

Financial Results
for the nine months ended September 30, 2022 — Consolidated
(Based on IFRS)

November 9, 2022

Company name **Sapporo Holdings Limited**

Security code 2501

Listed on Tokyo Stock Exchange (Prime Market); Sapporo Securities Exchange

URL <https://www.sapporoholdings.jp/en/>

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Scheduled dates:

Filing of quarterly financial report November 11, 2022

Commencement of dividend payments -

Supplementary information to the quarterly earnings results Available

Quarterly earnings results briefing held Yes
(mainly targeted at institutional investors and analysts)

1. Consolidated Financial Results for the nine months ended September 30, 2022
(January 1 – September 30, 2022)

(Amounts in million yen rounded to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-over-year changes)

	Revenue		Core Operating profit		Operating profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended September 30, 2022	345,812	11.9	5,750	272.4	7,533	(68.5)	5,327	(66.0)
Nine months ended September 30, 2021	309,061	(2.0)	1,544	31.7	23,948	—	15,661	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	million yen	%	million yen	%	Yen	Yen
Nine months ended September 30, 2022	5,299	(66.3)	14,076	(34.9)	68.02	68.01
Nine months ended September 30, 2021	15,731	—	21,617	—	201.95	197.72

Note: Profit before tax

Nine months ended September 30, 2022 8,989 million yen

Nine months ended September 30, 2021 23,883 million yen

*Core operating profit is a proprietary profit indicator that measures the performance consistency of our business. Core operating profit is calculated as Revenue – Cost of sales – SG&A expenses.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	million yen	million yen	million yen	%
Nine months ended September 30, 2022	640,004	174,132	173,245	27.1
Year ended December 31, 2021	594,551	163,327	162,570	27.3

2. Dividends

Record date or period	Dividend per share				
	End Q1	End Q2	End Q3	Year-end	Full year
	yen	yen	yen	yen	yen
Year ended December 31, 2021	—	0.00	—	42.00	42.00
Year ending December 31, 2022	—	0.00	—		
Year ending December 31, 2022 (forecast)				42.00	42.00

Note: Changes to the latest dividend forecast announced: None

3. Forecast of Consolidated Earnings for the Year Ending December 31, 2022 (January 1 – December 31, 2022)

(Percentage figures represent year-over-year changes)

	Revenue		Core operating profit		Operating profit		Profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending December	478,700	9.5	10,000	22.8	7,300	(66.9)	5,000	(59.3)	5,000	(59.5)	64.19

Note: Changes to the latest consolidated results forecast announced: None

4. Other

(1) Changes to scope of consolidation: Yes

New: Stone Brewing Co.,LLC

(2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies required by IFRS: None

2) Changes other than 1) above: None

3) Changes in accounting estimates: None

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued at end of period (treasury stock included):

September 30, 2022: 78,794,298 shares

December 31, 2021: 78,794,298 shares

2) Number of shares held in treasury at end of period:

September 30, 2022: 896,510 shares

December 31, 2021: 896,510 shares

3) Average number of outstanding shares during the period:

Nine months ended September 30, 2022: 77,897,741 shares

Nine months ended September 30, 2021: 77,898,123 shares

Audit Status

The quarterly financial results are outside the scope of audit procedures based on the Financial Instruments and Exchange Act.

Appropriate Use of Earnings Forecasts and Other Important Information

This document contains projections and other forward-looking statements based on information available to the Company as of the date of this document. Actual results may differ from those expressed or implied by forward-looking statements due to various factors. For the assumptions underlying the forecasts herein and other information on the use of earnings forecasts, refer to "1. Analysis of Operating Results and Financial Condition (4) Consolidated Earnings Forecast" on page 9.

1. Analysis of Operating Results and Financial Condition

(1) Operating Results

In the first nine months of 2022 (January 1 to September 30, 2022), the Group had been affected by the spread of COVID-19 in Japan and overseas since the beginning of the year. However, the lifting of restrictions on behavior after April led to year-on-year increases in Group on-trade beer sales and the sales of beer halls and other dining-out establishments. On the other hand, the outlook remains uncertain, with concerns over rising prices due to factors such as the situation in Ukraine, the rapid depreciation of the yen, and surging prices of raw materials will lead to consumers becoming more cautious with their spending.

In this context, despite a decrease in revenue from the Food & Soft Drinks and Real Estate businesses, overall consolidated revenue increased year-on-year. This was thanks to an increased revenue from the Alcoholic Beverages business due to factors such as a recovery in demand for on-trade market, an increasingly weak yen, and strong sales volumes in the United States.

Overall consolidated core operating profits increased year-on-year, despite decreased profits from the Real Estate business. This was thanks to the contribution of the Alcoholic Beverages business to increased revenue, etc., and the contribution of the Food & Soft Drinks business to profit structure improvements.

1) Summary in key figures (Q3)

	Millions of yen, except percentages			
	Revenue	Core operating profit	Operating profit	Profit attributable to owners of parent
Nine months ended September 30, 2022	345,812	5,750	7,533	5,299
Nine months ended September 30, 2021	309,061	1,544	23,948	15,731
Change (%)	11.9	272.4	(68.5)	(66.3)

*Core operating profit is the Sapporo Group's unique profit benchmark for measuring the performance of its regular business and is calculated by deducting cost of sales, and selling, general and administrative expenses, from revenue.

Results by segment are outlined below.

Alcoholic Beverages

Revenue increased year-on-year thanks to factors such as the recovery of the on-trade market and strong off-trade market sales in the United States.

Core operating profit and operating profit both increased year-on-year, despite increased variable costs due to factors such as increased raw material prices. This was thanks to the effects of increased revenue as well as the effects of profit structure improvements of the Restaurants business.

- Revenue: ¥241.0 billion (up ¥38.9 billion, or 19.3% year on year)
- Core operating profit: ¥4.9 billion (compared with a profit of ¥0.0 billion a year earlier)
- Operating profit: ¥6.8 billion (compared with a loss of ¥0.2 billion a year earlier)

Details of Alcoholic Beverages (Japan and Overseas) and Restaurants in the Alcoholic Beverages business were as follows.

Japan

On-trade market demand temporarily declined due to the rapid increase of infected individuals during the seventh wave of COVID-19. However, the impact on establishments that serve alcohol was milder than that of restrictions on the serving of alcohol during declarations of state of emergency, etc. last year. In addition, due in part to increased demand ahead of

price revisions, total domestic demand for beer and beer-type beverages was estimated to have been about 109% year-on-year.

In this context, the Group's total domestic sales volumes of beer and beer-like beverages was 111% year-on-year. This was thanks to an increase in sales volume of on-trade products and an increase in sales of off-trade products due to last-minute demand ahead of price revisions.

Overseas

COVID countermeasures promoted economic resumption and commercial market demand was in recovery mode over the previous year, but in overall North American beer demand both the U.S. and Canada posted year-on-year declines.

In this context, sales of overseas beer brands exceeded that of the previous year thanks to a recovery of the on-trade market in Canada.

Sales of RTDs*, something we are focusing on, are trending above those of the same period last year. In addition, sales of Sapporo brand beer remained strong thanks to the recovery of the on-trade market in the United States, the success of strengthening efforts in the off-trade market, and other factors.

Further, the Group acquired Stone Brewing Co., LLC (Hereinafter, Stone) and made it a consolidated subsidiary at the end of August. This was done for a number of purposes. One was to secure a manufacturing base for further growing the Sapporo brand beer, particularly in the United States. Another was to expand our Beer business by acquiring new brands.

Restaurants

Demand remains unstable in the pub, restaurant, and izakaya industry due to the impact of COVID-19. However, our Restaurants business has shifted to a gradual recovery since the lifting of operating restrictions in April, though additional waves of COVID-19 and other factors do lead to demand fluctuations.

*: RTD, or ready-to-drink beverages, are pre-mixed, low-alcohol cocktail-like beverages that can be consumed as is immediately after opening.

Food & Soft Drinks

Revenue decreased year-on-year due to factors such as decreased sales due to the reduction of unprofitable vending machines and the sell-off of the Cafe business in April.

Core operating profit and operating profit both increased year-on-year, despite increased raw material costs. This was thanks to the contribution of improved profits due to profit structure improvements such as the reduction of unprofitable vending machines and the sell-off of the Cafe business.

- Revenue: ¥89.5 billion (down ¥0.9 billion, or 1.0% year on year)
- Core operating profit: ¥0.8 billion (compared with a loss of ¥0.3 billion a year earlier)
- Operating profit: ¥1.3 billion (compared with a loss of ¥0.0 billion a year earlier)

Although COVID continues to have an impact, the on-trade market and vending machine demand recovered thanks to the relaxation of restrictions, with total domestic beverage demand estimated to be around 109% that of the previous year.

In this context, while lemon beverages trended well thanks to consumers' heightened health consciousness, domestic beverage sales volume decreased due to the reduction of unprofitable vending machines, falling to 99% of the previous year.

As for overseas, domestic revenue in Singapore increased to 104% year-on-year due to the loosening of the country's COVID-19 pandemic restrictions. Exports out of Singapore have also remained strong, growing to 128% year-on-year.

Furthermore, in April, we transferred all shares of Pokka Create Co., which operates the Cafe de Crie coffee shop chain, to focus management resources on growth areas, particularly the growing lemon business.

Real Estate

Revenue decreased year-on-year due to a number of factors, such as the sale of Ebisu First Square last June, as well as the renovation of the Center Plaza at Yebisu Garden Place ahead of its reopening this November.

Core operating profit decreased year-on-year due to the decrease in revenue.

Operating profit decreased year-on-year in reaction to the gain on sale of investment properties in the previous year, among other factors.

■ Revenue: ¥15.2 billion (down ¥1.3 billion, or 7.8% year on year)

■ Core operating profit: ¥4.8 billion (down ¥1.6 billion, or 24.6% year on year)

■ Operating profit: ¥4.1 billion (down ¥24.4 billion, or 85.5% year on year)

The office leasing market in the Greater Tokyo area has yet to see a recovery in occupancy rates and average rent levels since the beginning of the year.

In this context, the Group's Real Estate business saw the office occupancy ratio of its large multi-purpose complex, Yebisu Garden Place, decline due to deteriorating market conditions, repairs and upgrades of its HVAC system, and other factors.

(2) Consolidated Financial Condition

As of the end of this Q3 consolidated accounting period, the following were the change factors in the condition of assets, liabilities and equity.

(Millions of yen)

Category	As of December 31, 2021	As of September 30, 2022	Change
Current assets	167,806	166,247	(1,559)
Non-current assets	426,745	473,758	47,013
Total assets	594,551	640,004	45,453
Current Liabilities	210,535	218,453	7,918
Non-current liabilities	220,688	247,419	26,731
Total liabilities	431,224	465,872	34,649
Total equity	163,327	174,132	10,805
Total liabilities and equity	594,551	640,004	45,453

At the end of Q3, assets increased by ¥45.5 billion relative to the previous fiscal year-end to ¥640 billion. This was due in part to the increase of assets including goodwill, property, plant and equipment due to the acquisition of Stone. It was despite a decrease in assets including assets held for sale due to the sale of a consolidated subsidiary, and trade and other receivables due to the fact that the end of the previous fiscal year was a holiday.

On the same comparative basis, liabilities increased by ¥34.6 billion to ¥465.9 billion. This was due in part to an increase in liabilities such as bonds and borrowings (current) and other financial liabilities (non-current). It was despite a decrease in liabilities including other current liabilities due in part to the fact that the end of the previous fiscal year was a holiday.

On the same comparative basis, equity increased by ¥10.8 billion to ¥174.1 billion. This was due to an increase in other components of equity due to changes in exchange rates, as well as an increase in retained earnings due to the posting of profit attributable to owners of parent. It was despite the payment of year-end dividends.

(3) Consolidated Cash Flows

At end-Q3, cash and cash equivalents (hereinafter “cash”) increased by ¥2.1 billion (12%) to ¥19.5 billion, relative to the previous consolidated fiscal year-end.

Consolidated cash flows for the first nine months of 2022, and the main factors affecting those flows were as follows.

(Millions of yen)

Category	As of September 30, 2021	As of September 30, 2022	Change
Cash flows from operating activities	26,931	13,457	(13,474)
Cash flows from investing activities	17,652	(41,942)	(59,594)
Free cash flow	44,583	(28,485)	(73,068)
Cash flows from financing activities	(51,525)	30,752	82,277
Effect of exchange rate change on cash and cash equivalents	498	(168)	(667)
Net increase (decrease) in cash and cash equivalents	(6,444)	2,099	8,542
Cash and cash equivalents at beginning of period	19,734	17,368	(2,366)
Cash and cash equivalents at end of period	13,290	19,467	6,177

(Cash flows from operating activities)

Operating activities provided net cash amounting to ¥13.5 billion (down ¥13.5 billion, or 50% year on year). This was mainly due to the positive factors of a ¥15.6 billion decrease in depreciation and amortization, ¥12.9 billion in trade and other receivables, and ¥9.0 billion in profit before tax, which offset negative factors of a ¥10.2 billion decrease in income taxes paid, ¥9.8 billion in accrued alcohol tax, and ¥5.5 billion in increase or decrease in retirement benefit asset or liability.

(Cash flows from investing activities)

Cash used in investing activities was ¥41.9 billion (compared to ¥17.7 billion provided in the previous fiscal year). Although there was proceeds from sale of property, plant and equipment of ¥2.8 billion, the decline was due to payments for acquisition of subsidiaries of ¥22.6 billion, purchase of investment property of ¥11.6 billion, and purchase of property, plant and equipment of ¥6.3 billion.

(Cash flows from financing activities)

Cash provided by financial activities was ¥30.8 billion (compared to ¥51.5 used in the previous fiscal year). The main inflows were ¥40.0 billion in proceeds from long-term borrowings, which outweighed ¥14.0 billion for repayment of long-term borrowings.

(4) Consolidated Earnings Forecast

[Consolidated Earnings Forecast]

The consolidated earnings forecast for the full fiscal year to December 31, 2022, is unchanged from the forecast announced by the Company on February 10, 2022.

[Medium-Term Management Plan]

The Group's Board of Directors, at a meeting held on November 9, 2022, decided on a four-year "Medium-Term Management Plan (2023-2026)" starting from the beginning of the fiscal year 2023. In our Medium-Term Management Plan, we set forth a basic policy of "Beyond150 - New Growth Through Business Structure Transformation -" and we will decisively implement structural reforms based on a reorganization of our business portfolio, aiming to realize growth of our overseas and core businesses.

Aiming to improve our cash ability to generate cash in line with growth and returns in excess of the cost of capital, we have set financial targets and indicators of a return on equity (ROE) ratio of 8%, an average annual EBITDA growth rate of approximately 10%, and an average annual overseas sales growth rate of approximately 10%.

Further, when developing the Medium-Term Management Plan, we completely revised our key sustainability issues in response to changes in the social conditions and business environment surrounding the Group. We will set new goals for each of issue and promote efforts to achieve them while monitoring the progress of these efforts.

2. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2021	September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	17,368	19,467
Trade and other receivables	91,530	81,974
Inventories	39,178	47,163
Other financial assets	3,985	8,118
Other current assets	5,627	9,524
Subtotal	<u>157,687</u>	<u>166,247</u>
Assets held for sale	10,119	—
Total current assets	<u>167,806</u>	<u>166,247</u>
Non-current assets		
Property, plant and equipment	120,624	135,108
Investment property	203,224	207,643
Goodwill	19,176	37,524
Intangible assets	7,893	10,013
Investments accounted for using equity method	1,345	1,339
Other financial assets	65,650	68,631
Retirement benefit asset	—	5,849
Other non-current assets	4,682	3,952
Deferred tax assets	4,151	3,699
Total non-current assets	<u>426,745</u>	<u>473,758</u>
Total assets	<u><u>594,551</u></u>	<u><u>640,004</u></u>

(Millions of yen)

	December 31, 2021	September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	33,228	33,675
Bonds and borrowings	61,163	90,565
Lease liabilities	4,712	3,796
Income taxes payable	5,577	890
Other financial liabilities	37,575	36,724
Provisions	7,704	9,234
Other current liabilities	54,458	43,570
Subtotal	204,418	218,453
Liabilities directly associated with assets held for sale	6,118	—
Total current liabilities	210,535	218,453
Non-current liabilities		
Bonds and borrowings	136,936	145,352
Lease liabilities	17,257	21,748
Other financial liabilities	44,376	53,523
Retirement benefit liability	318	4,112
Provisions	2,078	1,891
Other non-current liabilities	139	268
Deferred tax liabilities	19,585	20,526
Total non-current liabilities	220,688	247,419
Total liabilities	431,224	465,872
Equity		
Share capital	53,887	53,887
Capital surplus	40,596	40,603
Treasury shares	(1,785)	(1,784)
Retained earnings	44,791	45,681
Other components of equity	25,080	34,858
Total equity attributable to owners of parent	162,570	173,245
Non-controlling interests	757	887
Total equity	163,327	174,132
Total liabilities and equity	594,551	640,004

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Revenue	309,061	345,812
Cost of sales	215,155	244,948
Gross profit	93,905	100,864
Selling, general and administrative expenses	92,361	95,114
Other operating income	25,530	3,674
Other operating expenses	3,126	1,891
Operating profit	23,948	7,533
Finance income	1,150	2,611
Finance costs	1,243	1,210
Share of profit of investments accounted for using equity method	27	54
Loss before tax	23,883	8,989
Income tax expense	8,223	3,661
Profit	15,661	5,327
Profit attributable to		
Owners of parent	15,731	5,299
Non-controlling interests	(70)	28
Profit	15,661	5,327
Basic profit per share	201.95	68.02
Diluted profit per share	197.72	68.01

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	15,661	5,327
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	1,193	2,271
Remeasurements of defined benefit plans	2,055	(1,405)
Total of items that will not be reclassified to profit or loss	3,248	866
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,677	7,857
Effective portion of cash flow hedges	31	26
Total of items that may be reclassified to profit or loss	2,708	7,883
Total other comprehensive income, net of tax	5,956	8,748
Comprehensive income	<u>21,617</u>	<u>14,076</u>
Comprehensive income attributable to		
Owners of parent	21,656	13,945
Non-controlling interests	(39)	130
Comprehensive income	<u>21,617</u>	<u>14,076</u>

(4) Consolidated Statement of Changes in Equity

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Exchange differences on translation of foreign operations	Effective portion of cash flow hedges
Balance as of January 1, 2021	53,887	40,853	(1,787)	33,459	(1,806)	(40)
Profit				15,731		
Other comprehensive income					2,646	31
Comprehensive income	-	-	-	15,731	2,646	31
Purchase of treasury shares			(4)			
Disposal of treasury shares		0	8			
Dividends				(3,277)		
Changes in ownership interest in subsidiaries		(50)				
Share-based remuneration transactions		(24)				
Transfer to retained earnings				1,964		
Other		(182)		182		
Total transactions with owners	-	(257)	4	(1,131)	-	-
Balance as of September 30, 2021	53,887	40,596	(1,784)	48,059	840	(9)

	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity			
Balance as of January 1, 2021	25,215	-	23,370	149,781	(231)	149,551
Profit			-	15,731	(70)	15,661
Other comprehensive income	1,193	2,055	5,925	5,925	31	5,956
Comprehensive income	1,193	2,055	5,925	21,656	(39)	21,617
Purchase of treasury shares			-	(4)	-	(4)
Disposal of treasury shares			-	8	-	8
Dividends			-	(3,277)	(1)	(3,278)
Changes in ownership interest in subsidiaries			-	(50)	-	(50)
Share-based remuneration transactions			-	(24)	-	(24)
Transfer to retained earnings	(899)	(2,055)	(2,954)	(990)	990	-
Other			-	-	-	-
Total transactions with owners	(899)	(2,055)	(2,954)	(4,338)	989	(3,349)
Balance as of September 30, 2021	25,509	-	26,340	167,099	719	167,818

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Exchange differences on translation of foreign operations	Effective portion of cash flow hedges
Balance as of January 1, 2022	53,887	40,596	(1,785)	44,791	1,782	(15)
Profit				5,299		
Other comprehensive income					7,755	26
Comprehensive income	-	-	-	5,299	7,755	26
Purchase of treasury shares			(3)			
Disposal of treasury shares		0	3			
Dividends				(3,277)		
Share-based payment transactions		7				
Transfer to retained earnings				(1,132)		
Total transactions with owners	-	7	0	(4,409)	-	-
Balance as of September 30, 2022	53,887	40,603	(1,784)	45,681	9,537	11

	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity			
Balance as of January 1, 2022	23,313	-	25,080	162,570	757	163,327
Profit			-	5,299	28	5,327
Other comprehensive income	2,271	(1,405)	8,646	8,646	102	8,748
Comprehensive income	2,271	(1,405)	8,646	13,945	130	14,076
Purchase of treasury shares			-	(3)	-	(3)
Disposal of treasury shares			-	3	-	3
Dividends			-	(3,277)	(1)	(3,278)
Share-based payment transactions			-	7	-	7
Transfer to retained earnings	(274)	1,405	1,132	-	-	-
Total transactions with owners	(274)	1,405	1,132	(3,270)	(1)	(3,271)
Balance as of September 30, 2022	25,311	-	34,858	173,245	887	174,132

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Cash flows from operating activities		
Profit before tax	23,883	8,989
Depreciation and amortization	17,046	15,636
Impairment losses	623	662
Interest and dividend income	(551)	(675)
Interest expenses	1,241	1,210
Share of loss (profit) of investments accounted for using equity method	(27)	(54)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	(22,849)	(989)
Decrease (increase) in trade and other receivables	22,178	12,875
Decrease (increase) in inventories	(3,414)	(3,849)
Increase (decrease) in trade and other payables	(934)	(2,044)
Increase (decrease) in accrued alcohol tax	(13,133)	(9,781)
Increase or decrease in retirement benefit asset or liability	(302)	(5,542)
Other	3,618	7,790
Subtotal	27,378	24,228
Interest and dividends received	557	701
Interest paid	(1,246)	(1,249)
Income taxes refund (paid)	242	(10,223)
Net cash provided by (used in) operating activities	26,931	13,457
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,097)	(6,293)
Proceeds from sale of property, plant and equipment	1,389	2,796
Purchase of investment property	(4,683)	(11,575)
Proceeds from sale of investment property	34,078	—
Purchase of intangible assets	(854)	(1,064)
Purchase of investment securities	(1,834)	(4,183)
Proceeds from sale of investment securities	3,272	579
Payments for acquisition of subsidiaries	(2,737)	(22,602)
Payments for investments in capital	(1,300)	—
Purchase of investments in associates	(900)	—
Payments for loans receivable	(57)	(47)
Collection of loans receivable	72	67
Other	1,303	380
Net cash provided by (used in) investing activities	17,652	(41,942)

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	589	10,243
Net increase (decrease) in commercial papers	(5,000)	10,000
Proceeds from long-term borrowings	4,000	40,000
Repayments of long-term borrowings	(13,180)	(14,044)
Redemption of bonds	(30,008)	(10,026)
Dividends paid	(3,275)	(3,275)
Repayments of lease liabilities	(4,654)	(3,535)
Other	4	1,388
Net cash provided by (used in) financing activities	(51,525)	30,752
Effect of exchange rate changes on cash and cash equivalents	498	(168)
Net increase (decrease) in cash and cash equivalents	(6,444)	2,099
Cash and cash equivalents at beginning of period	19,734	17,368
Cash and cash equivalents at end of period	13,290	19,467

(6) Notes on the Going-concern Assumption
Not applicable