

**Financial Results**  
**for the nine months ended September 30, 2023 : Consolidated**  
**(Based on IFRS)**

November 10, 2023

Company name **Sapporo Holdings Limited**

Security code 2501

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

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

Representative Masaki Oga, President and Representative Director

Contact Yosuke Nakamura, Director of the Corporate Planning Department

Telephone +81-3-5423-7407

Scheduled dates:

Filing of quarterly financial report November 13, 2023

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, 2023**  
**(January 1 – September 30, 2023)**

(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, 2023	377,749	9.2	14,368	149.8	9,573	27.1	3,054	(42.6)
Nine months ended September 30, 2022	345,812	11.9	5,751	272.4	7,535	(68.5)	5,320	(66.0)

	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, 2023	3,058	(42.2)	17,128	21.7	39.26	39.25
Nine months ended September 30, 2022	5,292	(66.4)	14,068	(34.9)	67.93	67.92

Note: Profit before tax

Nine months ended September 30, 2023 8,600 million yen

Nine months ended September 30, 2022 8,978 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.

\*The Company finalized the provisional accounting treatment for the business combination in the fourth quarter of the fiscal year ending December 31, 2022, and each figure for the nine months ended December 31, 2022, reflects the details of the finalization of the provisional accounting treatment.

## (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, 2023	657,237	181,034	180,109	27.4
Year ended December 31, 2022	639,118	167,201	166,310	26.0

## 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, 2022	—	0.00	—	42.00	42.00
Year ending December 31, 2023	—	0.00	—		
Year ending December 31, 2023 (forecast)				45.00	45.00

Note: Changes to the latest dividend forecast announced: None

## 3. Forecast of Consolidated Earnings for the Year Ending December 31, 2023 (January 1 – December 31, 2023)

(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	510,000	6.6	16,500	77.2	12,000	18.7	7,000	26.9	7,000	28.4	89.86

Note: Changes to the latest consolidated results forecast announced: Yes

#### **4. Other**

(1) Changes to scope of consolidation: None

(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, 2023: 78,794,298 shares

December 31, 2022: 78,794,298 shares

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

September 30, 2023: 895,128 shares

December 31, 2022: 896,678 shares

3) Average number of outstanding shares during the period:

Nine months ended September 30, 2023: 77,898,916 shares

Nine months ended September 30, 2022: 77,897,741 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 2023 (January 1 - September 30, 2023), lifestyle patterns of living with COVID-19 penetrated society and economic activity continued to normalize as the impact of COVID-19 lessened. On the other hand, the uncertain outlook continues, with concerns over rising prices due to factors such as the situation in Ukraine, the depreciation of the yen, and inflation from surging prices of raw materials and energy, which will lead to consumers becoming more cautious with their spending.

Under these circumstances, the Sapporo Group will decisively implement structural reforms, to realize our growth strategy in the first year of our “Medium-Term Management Plan (2023-2026).”

Consolidated revenue overall increased compared to the same period last year. This was because of the recovery of on-trade beer sales and dining-out demand for beer halls in Alcoholic Beverages, along with the inclusion of STONE BREWING CO., LLC (Stone) as a consolidated subsidiary at the end of August 2022, which both counteracted decreased revenue following the transfer of the cafe business in April 2022 and the liquidation of a vending machine operator subsidiary in November 2022 intended to shift management resources of Food & Soft Drinks to growth areas.

Consolidated core operating profit increased year-on-year amid the effects of increased revenue in the Japan Alcoholic Beverages business and structural reforms in the Restaurants business and Japan Food & Soft Drinks business.

### Summary in key figures

Millions of yen, except percentages

	Revenue	Core operating profit	Operating profit	Profit attributable to owners of parent
Nine months ended September 30, 2023	377,749	14,368	9,573	3,058
Nine months ended September 30, 2022	345,812	5,751	7,535	5,292
Change (%)	9.2	149.8	27.1	(42.2)

\*Core operating profit is the Sapporo Group's unique profit benchmark for measuring the performance of its regular business and is calculated by deducting the 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 a steady recovery in the on-trade products market, price revisions, strong sales in North America, and the addition of Stone Brewing Co., LLC to the Group at the end of August 2022.

Core operating profit 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 from the recovery in the on-trade market as well as the effects of structural reforms in the Restaurants business.

While there were impairment losses associated with the resolution to dissolve an overseas subsidiary, which had been under consideration as a part of our business review, operating profit increased year-on-year due to the year-on-year increase in core operating profit, among other factors.

- Revenue: ¥274.3 billion (up ¥33.3 billion, or 13.8% year on year)
- Core operating profit: ¥12.8 billion ( up ¥7.8 billion, or 159.9% year on year)
- Operating profit: ¥7.7 billion (up ¥0.8 billion, or 12.2% year on year )

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

### Japan

While the on-trade products market is in a recovery trend as economic activity continues to normalize as a result of the lessened impact of COVID-19, the off-trade products market remained weak. In addition, due in part to the downturn following rush demand before price revisions last year, total domestic demand for beer and beer-type

beverages was estimated to have been about 98% year-on-year. RTD (\*) has similarly been impacted by the downturn following last year's rush demand.

In this fiscal year, we are focusing more on strengthening beer and RTD in anticipation of the liquor tax revision in October 2023.

In this context, the Group's total domestic sales volumes of beer and beer-type beverages were 98% of the previous year's level. While on-trade products performed at 124% year-on-year, for off-trade products the sales volume of canned Black Label fell short at 97% year-on-year, showing the impact of the downturn following rush demand. Despite being impacted by the downturn following rush demand, the sales volume of canned RTD continued to be strong, performing at 113% year-on-year as a result of strengthening existing brands and launching new products.

### **Overseas**

In Canada, COVID-19 countermeasures have spurred an economic restart, and the on-trade products market was in a year-on-year recovery trend, but the total demand for Beer-type beverages is expected to have been lower year-on-year primarily due to the impact of rising inflation. This is also expected to have been lower year-on-year in the United States due to the impact of rising inflation.

In this context, the sales volume of overseas beer brands exceeded that of the previous year thanks to a recovery of the on-trade market in Canada and after including the sales of Stone in the United States. Additionally, the sales volume of Sapporo brand beer in the focus market of North America was strong at 102% of the previous first quarter's level.

Also, a resolution to liquidate ANCHOR BREWING COMPANY, LLC ( "Anchor" ) was made in July 2023. Anchor was positioned as subject to liquidation in the Medium-Term Management Plan due to its continued poor business performance. In the United States, which will become a growth driver, we are shifting resources by enacting decisive structural reforms, and aim to achieve further growth centered on Sapporo brand beer by creating synergies with Stone.

### **Restaurants**

The recovery trend for the restaurant market is continuing as economic activity continues to normalize as a result of the lessened impact of COVID-19.

Amid this, due to price revisions, a recovery in the number of customers, and attracting inbound tourist and senior customers, the Sapporo Group's Restaurants business recorded existing store sales at 103% of 2019 levels, recovering to roughly the same level as before the outbreak of the COVID-19 pandemic.

\*: 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 declined year-on-year due to the impacts of reduced units in operations following the liquidation of a vending machine operator subsidiary and divestment of the cafe business in April 2022.

Core operating profit and operating profit both increased compared to the same period of the previous fiscal year, despite increased raw material costs. The effect of price revisions and structural reforms contributed to this year-on-year improvement.

- Revenue: ¥87.4 billion (down ¥2.1 billion, or 2.4% year on year)
- Core operating profit: ¥3.0 billion (up ¥2.2 billion, or 263.1% year on year )
- Operating profit: ¥3.4 billion (up ¥2.0 billion, or 152.3% year on year)

### **Food & Soft Drinks (Japan)**

Although demand in the on-trade market and vending machines has been impacted by the "life of coping with COVID-19" becoming more prevalent, overall domestic beverage demand is estimated to be around 99% that of the previous year because of the recovery following the easing of pandemic restrictions.

Meanwhile, while sales value for Kireto Lemon, the main brand in our priority Lemon business, was 111% year-on-

year, and 167% year-on-year for no-sugar-added tea made with selected domestic ingredients, which performed well and was primarily centered on corn tea, marking performance that was similar to last year due in part to price revisions. It was 87% year-on-year for soft drinks overall due to factors such as the reduction in operating units after the liquidation of a vending machine operator subsidiary.

### **Overseas Beverage**

Domestic sales value in Singapore was 105% year-on-year amid robust sales primarily in the off-trade channel, due in part to the impact of price revisions.

In addition, while demand slumped in Malaysia, a focus area, sales value was 109% year-on-year because we made progress with strengthening our sales structure.

### **Real Estate**

The office leasing market in the Greater Tokyo area has yet to see a recovery in occupancy rates and average rent levels—which declined during the COVID-19 pandemic—since the beginning of the year.

Revenue increased year-on-year mainly due to the effect of increased revenue from the opening of the remodeled Center Plaza at Yebisu Garden Place, a large multi-purpose complex, in November 2022.

Meanwhile, core operating profit and operating profit declined year-on-year, despite the effects of increased revenue. This was because of a declining office occupancy rate of Yebisu Garden Place caused by a downturn in market conditions and work to update the HVAC facilities of the office tower started in 2022.

- Revenue: ¥16.0 billion (up ¥0.7 billion, or 4.9% year on year)
- Core operating profit: ¥4.2 billion (down ¥0.7 billion, or 13.7% year on year)
- Operating profit: ¥4.0 billion (down ¥0.1 billion, or 3.5% year on year)

## (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, 2022	As of September 30, 2023	Change
Current assets	179,431	171,796	(7,635)
Non-current assets	459,687	485,441	25,754
Total assets	639,118	657,237	18,119
Current Liabilities	219,515	191,473	(28,042)
Non-current liabilities	252,402	284,730	32,328
Total liabilities	471,917	476,203	4,286
Total equity	167,201	181,034	13,833
Total liabilities and equity	639,118	657,237	18,119

At the end-Q3, assets increased by ¥18.1 billion to ¥657.2 billion relative to the previous fiscal year end, due to increases in fixed assets, the increase in other financial assets (non-current) from investments, and other factors which offset the decline in current assets due to the corporate income tax refund.

Consolidated total liabilities came to ¥476.2 billion, which was an increase of ¥4.3 billion as compared to the end of the previous fiscal year, because of the increase in corporate bonds and borrowings (non-current) resulting from a bond issuance, and an increase in other financial liabilities associated with capital expenditures, which offset the decline in corporate bonds and borrowings (current).

On the same comparative basis, capital increased by ¥13.8 billion to ¥181.0 billion. Although there was a decrease in retained earnings stemming from the payment of end-period dividends, there were increases in foreign currency translation adjustments on foreign operating entities and other capital components measured in fair value through other comprehensive income, as well as the posting of quarterly losses attributable to parent company owners.

### (3) Consolidated Cash Flows

At the end-Q3, cash and cash equivalents (hereinafter “cash” ) increased by ¥3.2 billion (21%) to ¥18.6 billion, relative to the previous consolidated fiscal year-end.

The components of Q3’ s cash flow categories were as follows.

(Millions of yen)

Category	As of September 30, 2022	As of September 30, 2023	Change
Cash flows from operating activities	13,956	38,173	24,578
Cash flows from investing activities	(42,041)	(15,221)	26,820
Free cash flow	(28,446)	22,952	51,398
Cash flows from financing activities	30,711	(19,944)	(50,656)
Effect of exchange rate change on cash and cash equivalents	(167)	198	365
Net increase (decrease) in cash and cash equivalents	2,099	3,205	1,107
Cash and cash equivalents at beginning of period	17,368	15,380	(1,988)
Cash and cash equivalents at end of period	19,467	18,585	(881)

#### (Cash flows from operating activities)

Operating activities provided net cash amounting to ¥38.2 billion (higher by ¥24.6 billion or 181% from the previous fiscal year). This was mainly attributable to a ¥1.9 billion increase in inventories, and payment of ¥1.7 billion in interest, which were decreasing factors, offset by depreciation and amortization of ¥15.4 billion, ¥8.6 billion in loss before income taxes, and a ¥7.3 billion decrease in trade and other receivables, which were increasing factors.

#### (Cash flows from investing activities)

Cash used in investing activities was ¥15.2 billion (lower by ¥26.8 billion year-on-year). Although there was income of ¥7.4 billion from the redemption of investment securities, the decline was due to outlays of ¥10.5 billion for acquisition of tangible fixed assets, outlays of ¥9.2 billion for the acquisition of investment securities, and ¥7.5 billion for acquisition of investment real estate.

#### (Cash flows from financing activities)

Cash used for financing activities was ¥19.9 billion (year-ago income of ¥30.7 billion). The main outflows were ¥21.5 billion in expenditures for repayment of long-term borrowings, ¥10.0 billion in expenditures for the redemption of corporate bonds, and a ¥8.7 billion decrease in short-term borrowings, which offset income of ¥20.0 billion from corporate bond issuance and ¥13.0 billion in proceeds from long-term borrowings.

#### (4) Consolidated Earnings Forecast

The consolidated earnings forecast for the full fiscal year to December 31, 2023, is revised as follows from the forecast announced by the Company on February 15, 2023, based on performance through the Q3 consolidated accounting period.

The following forecasts are based on judgments made in accordance with information available as of the date of publication of these materials and include potential risks and uncertainties. Actual results may differ from these forecasted figures due to a variety of factors.

##### Revision of consolidated performance forecast for the full fiscal year (Jan. 1, 2023 to Dec. 31, 2023)

	Revenue	Core operating profit	Operating profit	Profit	Profit attributable to owners of parent	Basic earnings per share (yen)
Previous forecast (A)	490,000	13,500	9,500	5,570	5,500	70.61
Current forecast (B)	510,000	16,500	12,000	7,000	7,000	89.86
Change (B-A)	20,000	3,000	2,500	1,430	1,500	—
Change (%)	4.1%	22.2%	26.3%	25.7%	27.3%	—
For reference: Results for the fiscal year ended December 31, 2022	478,422	9,312	10,106	5,515	5,450	69.96

Additionally, we established the Group Strategy Review Committee in September of this year, to discuss the formulation of Group strategy scenarios aimed at enhancing corporate value over the medium- to long-term, which is the aim of the Medium-Term Management Plan. This Committee is composed of outside experts in addition to company directors.

## 2. Consolidated Financial Statements

### (1) Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	15,380	18,585
Trade and other receivables	96,593	90,957
Inventories	47,525	51,031
Other financial assets	8,454	4,289
Other current assets	11,479	5,365
Subtotal	<u>179,431</u>	<u>170,228</u>
Assets held for sale	—	1,568
Total current assets	<u>179,431</u>	<u>171,796</u>
Non-current assets		
Property, plant and equipment	129,102	142,194
Investment property	209,628	210,130
Goodwill	33,783	36,095
Intangible assets	9,328	7,130
Investments accounted for using equity method	1,370	1,363
Other financial assets	68,616	78,253
Retirement benefit asset	1,353	4,488
Other non-current assets	3,938	3,372
Deferred tax assets	2,569	2,416
Total non-current assets	<u>459,687</u>	<u>485,441</u>
Total assets	<u><u>639,118</u></u>	<u><u>657,237</u></u>

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	35,730	37,134
Bonds and borrowings	86,524	53,363
Lease liabilities	3,825	3,793
Income taxes payable	890	978
Other financial liabilities	32,999	30,670
Provisions	7,485	10,550
Other current liabilities	52,060	54,985
Total current liabilities	<u>219,515</u>	<u>191,473</u>
Non-current liabilities		
Bonds and borrowings	155,369	175,940
Lease liabilities	17,478	19,010
Other financial liabilities	51,859	58,774
Retirement benefit liability	3,471	3,354
Provisions	1,941	1,922
Other non-current liabilities	278	301
Deferred tax liabilities	22,007	25,429
Total non-current liabilities	<u>252,402</u>	<u>284,730</u>
Total liabilities	471,917	476,203
Equity		
Share capital	53,887	53,887
Capital surplus	40,645	40,639
Treasury shares	(1,785)	(1,782)
Retained earnings	43,392	46,388
Other components of equity	30,171	40,977
Total equity attributable to owners of parent	<u>166,310</u>	<u>180,109</u>
Non-controlling interests	891	925
Total equity	<u>167,201</u>	<u>181,034</u>
Total liabilities and equity	<u><u>639,118</u></u>	<u><u>657,237</u></u>

## (2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Revenue	345,812	377,749
Cost of sales	244,946	262,812
Gross profit	100,866	114,937
Selling, general and administrative expenses	95,115	100,569
Other operating income	3,674	2,710
Other operating expenses	1,891	7,506
Operating profit	7,535	9,573
Finance income	2,611	1,344
Finance costs	1,222	2,368
Share of profit of investments accounted for using equity method	54	51
Profit before tax	8,978	8,600
Income tax expense	3,658	5,545
Profit	5,320	3,054
Profit attributable to		
Owners of parent	5,292	3,058
Non-controlling interests	28	(4)
Profit	5,320	3,054
Basic earnings per share	67.93	39.26
Diluted earnings per share	67.92	39.25

### (3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	5,320	3,054
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	2,271	4,886
Remeasurements of defined benefit plans	(1,405)	2,211
Total of items that will not be reclassified to profit or loss	866	7,097
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	7,857	6,965
Effective portion of cash flow hedges	26	11
Total of items that may be reclassified to profit or loss	7,883	6,976
Total other comprehensive income, net of tax	8,748	14,073
Comprehensive income	14,068	17,128
Comprehensive income attributable to		
Owners of parent	13,938	17,079
Non-controlling interests	130	49
Comprehensive income	14,068	17,128

#### (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	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total
Balance as of January 1, 2022	53,887	40,596	(1,785)	44,791	1,782	(15)	23,313	-	25,080
Profit				5,292					-
Other comprehensive income					7,755	26	2,271	(1,405)	8,646
Comprehensive income	-	-	-	5,292	7,755	26	2,271	(1,405)	8,646
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)			(274)	1,405	1,132
Total transactions with owners	-	7	0	(4,409)	-	-	(274)	1,405	1,132
Balance as of September 30, 2022	53,887	40,603	(1,784)	45,674	9,537	11	25,311	-	34,858

	Total	Non-controlling interests	Total
Balance as of January 1, 2022	162,570	757	163,327
Profit	5,292	28	5,320
Other comprehensive income	8,646	102	8,748
Comprehensive income	13,938	130	14,068
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	-	-	-
Total transactions with owners	(3,270)	(1)	(3,271)
Balance as of September 30, 2022	173,238	887	174,125

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity				
					Exchange difference on translation of foreign operations	Effective portion of cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total
Balance as of January 1, 2023	53,887	40,645	(1,785)	43,392	4,714	10	25,446	-	30,171
Profit				3,058					-
Other comprehensive income					6,912	11	4,886	2,211	14,021
Comprehensive income	-	-	-	3,058	6,912	11	4,886	2,211	14,021
Purchase of treasury shares			(5)						-
Disposal of treasury shares		0	8						-
Dividends				(3,277)					-
Share-based payment transactions		(6)							-
Transfer to retained earnings				3,215			(1,003)	(2,211)	(3,215)
Total transactions with owners	-	(6)	3	(62)	-	-	(1,003)	(2,211)	(3,215)
Balance as of September 30, 2023	53,887	40,639	(1,782)	46,388	11,627	21	29,328	-	40,977

	Total	Non-controlling interests	Total
Balance as of January 1, 2023	166,310	891	167,201
Profit	3,058	(4)	3,054
Other comprehensive income	14,021	52	14,073
Comprehensive income	17,079	49	17,128
Purchase of treasury shares	(5)	-	(5)
Disposal of treasury shares	8	-	8
Dividends	(3,277)	(15)	(3,292)
Share-based payment transactions	(6)	-	(6)
Transfer to retained earnings	-	-	-
Total transactions with owners	(3,280)	(15)	(3,294)
Balance as of September 30, 2023	180,109	925	181,034

## (5) Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Cash flows from operating activities		
Profit before tax	8,978	8,600
Depreciation and amortization	15,635	15,374
Impairment losses (reversal of impairment losses)	662	5,346
Interest and dividend income	(675)	(677)
Interest expenses	1,222	1,732
Share of loss (profit) of investments accounted for using equity method	(54)	(51)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	(989)	(599)
Decrease (increase) in trade and other receivables	11,671	7,343
Decrease (increase) in inventories	(3,849)	(1,881)
Increase (decrease) in trade and other payables	(757)	658
Increase (decrease) in accrued alcohol tax	(9,781)	1,693
Increase or decrease in retirement benefit asset or liability	(5,542)	(880)
Other	7,888	3,243
Subtotal	24,408	39,899
Interest and dividends received	701	744
Interest paid	(1,261)	(1,709)
Income taxes refund (paid)	(10,252)	(760)
Net cash provided by (used in) operating activities	13,596	38,173
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,293)	(10,530)
Proceeds from sale of property, plant and equipment	2,796	3,005
Purchase of investment property	(11,575)	(7,468)
Purchase of intangible assets	(1,064)	(1,561)
Purchase of investment securities	(4,183)	(9,217)
Proceeds from sale of investment securities	579	2,827
Proceeds from redemption of investment securities	—	7,420
Payments for acquisition of subsidiaries	(22,558)	—
Payments for loans receivable	(47)	(39)
Collection of loans receivable	67	17
Other	236	324
Net cash provided by (used in) investing activities	(42,041)	(15,221)

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	10,202	(8,724)
Net increase (decrease) in commercial papers	10,000	(6,000)
Proceeds from long-term borrowings	40,000	13,000
Repayments of long-term borrowings	(14,044)	(21,522)
Proceeds from issuance of bonds	—	20,000
Redemption of bonds	(10,026)	(10,000)
Dividends paid	(3,275)	(3,275)
Repayments of lease liabilities	(3,535)	(3,390)
Other	1,388	(34)
Net cash provided by (used in) financing activities	30,711	(19,944)
Effect of exchange rate changes on cash and cash equivalents	(167)	198
Net increase (decrease) in cash and cash equivalents	2,099	3,205
Cash and cash equivalents at beginning of period	17,368	15,380
Cash and cash equivalents	19,467	18,585

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