwire.net/
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Contact person Tomoko Ogisu, Director, Executive Officer, General Manager of Finance and Accounting Department
Scheduled date for the Annual Ordinary General Meeting of Shareholders June 18, 2021
Scheduled dividend payment start date June 21, 2021
Scheduled filing date of annual securities report June 18, 2021
Availability of supplementary explanation materials for financial results: Yes
Availability of financial results briefing: Yes (Available online from the perspective of preventing the spread of new coronavirus infections)

(Amounts less than one million yen have been omitted.)

1. Consolidated financial results for the fiscal year ending March 2021 (April 1, 2020 - March 31, 2021)

(1) Consolidated business results (% shows the rate of increase/decrease from the previous fiscal year)

	Sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 2021	4,566	16.3	125	(37.7)	109	(31.3)	(143)	–
March 2020	3,924	20.2	201	(50.3)	159	(59.8)	72	(69.7)

(Note) Comprehensive income FY ended March 2021 (166) million yen [–%] FY ended March 2020 66 million yen [(69.3)%]

	Net income per share	Diluted net income per share	Return on equity	Total assets Ordinary income margin	Sales Operating income margin
Fiscal year ended	yen	yen	%	%	%
March 2021	(23.83)	–	(12.1)	2.1	2.7
March 2020	12.23	12.10	5.6	3.8	5.1

(Reference) Equity method investment earnings (losses) FY ended March 2021 – million yen FY ended March 2020 – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
Fiscal year ended	million yen	million yen	%	yen
March 2021	5,172	1,080	20.6	176.88
March 2020	5,010	1,318	25.8	214.86

(Reference) Equity capital FY ended March 2021 1,066 million yen FY ended March 2020 1,294 million yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the fiscal year
Fiscal year ended	million yen	million yen	million yen	million yen
March 2021	659	(817)	164	942
March 2020	699	(973)	340	942

2. Dividend status

	Annual dividend					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Net Asset Dividend Rate (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End-of-FY	Total			
Fiscal year ended	yen	yen	yen	yen	yen	million yen	%	%
March 2020	–	6.00	–	6.00	12.00	71	98.6	5.4
March 2021	–	6.50	–	2.50	9.00	54	–	4.5
Fiscal year ending March 2022 (forecast)	–	–	–	–	–		–	

(Note) Dividends for the fiscal year ending March 2022 (forecast) are "to be determined". The expected dividend amount will be disclosed promptly when it becomes possible to calculate it.

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 2022 (April 1, 2021 to March 31, 2022)

The earnings forecast for the fiscal year ending March 2022 is "to be determined" because the impact of market fluctuations caused by the spread of coronavirus infection on the business is still significant and it is difficult to reasonably calculate the impact at this time. We will promptly disclose the consolidated earnings forecast when it becomes possible to calculate it. For details, see "(4) Future outlook" on "1. Overview of business results, etc." on page 6 of the material.

* Notes

(1) Important Changes in subsidiaries during the fiscal year (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatements

① Changes in accounting policy due to revision of accounting standards, etc. : None
② Changes in accounting policies other than ①: None
③ Changes in accounting estimates: None
④ Restatements: None

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(3) Number of issued shares (ordinary shares)

① Number of shares issued at the end of fiscal year (including treasury shares)	FY ended March 2021	6,108,600 stock	FY ended March 2020	6,103,200 stock
② Number of treasury shares at the end of the fiscal year	FY ended March 2021	77,106 stock	FY ended March 2020	77,060 stock
③ Average number of shares during the fiscal year	FY ended March 2021	6,030,120 stock	FY ended March 2020	5,950,416 stock

(Reference) Overview of individual business results

1. Individual results for the fiscal year ended March 2021 (April 1, 2020 - March 31, 2021)

(1) Individual management results (% shows the rate of increase/decrease compared to the previous fiscal year)

	Sales		Operating income		Ordinary income		Net income	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 2021	3,953	30.8	94	(41.3)	76	(49.4)	(149)	–
March 2020	3,021	22.1	161	(59.3)	151	(61.6)	79	(62.4)

	Net income per share	Diluted net income per share
Fiscal year ended	yen	yen
March 2021	(24.72)	–
March 2020	13.34	13.20

(2) Individual financial status

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
Fiscal year ended	million yen	million yen	%	yen
March 2021	4,704	1,094	23.2	180.98
March 2020	4,184	1,317	31.3	217.80

(Reference) Equity capital Fiscal year ended March 2021 1,091 million yen Fiscal year ended March 2020 1,312 million yen

* Financial statements are not subject to audit by a certified accountant or an auditing firm.

* Explanation of proper use of earnings forecasts and other special notes

(Notes on future descriptions)

The statements regarding the future, such as the business forecasts, described in this material are based on the information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to be a commitment by the Company to be achieved. In addition, actual business results may differ from the figures in this material due to changes in internal and external conditions. For matters related to the forecast of this material, see "(4) Future outlook" under "1. Overview of business results, etc." on page 6 of the attached document.

(How to obtain supplementary materials of financial results)

Supplementary materials of financial results were disclosed on TDnet on the same day. They were also posted on our website on the same day.

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1. Overview of business results, etc.

(1) Overview of business results for the current fiscal year

In the current consolidated fiscal year, the Japanese economy slowed down sharply due to the stagnation of economic and social activities affected by the spread of the new coronavirus infection. Although the resumption of economic activity is being promoted in stages, the situation remains uncertain in certain industries due to the resurgence of infection and the accompanying declaration of emergency and priority measures to prevent its spread.

Under such a market environment, the Group has a vision of "Creating a business platform -BUILDING A BETTER ADVANCE-", focusing on expanding all businesses and maximizing sales, and growing the current business performance.

As a result, sales for the current consolidated fiscal year increased to 4,566,083 thousand yen (up 16.3% from the previous fiscal year). Regarding profits, operating income was 125,313 thousand yen (down 37.7% from the previous fiscal year), and ordinary income was 109,287 thousand yen (down 31.3% from the previous fiscal year). In addition, while a gain on sales of investment securities of 70,183 thousand yen was recorded as extraordinary income, an impairment loss on fixed assets, etc. of 323,479 thousand yen was recorded as an extraordinary loss. As a result, the net loss attributable to owners of the parent was 143,670 thousand yen (compared to the net income attributable to owners of the parent of 72,785 thousand yen in the previous fiscal year).

The business results for each segment are as follows. The figures are after the elimination of transactions between segments.

(Digital PR business)

The digital PR business manages influencer PR services, clipping (investigation and reporting) services of various media such as newspapers, magazines, WEB, and SNS, and press release distribution services for products, services, and businesses to companies, government agencies, and organizations.

In the current consolidated fiscal year, we strengthened our sales personnel, and although influencer PR service was affected by cancellations and postponements of events and projects due to the spread of the new coronavirus infection, there was a recovery in demand in July onward, and the number of projects increased significantly (up 49.7% year-on-year). While the number of media clipping service projects remained flat (up 0.9% year-on-year), the number of press release distribution services increased by 57.9% and the number of corporate users increased by 42.0%, both of which increased significantly.

As a result, sales in the digital PR business increased by 401,608 thousand yen from the previous consolidated fiscal year to 2,390,285 thousand yen (up 20.1% from the previous fiscal year), and segment income decreased by 74,249 thousand yen from the previous consolidated fiscal year to 464,059 thousand yen (down 13.7% from the previous fiscal year).

(Shared office business)

The shared office business operates shared office services and cloud translation services in eight major Asian cities (Tokyo (2 bases in Shinjuku, Roppongi, Aoyama, Shibuya, Shimbashi), Yokohama, Sendai, Singapore, Indonesia (*), India, Vietnam, Thailand).

In the current consolidated fiscal year, the cumulative number of occupied seats in operation increased significantly (up 19.7% year-on-year) at domestic bases, partly due to the effect of opening new shared office locations last year. In addition, we opened a new location, "CROSSCOOP Yokohama," in January 2021. On the other hand, with regard to overseas locations, the business environment has deteriorated significantly in some countries due to the spread of the new coronavirus infection, and it is extremely difficult to identify the timing of recovery. The cumulative number of seats in operation decreased (down 6.3% year-on-year), partly due to the decision to withdraw from operations in India and the Philippines in November 2020.

As a result, sales in the shared office business (excluding inter-segment sales) increased by 239,479 thousand yen from the previous consolidated fiscal year to 2,175,798 thousand yen (up 12.3% from the previous consolidated fiscal year), and segment income increased by 53,713 thousand yen from the previous consolidated fiscal year to 62,362 thousand yen (up 621.0% from the previous consolidated fiscal year) due to the effect of establishing new locations.

(*) The Indonesian base is operated by a franchise.

(2) Overview of the financial condition for the current fiscal year

(Assets)

The amount of assets at the end of the current consolidated fiscal year was 5,172,912 thousand yen and increased by 161,974 thousand yen from the end of the previous consolidated fiscal year. The main reason for the increase in assets was that the right-of-use assets decreased by 344,672 thousand yen, while the increase in guarantee deposits of 499,894 thousand yen and others.

(Liabilities)

The amount of liabilities at the end of the current consolidated fiscal year was 4,092,535 thousand yen, an increase of 400,319 thousand yen from the end of the previous consolidated fiscal year. The main reasons for the increase in liabilities were lease obligations (including current liabilities) decreased by 292,970 thousand yen, while the long-term borrowings (including current portion of long-term borrowings) increased by 440,500 thousand yen, asset retirement obligations (including current liabilities) increased by 120,999 thousand yen and others.

(Net Assets)

The amount of net assets at the end of the current consolidated fiscal year was 1,080,376 thousand yen, a decrease of 238,344 thousand yen from the end of the previous consolidated fiscal year. The main reasons for the decrease in net assets were a decrease in retained earnings of 219,027 thousand yen due to the recording of a net loss attributable to owners of the parent of 143,670 thousand yen, the payment of dividends of 75,356 thousand yen and others.

(3) Overview of cash flow for the current fiscal year

The amount of cash and cash equivalents at the end of the consolidated fiscal year under review (hereinafter "capital") was increased by 136 thousand yen from the end of the previous consolidated fiscal year to 942,914 thousand yen. Below are the status of each cash flow and its factors in the consolidated fiscal year under review.

（Cash flow from operating activities）

The amount of capital gained as a result of operating activities was 659,130 thousand yen (699,807 thousand yen in the previous consolidated fiscal year). This is mainly due to loss before income taxes of 171,747 thousand yen, depreciation and goodwill amortization of 479,040 thousand yen, and impairment loss of 323,479 thousand yen.

（Cash flow from investing activities）

The amount of capital used as a result of investing activities was 817,230 thousand yen (973,962 thousand yen used in the previous consolidated fiscal year). This was mainly due to the proceeds from sale of investment securities of 143,121 thousand yen as well as due to the purchase of property, plant and equipment of 317,249 thousand yen, the payment of guarantee deposits of 577,201 thousand yen and others.

（Cash flow from financing activities）

The amount of capital gained as a result of financing activities was 164,004 thousand yen (340,328 thousand yen in the previous consolidated fiscal year). This was mainly due to the proceeds from long-term borrowings of 763,000 thousand yen, the proceeds from short-term borrowings 363,000 thousand yen and the proceeds from issuance of shares resulting from exercise of share acquisition rights of 4,393 thousand yen as well as the repayments of long-term borrowings of 322,112 thousand yen, the repayments of short-term borrowings 363,000 thousand yen, the repayments of lease obligations of 206,049 thousand yen, the dividends paid of 75,356 thousand yen and others.

(Reference) Changes in cash flow related indicators

	Fiscal year ended March 2020	Fiscal year ended March 2021
Equity-to-asset ratio	25.8	20.6
Equity-to-asset ratio based on the market base (%)	68.7	93.7
Cash flow to Interest-bearing liabilities ratio (year)	2.9	3.3
Interest coverage ratio (times)	17.4	16.3

The formula for calculating each index is as follows.

Equity-to-asset ratio = Equity / Total assets

Equity-to-asset ratio based on the market value: Market capitalization / total assets

Cash flow to Interest-bearing liabilities ratio: Interest-bearing liabilities / Cash flow

Interest coverage ratio: cash flow / interest payment

(Note) 1. Market capitalization is calculated based on the number of issued shares excluding treasury shares.

2. Both are calculated based on consolidated financial figures.

3. For cash flow, we use cash flow from operating activities.

4. Interest-bearing liabilities cover all the liabilities with interests paid out of the liabilities calculated on the consolidated balance sheet.

(4) Future outlook

The Group will continue to build and support a global business environment with the vision of "Creating a Business Platform -BUILDING A BETTER ADVANCE-".

The business environment surrounding the Group is diverse, including influencer marketing, research, public relations / PR, rental offices, translation, and international business, but all areas are expected to continue to grow over the medium to long term. We are aiming for further corporate growth.

We strive to formulate our business performance forecasts based on certain conditions that we judge to be appropriate and reasonable. However, in consideration of the fact that market fluctuation factors such as the temporary suspension of economic activities and the continuation of worsening conditions still have a large impact on the business due to the issuance of a state of emergency due to the spread of the new coronavirus infection, we have decided we will not disclose the earnings forecast for the fiscal year ending March 2022, and will disclose it in a timely manner when it is judged that a certain level of rational outlook is possible while paying close attention to changes in the business environment.

2. Basic concept regarding the selection of accounting standards

The Group prepares consolidated financial statement in accordance with Japanese GAAP, and determines that the Group's financial position, operating results, etc. are appropriately presented. Regarding international accounting standards, we will consider the applicability of the standards after grasping the differences from the Japanese GAAP, taking into account the status of the global expansion of our business.

3. Consolidated financial statement and main notes

(1) Consolidated balance sheet

(Unit: thousand yen)

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
Assets		
Current assets		
Cash and deposits	942,778	942,914
Notes and accounts receivable - trade	264,803	344,262
Other	264,631	296,562
Allowance for doubtful accounts	(4,721)	(6,542)
Total current assets	1,467,491	1,577,197
Non-current assets		
Property, plant and equipment		
Buildings	1,555,710	1,625,978
Tools, furniture and fixtures	428,590	454,123
Right-of-use assets	873,555	528,883
Other	49,411	54,659
Accumulated depreciation	(917,229)	(1,035,043)
Total of property, plant and equipment	1,990,038	1,628,601
Intangible fixed assets		
Goodwill	189,238	149,729
Software	183,742	156,590
Other	4,174	3,812
Total intangible assets	377,155	310,132
Investment and other assets		
Investment securities	103,021	37,198
Long-term loans receivable	94,401	56,290
Guarantee deposits	950,290	1,450,185
Deferred tax assets	53,427	137,954
Other	23,353	14,706
Allowance for doubtful accounts	(48,242)	(39,354)
Total investment and other assets	1,176,251	1,656,980
Total non-current assets	3,543,445	3,595,714
Total assets	5,010,937	5,172,912

(Unit: thousand yen)

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
Liabilities		
Current liabilities		
Current portion of long-term borrowings	322,112	365,293
Accounts payable - other	234,393	253,790
Income taxes payable	28,870	33,408
Advances received	486,897	499,307
Lease obligations	215,657	145,942
Guarantee deposits received	292,788	295,940
Asset retirement obligations	–	25,439
Other	93,855	180,545
Total current liabilities	1,674,575	1,799,666
Non-current liabilities		
Long-term borrowings	1,120,641	1,517,960
Asset retirement obligations	408,884	504,444
Deferred tax liability	1,718	2,521
Lease obligations	420,909	197,654
Other	65,486	70,287
Total non-current liabilities	2,017,640	2,292,868
Total liabilities	3,692,216	4,092,535
Net Assets		
Shareholders' equity		
Capital	352,031	354,789
Capital surplus	291,797	294,556
Retained earnings	688,369	469,342
Treasury shares	(45,188)	(45,245)
Total shareholders' equity	1,287,009	1,073,442
Accumulated other comprehensive income		
Valuation difference on other securities	1,923	(63)
Foreign currency translation adjustment account	5,815	(6,531)
Accumulated other comprehensive income	7,739	(6,594)
Share acquisition rights	4,955	2,972
Non-controlling interests	19,017	10,556
Total net assets	1,318,721	1,080,376
Total liabilities and net assets	5,010,937	5,172,912

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(Unit: thousand yen)

	Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Sales	3,924,994	4,566,083
Cost of sales	2,175,571	2,501,653
Gross profit	1,749,423	2,064,429
Selling, general and administrative expenses	1,548,208	1,939,116
Operating income	201,214	125,313
Non-operating income		
Interest income	2,073	1,897
Dividend income	–	938
Commission income	1,066	797
Subsidy income	900	15,992
Gain on cancellation of leases	–	22,339
Other	2,508	2,615
Total non-operating income	6,548	44,580
Non-operating expenses		
Interest expense	39,967	40,524
Loss on investments in investment partnerships	2,953	2,736
Foreign exchange losses	1,227	1,790
Other	4,361	15,554
Total non-operating expenses	48,509	60,606
Ordinary income	159,253	109,287
Extraordinary income		
Gain on sale of investment securities	–	70,183
Gain on reversal of stock acquisition rights	3	1,162
Total extraordinary income	3	71,345
Extraordinary loss		
Impairment loss	19,627	323,479
Provision of allowance for doubtful accounts	–	26,059
Loss on liquidation of subsidiaries and associates	–	2,841
Extraordinary loss total	19,627	352,381
Net income (loss) before income taxes	139,629	(171,747)
Income taxes - current	79,449	62,541
Income taxes - deferred	(6,859)	(82,922)
Total income taxes	72,590	(20,380)
Net income (loss)	67,038	(151,367)
Net loss attributable to non-controlling interests	(5,746)	(7,696)
Net income (loss) attributable to owners of the parent	72,785	(143,670)

(Consolidated statement of comprehensive income)

(Unit: thousand yen)

	Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Net income (loss)	67,038	(151,367)
Other comprehensive income		
Valuation difference on other securities	1,940	(1,987)
Foreign currency translation adjustment account	(1,985)	(13,269)
Total other comprehensive income	(44)	(15,256)
Comprehensive income	66,994	(166,623)
(Breakdown)		
Comprehensive income attributable to owners of parent	72,898	(158,004)
Comprehensive income attributable to non-controlling interests	(5,904)	(8,619)

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

(Unit: thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of fiscal year	341,330	283,330	689,979	(45,107)	1,269,532
Cumulative effect of accounting change			(5,340)		(5,340)
Balance at the beginning of current fiscal year reflecting changes in accounting policy	341,330	283,330	684,639	(45,107)	1,264,192
Changes during period					
Issuance of new shares - exercise of share acquisition rights	10,701	10,701			21,402
Dividend of surplus			(68,229)		(68,229)
Net income attributable to owners of the parent			72,785		72,785
Change in scope of consolidation			(825)		(825)
Change in ownership interest of parent due to transactions with non-controlling interests		(2,233)			(2,233)
Acquisition of treasury shares				(81)	(81)
Net changes in items other than shareholders' equity					
Total changes during period	10,701	8,467	3,729	(81)	22,816
Balance at the end of the current fiscal year	352,031	291,797	688,369	(45,188)	1,287,009

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on other securities	Foreign currency translation adjustment account	Accumulated other comprehensive income			
Balance at the beginning of fiscal year	(17)	7,643	7,625	5,253	29,292	1,311,704
Cumulative effect of accounting change					(642)	(5,982)
Balance at the beginning of current fiscal year reflecting changes in accounting policy	(17)	7,643	7,625	5,253	28,650	1,305,722
Changes during period						
Issuance of new shares - exercise of share acquisition rights						21,402
Dividend of surplus						(68,229)
Net income attributable to owners of the parent						72,785
Change in scope of consolidation						(825)
Change in ownership interest of parent due to transactions with non-controlling interests						(2,233)
Acquisition of treasury shares						(81)
Net changes in items other than shareholders' equity	1,940	(1,827)	113	(297)	(9,633)	(9,817)
Total changes during period	1,940	(1,827)	113	(297)	(9,633)	12,999
Balance at the end of the current fiscal year	1,923	5,815	7,739	4,955	19,017	1,318,721

Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(Unit: thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of fiscal year	352,031	291,797	688,369	(45,188)	1,287,009
Changes during period					
Issuance of new shares - exercise of share acquisition rights	2,758	2,758			5,517
Dividend of surplus			(75,356)		(75,356)
Profit (loss) attributable to owners of the parent			(143,670)		(143,670)
Acquisition of treasury shares				(56)	(56)
Net changes in items other than shareholders' equity					
Total changes during period	2,758	2,758	(219,027)	(56)	(213,566)
Balance at the end of the current fiscal year	354,789	294,556	469,342	(45,245)	1,073,442

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on other securities	Foreign currency translation adjustment account	Accumulated other comprehensive income			
Balance at the beginning of fiscal year	1,923	5,815	7,739	4,955	19,017	1,318,721
Changes during period						
Issuance of new shares - exercise of share acquisition rights						5,517
Dividend of surplus						(75,356)
Profit (loss) attributable to owners of the parent						(143,670)
Acquisition of treasury shares						(56)
Net changes in items other than shareholders' equity	(1,987)	(12,347)	(14,334)	(1,983)	(8,460)	(24,778)
Total changes during period	(1,987)	(12,347)	(14,334)	(1,983)	(8,460)	(238,344)
Balance at the end of the current fiscal year	(63)	(6,531)	(6,594)	2,972	10,556	1,080,376

(4) Consolidated statement of cash flows

(Unit: thousand yen)

	Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Cash flow from operating activities		
Net income (loss) before income taxes	139,629	(171,747)
Depreciation	451,961	479,040
Goodwill amortization	36,646	32,399
Impairment loss	19,627	323,479
Increase (decrease) in allowance for doubtful accounts	1,145	27,974
Interest income	(2,073)	(2,835)
Interest expense	39,967	40,524
Foreign exchange losses (gains)	1,227	1,790
Loss (gain) on investments in investment partnerships	2,953	2,736
Gain on cancellation of leases	–	(22,339)
Loss (gain) on sale of investment securities	–	(70,183)
Decrease (increase) in trade receivables	(28,126)	(79,778)
Increase (decrease) in advances received	70,417	13,911
Increase (decrease) in accounts payable - other	33,170	45,906
Increase (decrease) in guarantee deposits received	167,201	4,187
Other	(71,894)	125,184
Subtotal	865,854	750,241
Amount of interest and dividends received	2,073	2,835
Interest paid	(40,086)	(40,392)
Income taxes paid	(128,034)	(53,553)
Cash flow from operating activities	699,807	659,130
Cash flow from investing activities		
Purchase of property, plant and equipment	(555,711)	(317,249)
Purchase of intangible assets	(58,792)	(61,238)
Purchase of investment securities	(60,125)	(13,268)
Proceeds from sale of investment securities	–	143,121
Collection of loans receivable	4,189	2,353
Payments for acquisition of businesses	(25,000)	–
Payments of guarantee deposits	(280,585)	(577,201)
Proceeds from refund of guarantee deposits	70	5,439
Other	1,991	815
Cash flow from investing activities	(973,962)	(817,230)
Cash flows from financing activities		
Proceeds from short-term borrowings	–	363,000
Repayments of short-term borrowings	–	(363,000)
Proceeds from long-term borrowings	840,000	763,000
Repayments of long-term borrowings	(275,833)	(322,112)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	19,890	4,393
Expenditure for repayment of lease obligations	(170,802)	(206,049)
Dividends paid	(68,229)	(75,356)
Other	(4,696)	130
Cash flows from financing activities	340,328	164,004
Effect of exchange rate change on cash and cash equivalents	(821)	(5,768)
Net increase (decrease) in cash and cash equivalents	65,351	136
Initial balance of cash and cash equivalents	877,426	942,778
Cash and cash equivalents at the end of the fiscal year	942,778	942,914