Consolidated Financial Statements of the Fiscal Year Ending March 31, 2022

(Japanese accounting standards)

May 12, 2022

Corporate Name : H2O Retailing Corporation
Securities Code : 8242 (Tokyo Stock Exchange)
URL : http://www.h2o-retailing.co.jp/
Representative : Naoya Araki, President and Representative Director
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Scheduled date of shareholders' meeting : June 22, 2022
Scheduled date of filing of the financial report : June 22, 2022
Scheduled date of dividend payment : June 1, 2022
Preparation of supplementary materials : Yes
Briefing session on financial results : Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen.)

1. Consolidated Business Results of the Fiscal Year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Consolidated operating results (Cumulative total) (Percentages indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022	518,447	—	740	—	2,346	—	9,872	—
FY2021	739,198	(17.6)	(4,438)	—	(2,907)	—	(24,791)	—

Note : Comprehensive income FY2022 9,235 million yen, -% , FY2021 (11,005) million yen, -%

Note : The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. The percentage change from the same period of the previous fiscal year in net sales is not shown due to the significant impact on net sales.

	Net Income per Share	Net Income per Share(Diluted)	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2022	79.84	79.26	4.2	0.4	0.1
FY2021	(200.45)	—	(10.5)	(0.5)	(0.6)

Reference : Equity in earnings of affiliates FY2022 △901 million yen , FY2021 △561 million yen

(2) Consolidated financial position

	Total Assets	Net Assets	Owner's Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY2022	654,558	260,938	36.2	1,922.25
FY2021	625,945	229,277	36.4	1,843.78

Reference : Owner's equity FY2022 236,844 million yen , FY2021 228,134 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 end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2022	7,007	(5,745)	(28,578)	33,174
FY2021	12,755	(20,761)	31,859	49,991

2. Dividends

	Annual Dividends					Total Dividends Payment (Annual)	Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Fiscal Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2021	—	12.50	—	12.50	25.00	3,092	—	1.3
FY2022	—	12.50	—	12.50	25.00	3,086	31.3	1.3
FY2022(Forecast)	—	12.50	—	12.50	25.00		33.1	

3. Forecast of Consolidated Business Results for the Fiscal Year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net Sales		Operating Profit		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
Half Year	320,000	35.0	(1,000)	–	(1,500)	—	0	–	—
Full Year	660,000	27.3	8,000	980.1	7,000	198.3	8,000	(19.0)	64.93

Note : The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year.
Consolidated gross sales, which is equivalent to net sales up to the previous fiscal year excluding the effects of changes in accounting policies, amounted to ¥474,000 million (up to 37.8% year on year) for the half year and ¥1,000,000 million (up 26.9% year on year) for the full year.

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope of consolidation) : Yes
Inclusion : Kansai Food Market Ltd.
Exclusion : H2O Asset Management Co., Ltd.

(2) Changes in accounting policies, changes in accounting estimates or restatements
(a) Changes in accounting policies due to changes in consolidated accounting standards : Yes
(b) Changes other than (a) :No
(c) Changes in accounting estimates : No
(d) Restatements due to correction : No

(3) Number of shares issued and outstanding (common stock)
(a) Number of shares issued at the end of the period (including treasury stock)

FY2022	125,201,396 shares
FY2021	125,201,396 shares

(b) Number of shares of treasury stock at the end of the period

FY2022	1,989,253 shares
FY2021	1,469,808 shares

(c) Average number of shares during the period

FY2022	123,651,665 shares
FY2021	123,680,359 shares

Note : These consolidated financial results are outside the scope of audit by certified public accountants or auditing firms.
Note : Explanation regarding approriate use of forecast
The above-mentioned forecast is based on the information available to the company at present,
and including a potential risk and uncertainty. Actual achievements may differ from these forecasts due to many factors.

1.Consolidated Financial Results

From the beginning of the first quarter of the current fiscal year, Hankyu Kitchen Yell Kansai, Inc., EveryD.com, Inc. and Hankyu Sennan Green Farm, which were previously included in the Other Business segment, were transferred to the Supermarket Business segment, and Oi Development Co., Ltd, which was also included in Other business segment, was transferred to the Shopping Center Business segment. YoY comparisons are shown based on the results for the previous year, which have been reclassified into the new reporting segments.
Following the business integration through a share exchange with Kansai Super Market Ltd. , Kansai Super Market Ltd., Kansai Super Premium Co., Ltd. and KS Company Split Preparation Co.,Ltd. were included in the Supermarket Business segment, and conslidated results included the results of 4Q of above three companies.

▶Sales

The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year.
Consolidated net sales of FY2022 was ¥518,447 million.
Consolidated gross sales, which is equivalent to net sales up to the previous fiscal year excluding the effects of changes in accounting policies, amounted to ¥788,108 million.
Sales on a real basis increased by 6.6% from the previous fiscal year, despite the closure of stores due to the declaration of the state of emergency and restrict of operations occurred as in the previous fiscal year.

▶Operating Profit and Ordinary Profit

Despite the impact of the COVID-19, sales recovered from the previous fiscal year, operating profit was ¥740 million (operating loss of ¥4,438 million in the previous fiscal year).
Ordinary profit was ¥2,346 million (ordinary loss of ¥2,907 million in the previous fiscal year).

(Department store business)

In late April 2021, a state of emergency was declared. Some stores were completely closed, and stores including both Hankyu and Hanshin main stores shifted to operating only in the daily necessities section (43 days at 4 stores in Osaka Prefecture, including both Hankyu and Hanshin main stores and 29 days at 6 stores in Hyogo Prefecture).
In August, a state of emergency declared again as the infection had spread. Some stores were refrained from holding events and restricted entry to the food floor.
From October, demand for fashion and gift items became active as opportunities to go out and to meet people increased. However, COVID-19 affected throughout the fiscal year, like in January 2022, with a decrease in store visits, especially among seniors and families, due to the infection spread that occurred again.
Hanshin Umeda Main Store, which had been constructed, pre-opened on October 8, 2021 and full-opened from the first floor to the ninth floor on December 8 (fully opened including basement food floor on April 6, 2022).New Hanshin Umeda Main Store has strengthened its proposals for all scenes of eating and food floor expanded from three to four floors.Customer response to the new value of the experience was high, resulting in a wide range of customers visiting the store.
As results of above, gross sales was ¥385,095 million, increased by 10.7% YOY and operating profit was ¥939 million (operating loss of ¥1,903 million in the previous year).
Hankyu Hanshin Department Store recorded an extraordinary loss of ¥3,819 million, including personnel expenses, rent and depreciation expenses during the period of closure.

(Supermarket business)

Gross sales was ¥327,205 million, increased by 11.8% YOY and operating profit was ¥5,326 million, increased by 30.3% YOY.
Izumiya Co., Ltd. increased sales due to the transfer of the Super Center food division and decreased in profit due to the decrease in sales at existing stores (sales at existing stores decreased by 2.7% YOY) in reaction to the previous year's demand for eating at home and increase of cost.

Izumiya celebrated its 100th anniversary by selling commemorative products and holding events in collaboration with the local community on the terms of "thankfulness" and "relationship". Super Center stores, including Yao and Yawata stores, had renovation of transforming to Shopping Center model and sales were affected during the renovation construction period. On the other hand, due to the impact of re-emergence of COVID-19 infection, stores in small commercial areas were good. Selling,general and administrative expenses increased due to an increase in cashless payment ratio.
Hankyu Oasis Co., Ltd. decreased in sales and increased operating profit by improvement of gross margin. Hankyu Oasis Co., Ltd. worked to strengthen its ability to respond to the market with a basic policy of transforming itself into a highly profitable company.Existing stores sales decreased by 0.5% YOY (number of customers decreased by 0.1% and average spend per customer decreased by 0.5% YOY). Although the number of customers was on par with the previous year, average spend per customer was slightly lower than the previous year due to a decrease in the number of items purchased per visit.
Sannomiya store in April 2021 and Oyodo Minami store in March 2022 newly opened and 4 stores were renovated to change the MD to meet the changing in commercial areas and to introduce sweets sold in department stores. Selling,general and administrative expenses decreased from the previous year due to the efforts to restrain the purchase price of consumable supplies.

For Kansai Super Market Business (Note2), sales for the fourth quarter (January to March, 2022) was ¥31,042 million and operating profit was ¥1,391 million. Kansai Super Market Business worked to realize a "total solution supermarket" that solves problems through environmental initiatives and social contributions with customers, employees, and contribution to society. Existing stores sales of whole fiscal year increased by 0.1% YOY (number of customers increased by 1.5% and average spend per customer decreased by 1.3% YOY). The background behind the YOY increase in existing sales was strong sales at stores remodeled to the "Central Store model," which introduces the product lineup of the flagship Central Store, although the push from the rising demand for domestic food in the COVID-19 pandemic in the previous fiscal year has run its course. Takaishi Eki-mae store, Saidera store and Konoike store were renovated in the fiscal year.Selling,general and administrative expenses decreased from the previous year due to controlling the expenses of consumable supplies, advertising and repairs, despite recognition of expenses related to business integration procedures.
Food manufacturing subsidiaries increased their profit due to higher demand for delicatessen and bakery products at food supermarkets as wholesale customers.

(Shopping Center business)

Gross sales was ¥42,879 million, decleased by 34.1% YOY and operating profit was ¥391 million (operating loss of ¥757 million in the previous year).
In H2O Shopping Center Development Co., Ltd., which operates management of tenants and sales of apparel and home products at Izumiya stores, gross sales decreased significantly due to closure of direct operation area and operating profit increased because of cost reduction and conversion to tenant business.
Oi Development Co., Ltd, which operates the business hotel, increased in income and profit due to improvement of occupancy rate and reduction of cost compared to the previous year.

(Other business)

Gross sales was ¥32,928 million, decreased by 2.1% YOY and operating loss was ¥3,409 million (operating loss of ¥1,516 million in the previous year).
Operating profits of other business subsidiaries, excluding the Company as the holding company, increased by ¥1,477 million from the previous year,because sales increased at a specialty retail store subsidiary, mainly due to a reduction in the number and duration of closed stores from the previous year. Operating profit decreased at the Company, the holding company, mainly due to a decrease in dividends received from subsidiaries.

▶Profit attributable to owners of parent

The company recorded extraordinary income of ¥27,032 million including gain on sales of non-current assets of ¥13,632 million, gain on sales of investment securities of ¥6,485 million, and gain on bargain purchase of ¥3,427 million as extraordinary income following the business integration with Kansai Super Market Ltd. (Note1), extraordinary losses of ¥13,792 million including loss related to COVID-19 of ¥4,253 million and loss on closing of stores and others of ¥2,530 million.
As a result, profit attributable to owners of parent was ¥9,872 million (loss of ¥24,791 million in the previous year).

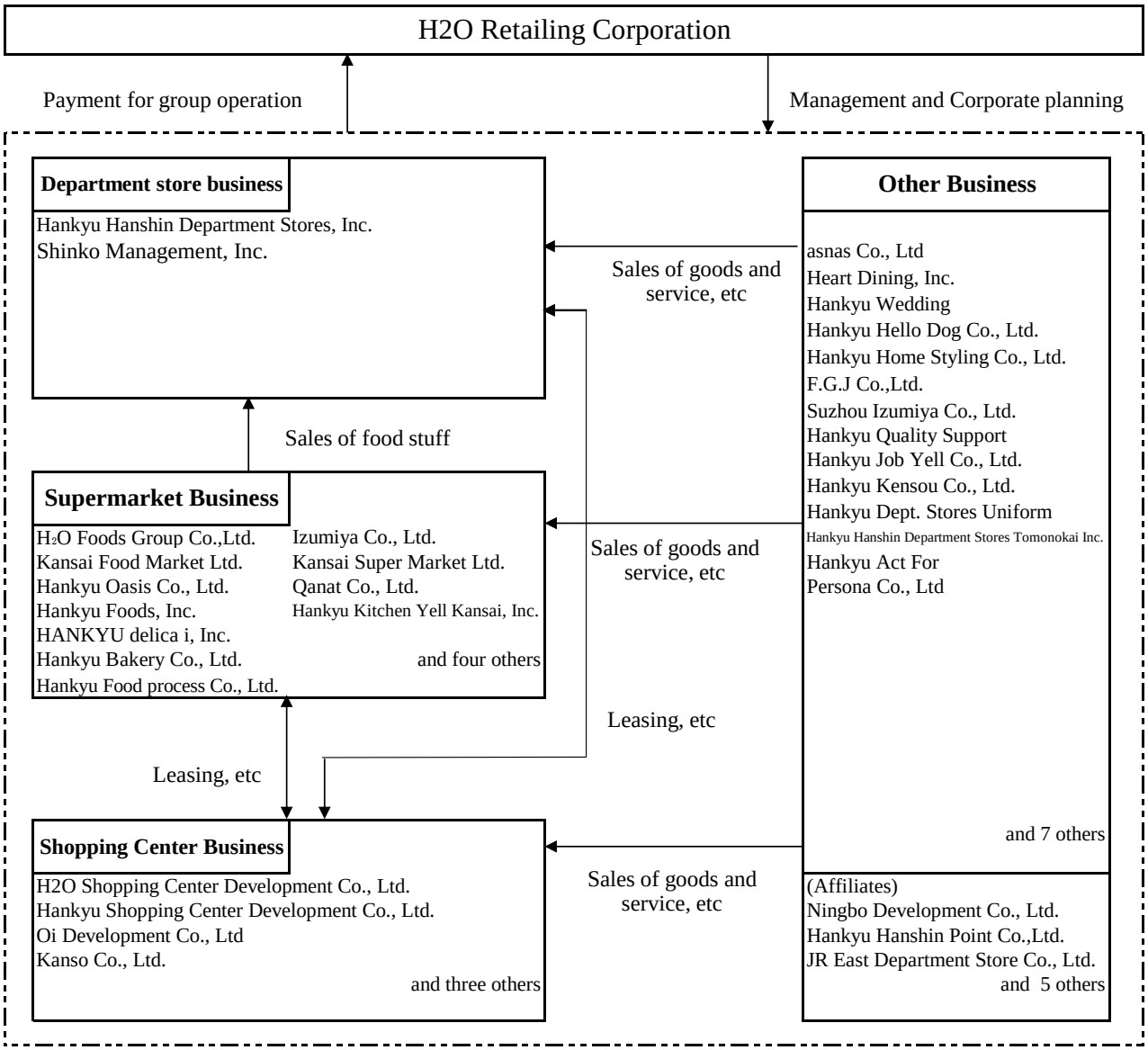
Note1 : Kansai Super Market Ltd. changed its name to Kansai Food Market Ltd. and KS Company Split Preparation Co., Ltd. changed its name to Kansai Super Market Ltd. on 1 February, 2022.
Note2 : Consolidated results of following three companies shown below are reclassfied on the basis before the application of "Accounting Standards for Revenue Recognition".
Kansai Super Market Ltd. (from 1 April, 2021 to 31 January, 2022)
Kansai Super Market Ltd. (from 1 February, 2022 to 31 March, 2022)
Kansai Super Premium Co., Ltd. (from 1 April, 2021 to 31 March, 2022)

2. Forecast of FY2023

Forecast of FY 2023 of gross sales is ¥660,000 million, operating profit of ¥8,000 million, ordinary profit of ¥7,000 million and profit attributable to owners of the parent of ¥8,000 million.
Forecast of dividends for FY 2023 is ¥25 per share (second quarter ¥12.5 and fiscal year end ¥12.5).

3.Subsidiaries

The major subsidiaries of the Company as of March 31, 2022 are shown as follows:



Other affiliate company

Hankyu Hanshin Holdings, Inc.

※ H2O Retailing Corporation, Hankyu Hanshin Department stores and etc lease real estate from Hankyu Corporation and others which are the subsidiaries of Hankyu Hanshin holdings.

4. Management Policy

Basic management policy

The company's basic philosophy is "To remain indispensable to the local communities through our activities of providing a model of lifestyle to local residents." Guided by this philosophy, the company established a vision; "To be a customer's lifestyle partner to enrich their hearts through offering "fun, happy and tasty" experiences, contributing to the future of the local community, children and our planet." The company strives to enhance the corporate value of the entire group.
In July 2021, the Company announced Long-Term Business Plan 2030 and Medium-Term Management Plan with fiscal 2021 as the first year.
We provide a variety of products and services based on strong and deep ongoing relationships with our customers through direct communication and aim to continue to grow with the community as a "communication retailer".

Mid- to long-term business plan and Challenges to be Addressed

Issues and Challenges in Each Business

In department store business, we aim for the most enjoyable department store by realizing joyful and affluent lifestyle for customer and empowering their future based on the group vision.
Centered on Hankyu Main Store, which is the Group's hub store, and Hanshin Umeda Main Store, which was rebuilt and grand-opened in April 2022, we provide new shopping experiences and develop business models by creating value based on real stores and strengthening customer communication through the use of online services. From fiscal 2022 onward, we will begin remodeling Kobe Hankyu and Takatsuki Hankyu to enhance their competitiveness. In addition, although we returned to operating profitability in fiscal 2021, we will continue to reform cost structure to lower the break-even point.

In supermarket business, to increase operating profit, we will work to further strengthen the competitiveness and improve the profitability of our mainstay food supermarkets. We will further promote the integration of the supermarket operational functions of Izumiya and Hankyu Oasis. We will also accelerate the development of a business model with enhanced market responsiveness, rebuild our chain operation management capabilities, and strengthen our sales capabilities through integrated manufacturing and sales operations.In addition, the three SM companies, including Kansai Supermarket Co.Ltd., the Company will also move forward with specific plans to achieve synergies in store operations, merchandising, payment method, logistics, private brands, refurbishment and store opening plans, and IT digitalization.

In H2O Shopping Center Development which was divided from Izumiya in April, 2020, we achieved operating profitability in FY2021, one year ahead of the original schedule by downsizing our direct operations and promoting the shift to shopping center from general merchandise store, and at the same time, we will improve our customer mind share by promoting activities to build strong ties with the community.

In Oi Development, which operates a business hotel, turned profitable in the midst of the headwind of the COVID-19 pandemic by achieving low-cost operations through the use of IT and strengthening sales capabilities, and will strive to further improve profitability with a view to post-COVID-19 in the future.

Furthermore, we try to develop new customer service business through digital technologies by leveraging our uniqueness point which has variety of touch points with customers in Kansai region.
While the COVID-19 infection, which has been continuing since 2020, is still not expected to be resolved, we will work to recover earnings through initiatives in each business based on the Medium-Term Management Plan. In addition to cost control and asset efficiency improvement, we will also make preparations to accelerate business development after COVID-19 at the same time. We will actively promote sustainability management and aim to further improve our corporate value by responding to trust of our stakeholders.

Basic policy concerning profit distribution

The company's basic policy is to implement stable profit distribution with considering cash flow which necessary for establishing an appropriate financial base for mid-, long-term, and investment for growth, based on the performance of each fiscal year. The company will implement an appropriate profit distribution under the consideration of an overall mid-, long-term plan, of Profit attributable to owners of parent, consolidated net assets, and consolidated cash flow.

5. Basic policy concerning the accounting standard

The company adopts Japanese accounting standards as the accounting standard.

6.Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2021 (as of March 31, 2021)	FY2022 (as of March 31, 2022)
Assets		
Current assets		
Cash and deposits	49,991	34,724
Notes and accounts receivable -trade	54,385	59,906
Merchandise and finished goods	21,546	21,002
Work in process	118	231
Raw materials and supplies	1,673	1,405
Accounts receivable - other	7,025	7,398
Other	4,811	5,368
Allowance for doubtful accounts	(261)	(311)
Total current assets	139,291	129,725
Non-current assets		
Property, plant and equipment		
Buildings and structures	297,009	345,658
Accumulated depreciation	(195,136)	(223,168)
Buildings and structures, net	101,873	122,490
Machinery, equipment and vehicles	7,726	9,280
Accumulated depreciation	(5,186)	(6,376)
Machinery, equipment and vehicles, net	2,539	2,903
Land	139,126	162,462
Construction in progress	8,684	2,220
Other	42,867	50,019
Accumulated depreciation	(33,706)	(38,852)
Other, net	9,161	11,167
Total property, plant and equipment	261,386	301,245
Intangible assets		
Goodwill	2,704	2,197
Other	14,024	14,245
Total intangible assets	16,729	16,443
Investments and other assets		
Investment securities	114,748	104,231
Long-term loans receivable	11,253	16,044
Guarantee deposits	70,029	73,074
Retirement benefit asset	1,898	4,156
Deferred tax assets	11,453	10,495
Other	2,000	1,943
Allowance for doubtful accounts	(2,845)	(2,802)
Total investments and other assets	208,538	207,143
Total non-current assets	486,653	524,832
Total Assets	625,945	654,558

(Millions of yen)

	FY2021 (as of March 31, 2021)	FY2022 (as of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	48,996	56,839
Current portion of long-term borrowings	46,414	1,100
Accounts payable - other	26,890	24,764
Lease obligations	910	1,267
Income taxes payable	1,678	3,546
Gift certificates	28,077	9,211
Advances received	8,611	32,320
Provision for bonuses	3,284	4,177
Provision for bonuses for directors (and other officers)	23	24
Provision for loss on store closings	348	1,457
Provision for point card certificates	1,854	-
Asset retirement obligations	940	620
Other	16,502	12,334
Total current liabilities	184,531	147,663
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	122,133	154,282
Deferred tax liabilities	23,805	26,938
Deferred tax liabilities related to land revaluation	266	266
Provision for retirement benefits for directors (and other officers)	172	228
Provision for redemption of gift certificates	4,635	3,079
Retirement benefit liability	12,839	13,260
Long-term accounts payable - other	158	386
Lease obligations	12,883	12,248
Long-term guarantee deposited	9,530	10,651
Asset retirement obligations	3,193	3,580
Other	2,517	1,034
Total non-current liabilities	212,136	245,956
Total Liabilities	396,667	393,620
Net Assets		
Shareholders' equity		
Share capital	17,796	17,796
Capital surplus	92,633	95,086
Retained earnings	85,065	92,299
Treasury shares	(2,732)	(3,151)
Total shareholders' equity	192,763	202,030
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	38,668	35,881
Revaluation reserve for land	124	303
Foreign currency translation adjustments	(960)	565
Remeasurements of defined benefit plans	(2,462)	(1,936)
Total accumulated other comprehensive income	35,370	34,814
Share acquisition rights	1,138	1,168
Non-controlling interests	4	22,924
Total net assets	229,277	260,938
Total Liabilities and Net Assets	625,945	654,558

(2) Consolidated Statements of Income (Millions of yen)

	FY2021 (From April 1, 2020 to March 31, 2021)	FY2022 (From April 1, 2021 to March 31, 2022)
Net sales	739,198	518,447
Cost of sales	527,294	299,766
Gross profit	211,903	218,680
Selling, general and administrative expenses		
Salaries and allowances	65,032	67,553
Rent expenses	36,365	40,468
Other selling expenses	114,943	109,918
Selling, general and administrative expenses, net	216,342	217,939
Operating profit (loss)	(4,438)	740
Non-operating income		
Interest income	371	533
Dividend income	1,418	1,062
Gain on adjustment of accounts payable	1,862	1,105
Foreign exchange gains	401	1,530
Other	1,008	835
Total non-operating income	5,062	5,068
Non-operating expenses		
Interest expenses	848	940
Loss on provision for redemption of gift certificates	1,068	729
Share of loss of entities accounted for using equity method	561	901
Other	1,052	891
Total non-operating expenses	3,530	3,462
Ordinary profit (loss)	(2,907)	2,346
Extraordinary income		
Gain on sales of non-current assets	-	13,632
Gain on sales of investment securities	-	6,485
Gain on bargain purchase	-	3,427
Subsidy income	2,683	3,001
Gain on reversal of asset retirement obligations	-	486
Penalty income	366	-
Total extraordinary income	3,049	27,032
Extraordinary losses		
Loss related to COVID-19	5,353	4,253
Loss on closing of stores and others	2,103	2,530
Loss on retirement of noncurrent assets	1,944	2,222
Impairment losses	14,771	1,881
Loss on step acquisitions	-	1,753
Expenses for opening new stores	-	751
Loss on sale of shares of subsidiaries and associates	-	400
Total extraordinary losses	24,172	13,792
Profit (loss) before income taxes	(24,030)	15,586
Income taxes - current	1,467	4,166
Income taxes - deferred	(706)	1,399
Total income taxes	761	5,566
Profit (loss)	(24,791)	10,020
Profit (loss) attributable to non-controlling interests	0	148
Profit (loss) attributable to owners of parent	(24,791)	9,872

(3) Consolidated Statements of Cash Flows (Millions of yen)

	FY2021 (From April 1, 2020 to March 31, 2021)	FY2022 (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	(24,030)	15,586
Depreciation	18,141	17,902
Impairment losses	14,771	1,881
Loss on store closing and others	1,603	1,086
Amortization of goodwill	546	507
Increase (decrease) in allowance for doubtful accounts	(156)	7
Increase (decrease) in provision for bonuses	(630)	445
Increase (decrease) in provision for bonuses for directors (and other officers)	(66)	2
Increase (decrease) in retirement benefit liability	(766)	(422)
Increase (decrease) in remeasurements of defined benefit plans	384	463
Increase (decrease) in provision for retirement benefits for directors (and other officers)	16	56
Increase(decrease) in provision for redemption of gift certificates	401	262
Increase(decrease) in provision for loss on store closing and others	269	1,108
Increase(decrease) in provision for point card certificates	(97)	-
Interest and dividend income	(1,789)	(1,596)
Interest expense	848	940
Foreign exchange losses (gains)	(401)	(1,529)
Gain on bargain purchase	-	(3,427)
Subsidy income	(2,683)	(3,001)
Penalty income	(366)	-
Loss related to COVID-19	4,865	3,700
Gain on step acquisitions	-	1,753
Share of loss (profit) of entities accounted for using equity method	561	901
Loss (gain) on sales of investment securities	(0)	(6,485)
Gain on sale of shares of subsidiaries and associates	-	400
Loss (gain) on sales of non-current assets	(56)	(13,624)
Loss on retirement of non-current assets	1,114	1,130
Decrease (increase) in trade receivables	(10,365)	(3,420)
Decrease (increase) in inventories	6,248	2,992
Increase (decrease) in trade payables	5,326	(4,706)
Increase (decrease) in accrued consumption taxes	2,714	(2,869)
Increase (decrease) in gift certificates	201	(37)
Increase (decrease) in advances received	(847)	(208)
Other, net	3,064	(317)
Sub total	18,820	9,481
Interest and dividends received	1,640	1,535
Interest paid	(769)	(945)
Income taxes paid	(1,858)	(2,228)
Subsidies received	2,683	3,001
Penalty received	366	-
Payments for loss on COVID-19	(4,848)	(3,601)
Extra payments for early retirements	(3,279)	(237)
Net cash provided by (used in) operating activities	12,755	7,007

(Millions of yen)

	FY2021 (From April 1, 2020 to March 31, 2021)	FY2022 (From April 1, 2021 to March 31, 2022)
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,952)	(26,304)
Proceeds from sales of property, plant and equipment	1,429	19,771
Purchase of intangible assets	(4,087)	(3,874)
Proceeds from sales of intangible assets	-	1
Payments for asset retirement obligations	(158)	(802)
Purchases of investment securities	(219)	(125)
Proceeds from sale of investment securities	-	9,386
Proceeds from sale of businesses	(150)	-
Payments into time deposits	-	(1,400)
Proceeds from withdrawal of time deposits	-	900
Long-term loan advances	(4,402)	(4,011)
Proceeds from collection of long-term loans receivable	449	451
Payments of guarantee deposits	(317)	(341)
Proceeds from refund of guarantee deposits	695	620
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(47)	(18)
Net cash provided by (used in) inveseting activities	(20,761)	(5,745)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(15,000)	-
Proceeds from long-term borrowings	70,000	32,000
Repayments of long-term borrowings	(18,175)	(46,840)
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares	(1)	(473)
Purchase of treasury shares of subsidiaries	-	(7,383)
Dividends paid	(4,018)	(3,093)
Repayments of lease obligations	(943)	(1,027)
Repayments of investments in silent partnerships	-	(1,760)
Net cash provided by (used in) financing activities	31,859	(28,578)
Effect of exchange rate change on cash and cash equivalents	179	763
Net increase (decrease) in cash and cash equivalents	24,033	(26,553)
Cash and cash equivalents at beginning of year	25,958	49,991
Increase in cash and cash equivalents resulting from share exchange	-	9,736
Cash and cash equivalents	49,991	33,174