

**Financial Results**  
**for the three months ended March 31, 2022 — Consolidated**  
**(Based on IFRS)**

May 12, 2022

Company name **Sapporo Holdings Limited**

Security code 2501

Listed on Tokyo Stock Exchange (First Section); Sapporo Securities Exchange

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

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Scheduled dates:

Filing of quarterly financial report May 13, 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 three months ended March 31, 2022**  
**(January 1 – March 31, 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	%
Three months ended March 31, 2022	93,246	3.7	(6,400)	–	(4,508)	–	(3,990)	–
Three months ended March 31, 2021	89,894	(9.9)	(6,852)	–	(6,160)	–	(5,248)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	million yen	%	million yen	%	Yen	Yen
Three months ended March 31, 2022	(3,993)	–	58	–	(51.26)	(51.26)
Three months ended March 31, 2021	(5,199)	–	(615)	–	(66.75)	(66.75)

Note: Profit before tax

Three months ended March 31, 2022 (4,302) million yen

Three months ended March 31, 2021 (6,230) 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	%
Three months ended March 31, 2022	590,266	160,117	159,314	27.0
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	—				
Year ending December 31, 2022 (forecast)		0.00	—	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

\*Earnings forecasts for the six months ending June 30, 2022 are omitted because the company manages performance targets on a yearly basis.

#### **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):

March 31, 2022: 78,794,298 shares

December 31, 2021: 78,794,298 shares

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

March 31, 2022: 896,788 shares

December 31, 2021: 896,510 shares

3) Average number of outstanding shares during the period:

Three months ended March 31, 2022: 77,897,589 shares

Three months ended March 31, 2021: 77,897,031 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 8.

#### **Seasonal factors**

The Group's operating results are affected by substantial seasonal variation in demand in the Alcoholic Beverages and Food & Soft Drinks businesses. Revenues consequently tend to be lower in the first quarter than in the other three quarters.

# 1. Analysis of Operating Results and Financial Condition

## (1) Operating Results

In the first three months of 2022 (January 1 to March 31, 2022), the Group had been affected by the spread of the Covid-19 virus in Japan and overseas, but progress in supplemental vaccinations and relaxation of restrictions on business hours and customer numbers enabled year-on-year increases in Group commercial-use beer sales and the sales of beer halls and other dining-out establishments.

As a result, core operating profit and operating profit improved year-on-year, except for the real estate segment, as quarterly profit attributable to owners of parent also increased.

### 1) Summary in key figures (Q1)

	Revenue	Core operating profit	Operating profit	Profit attributable to owners of parent
	million yen	million yen	million yen	million yen
Year ended March 31, 2022	93,246	(6,400)	(4,508)	(3,993)
Year ended March 31, 2021	89,894	(6,852)	(6,160)	(5,199)
Change (%)	3.7	—	—	—

\*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.

### 2) Results by reportable segment (Q1)

Revenue	Revenue			Core operating profit			Operating profit		
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022	Change (%)	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022	Change (%)	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022	Change (%)
Alcoholic Beverages	56,635	60,551	6.9	(5,022)	(3,918)	—	(4,453)	(2,406)	—
Food & Soft Drinks	27,579	27,691	0.4	(1,089)	(1,017)	—	(1,028)	(402)	—
Real Estate	5,635	4,971	(11.8)	719	91	(87.4)	728	(159)	—
Others & Adjustment	45	33	(27.0)	(1,460)	(1,556)	—	(1,406)	(1,540)	—
Total	89,894	93,246	3.7	(6,852)	(6,400)	—	(6,160)	(4,508)	—

#### Seasonal factors

The Group's operating results are affected by substantial seasonal variation in demand in the Alcoholic Beverages and Food & Soft Drinks businesses. Revenues consequently tend to be lower in the first quarter than in the other three quarters.

#### Alcoholic Beverages Japan

The emergence of a Covid virus variant made for ongoing uncertainty in commercial-use market demand. But progress in additional vaccine inoculations and relaxation of restrictions on business hours and customer numbers enabled a gradual comeback in that market's sales, with the result that total domestic beer and beer-type beverages demand estimated to be around 101%

of the year-ago figure.

Given this situation, the Sapporo Group is continuously showing the appeal of beer and challenge new markets, and push ahead to create enthusiastic fans. Ahead of its forty-fifth anniversary, Sapporo Draft Beer Black Label saw a succession of renewals starting with the February production portion, with a view to yet further advancement in the taste of draft. And based on the Yebisu brand concept Color Your Time! More variegated fun with YEBISU Beer, limited edition sales began of Yebisu Premium White, with a taste and appeal suitable for spring/summer. In the new genre, Sapporo Mugi to Hop faced a difficult struggle, coming in at 80% of its year-ago level, while Sapporo Gold Star trended well, with a 109% comparison. As a result of the foregoing, commercial-purposed product selling volume increased but that of household use products was weak due to increased demand for home-drinking. The total beer and beer-type beverages selling volume comparison was thus 98%.

In low alcohol beer taste, Sapporo The Drafty was launched in September last year, and in the expanding non-alcohol market Sapporo LEMON'S FREE, a functional food promising relief from fatigue, came to market in March, challenging further new market development.

In the RTD\*1 category, sales of Sapporo Koime no Lemon Sour were strong, driving revenue significantly higher year-on-year.

In the domestic wine category, Grande Polaire showed healthy growth. In the imported wine category, Parra Jiménez rode the wave of expanding demand for organic products and saw steady growth. Further, three Marius by Michel Chapoutier items from the world-renowned French winemaker M. Chapoutier were brought to market in February, rounding out our lineup of simply pleasurable products.

In the imported spirits category, sales of Dewar's Scotch whisky were strong thanks in part to the expansion in the home-use market.

Our Japanese liquor business also posted a year-on-year increase in revenue with sustained solid sales of Kokuimo brand, Japan's best-selling\*2 blended imo shochu, as well as Koime no Lemon Sour no Moto.

### **Overseas**

Covid virus 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.

Despite the decrease in sales volume for overseas brand beers from the previous year due to strategic product changes by Sleeman Breweries, sales volume increased over the same period in the RTD category which we are focusing on. Sales of Sapporo brand beer remained strong thanks to the recovery of the commercial-use market with the removal of operating restrictions placed on restaurants in the United States, in addition to the success of strengthening efforts in the home-use market.

### **Restaurants**

The entire restaurant industry, including pub restaurants and izakaya, has been suffering substantial impacts from the COVID-19 pandemic. In the Group's dining-out/restaurant business as well, many establishments reduced their business hours during the semi-state of emergency, and even after lifting of the restrictions maintained their defensive postures.

Here restaurant menus and takeout/delivery products were reinforced and measures were taken to shift to low-cost operation configurations, with the result that sales increased year-on-year.

As a result of the above factors, revenue in the Alcoholic Beverages segment in the first quarter of 2022 came to ¥60.6 billion (up ¥3.9 billion, or 7% year-on-year), while the segment posted a core operating loss of ¥3.9 billion (compared with a loss of ¥5.0 billion in the first quarter of 2021) and an operating loss of ¥2.4 billion (compared with a loss of ¥4.5 billion a year earlier).

\*1: RTD, or ready-to-drink beverages, are pre-mixed, low-alcohol cocktail-like beverages that can be consumed as is immediately after opening.

\*2: Based on Intage SRI market research on combined blended imo shochu sales in the supermarket, convenience store, and direct sales channels from July 2020 through March 2022.

## Food & Soft Drinks

Although the Covid virus continued to have an impact, commercial use market and vending machine demand recovered on relaxation of restrictions, with total domestic beverage demand estimated to be around 102% of the year-ago figure.

In domestic beverages, two products in the Kireto Lemon Brand series were renewed and launched. Lemon beverages trended well, backed by heightened health consciousness. With major convenience store chains stocking it in all their stores, the lemon boom is on track to continue. In consequence, unprofitable vending machine selling volume declines were offset by increases in lemon beverages, so that overall beverage selling volume was flat year-on-year.

In the luxury or preferred item category, February saw the launch of the box type Jikkuri Kotokoto Ryokuoshoku Yasai Tokekomu Corn Potage and the canned Yasai no Jikkuri Kotokoto. With continuous consumption recommended for greater health value, demand is being expanded. In processed foods the mainstay Jikkuri Kotokoto series staged a comeback, with selling volume 110% of the prior year's.

Although Pokka Lemon has posted growth for five straight years and the 70ml bottle for entry level users remained strong, lemon food selling volume was lower year-on-year.

Keying off lemon product development expertise cultivated over many years, we launched in February the Sudachi Kaju 100% that uses only domestically grown citrus fruits, thereby challenging a new market.

Mounting consciousness about health and the planetary environment boosted soy milk and almond milk, but product reform sent the plant milk category's selling volume lower year-on-year.

Pokka Create Co., which operates the Cafe de Crie coffee shop chain, continued to be affected by the Covid virus on the cafe industry from the previous year, but sales revenue increased year-on-year due to the relaxation of various restrictions. All of the company's stock was transferred in April.

As a result of the above factors, revenue in the Food & Soft Drinks segment in the first quarter of 2022 came to ¥27.7 billion (up ¥0.1 billion, or 0% year-on-year), while the segment posted a core operating loss of ¥1.0 billion (compared with a loss of ¥1.1 billion in the first quarter of 2021) and an operating loss of ¥0.4 billion (compared with a loss of ¥1.0 billion a year earlier).

## Real Estate

The office leasing market in the Greater Tokyo area has seen occupancy rates and average rents remain flat since the beginning of the year.

In this market climate, the Real Estate business posted a year-on-year decline in revenue due to the sale of Ebisu First Square last year and other factors. In the large composite complex that is Yebisu Garden Place, this autumn will see progress in renovation of Center Plaza, but it was preceded by the opening on April 15 of the Foodies' Garden, a second basement floor for food and daily living sundries.

As a result of the above, revenue in the Real Estate segment in the current fiscal year totaled ¥5.0 billion (down ¥0.7 billion, or 12% year-on-year), while the segment posted a core operating profit of ¥0.1 billion (down ¥0.6 billion, or 87% year-on-year) and an operating loss of ¥0.2 billion (compared with a profit of ¥0.7 billion a year earlier).

## (2) Consolidated Financial Condition

As of the end of this Q1 consolidated accounting period, the following were the operative factors in the condition of assets, liabilities and equity.

(Millions of yen)

Category	As of December 31, 2021	As of March 31, 2022	Change
Current assets	167,806	155,825	(11,981)
Non-current assets	426,745	434,441	7,696
Total assets	594,551	590,266	(4,285)
Current Liabilities	210,535	201,266	(9,270)
Non-current liabilities	220,688	228,883	8,194
Total liabilities	431,224	430,148	(1,075)
Total equity	163,327	160,117	(3,210)
Total liabilities and equity	594,551	590,266	(4,285)

In end-Q1, cash and cash equivalents and other retirement benefit assets increased, but consolidated assets declined by ¥4.3 billion to ¥590.3 billion relative to the previous fiscal year-end, due to lower trade and other receivables and other non-current financial assets.

On the same comparative basis, consolidated total liabilities declined by ¥1.1 billion to ¥430.1 billion. Although current bonds and borrowings and retirement benefit liability were higher, declines were posted in other current liabilities, income taxes payable, and trade and other payables.

On the same comparative basis, consolidated total equity declined by ¥3.2 billion to ¥160.1 billion. Although other components of equity recorded increases, the decline stemmed from posting of quarterly losses attributable to owners of parent and the payment of year-end dividends.

### (3) Consolidated Cash Flows

At end-Q1, cash and cash equivalents (hereinafter “cash”) increased by ¥8.4 billion (48%) to ¥25.7 billion, relative to the previous consolidated fiscal year-end.

The components of Q1’s cash flow categories were as follows.

(Millions of yen)

Category	As of March 31, 2021	As of March 31, 2022	Change
Cash flows from operating activities	2,086	(801)	(2,888)
Cash flows from investing activities	(5,428)	(3,599)	1,830
Free cash flow	(3,342)	(4,400)	(1,058)
Cash flows from financing activities	1,346	11,613	10,266
Effect of exchange rate change on cash and cash equivalents	1,363	1,481	118
Net increase (decrease) in cash and cash equivalents	(632)	8,694	9,326
Cash and cash equivalents at beginning of period	19,734	17,368	(2,366)
Cash and cash equivalents included in assets of disposal groups classified as holdings for sale	—	(340)	(340)
Cash and cash equivalents at end of period	19,101	25,722	6,621

#### (Cash flows from operating activities)

Cash used for operating activities was ¥800 million (year-ago revenue of ¥2.1 billion). A positive factor was a decline in trade and other receivables, but the lower figure derived from lower accrued alcohol tax of ¥14.6 billion, income taxes refund (paid) of ¥5.0 billion, loss before tax of ¥4.3 billion, increase or decrease in retirement benefit asset or liability of ¥4.2 billion, and lower trade and other payables of ¥2.5 billion.

#### (Cash flows from investing activities)

Cash used in investing activities was ¥3.6 billion (lower by ¥1.8 billion year-on-year). Although there was proceeds from sale of property, plant and equipment of ¥2.7 billion, the decline was due to purchase of investment property of ¥3.5 billion and purchase of property, plant and equipment of ¥1.4 billion.

#### (Cash flows from financing activities)

Cash provided by financial activities was ¥11.6 billion (higher by ¥10.3 billion year-on-year). Although ¥5.0 billion was expended for repayment of long-term borrowings, commercial papers increased by ¥15.0 billion.

### (4) 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.



## 2. Consolidated Financial Statements

### (1) Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2021	March 31, 2022
<b>Assets</b>		
Current assets		
Cash and cash equivalents	17,368	25,722
Trade and other receivables	91,530	64,241
Inventories	39,178	41,990
Other financial assets	3,985	7,623
Other current assets	5,627	8,092
Subtotal	<u>157,687</u>	<u>147,668</u>
Assets held for sale	<u>10,119</u>	<u>8,157</u>
Total current assets	<u>167,806</u>	<u>155,825</u>
Non-current assets		
Property, plant and equipment	120,624	120,452
Investment property	203,224	204,694
Goodwill	19,176	19,479
Intangible assets	7,893	8,028
Investments accounted for using equity method	1,345	1,336
Other financial assets	65,650	64,492
Retirement benefit asset	—	7,396
Other non-current assets	4,682	4,429
Deferred tax assets	4,151	4,134
Total non-current assets	<u>426,745</u>	<u>434,441</u>
Total assets	<u><u>594,551</u></u>	<u><u>590,266</u></u>

(Millions of yen)

	December 31, 2021	March 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	33,228	31,406
Bonds and borrowings	61,163	73,797
Lease liabilities	4,712	4,769
Income taxes payable	5,577	573
Other financial liabilities	37,575	39,526
Provisions	7,704	9,352
Other current liabilities	54,458	36,257
Subtotal	<u>204,418</u>	<u>195,680</u>
Liabilities directly associated with assets held for sale	6,118	5,585
Total current liabilities	<u>210,535</u>	<u>201,266</u>
Non-current liabilities		
Bonds and borrowings	136,936	139,422
Lease liabilities	17,257	17,120
Other financial liabilities	44,376	46,355
Retirement benefit liability	318	4,253
Provisions	2,078	1,828
Other non-current liabilities	139	122
Deferred tax liabilities	19,585	19,782
Total non-current liabilities	<u>220,688</u>	<u>228,883</u>
Total liabilities	<u>431,224</u>	<u>430,148</u>
Equity		
Share capital	53,887	53,887
Capital surplus	40,596	40,606
Treasury shares	(1,785)	(1,785)
Retained earnings	44,791	37,463
Other components of equity	25,080	29,143
Total equity attributable to owners of parent	<u>162,570</u>	<u>159,314</u>
Non-controlling interests	757	803
Total equity	<u>163,327</u>	<u>160,117</u>
Total liabilities and equity	<u><u>594,551</u></u>	<u><u>590,266</u></u>

## (2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Revenue	89,894	93,246
Cost of sales	65,617	68,279
Gross profit	24,277	24,967
Selling, general and administrative expenses	31,128	31,368
Other operating income	1,299	2,517
Other operating expenses	607	624
Operating loss	(6,160)	(4,508)
Finance income	376	556
Finance costs	449	369
Share of profit of investments accounted for using equity method	3	19
Loss before tax	(6,230)	(4,302)
Income tax expense	(982)	(312)
Loss	(5,248)	(3,990)
Loss attributable to		
Owners of parent	(5,199)	(3,993)
Non-controlling interests	(49)	3
Loss	(5,248)	(3,990)
Basic loss per share	(66.75)	(51.26)
Diluted loss per share	(66.75)	(51.26)

## (3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Loss	(5,248)	(3,990)
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	1,813	1,468
Remeasurements of defined benefit plans	218	(333)
Total of items that will not be reclassified to profit or loss	2,031	1,135
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,585	2,888
Effective portion of cash flow hedges	17	24
Total of items that may be reclassified to profit or loss	2,602	2,912
Total other comprehensive income, net of tax	4,633	4,047
Comprehensive income	(615)	58
Comprehensive income attributable to		
Owners of parent	(597)	12
Non-controlling interests	(19)	46
Comprehensive income	(615)	58

#### (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)
Loss				(5,199)		
Other comprehensive income					2,554	17
Comprehensive income	-	-	-	(5,199)	2,554	17
Purchase of treasury shares			(1)			
Dividends				(3,277)		
Share-based remuneration transactions		(17)				
Transfer from other components of equity to retained earnings				426		
Total transactions with owners	-	(17)	(1)	(2,851)	-	-
Balance as of March 31, 2021	53,887	40,837	(1,789)	25,408	748	(22)

	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
Loss			-	(5,199)	(49)	(5,248)
Other comprehensive income	1,813	218	4,603	4,603	30	4,633
Comprehensive income	1,813	218	4,603	(597)	(19)	(615)
Purchase of treasury shares			-	(1)	-	(1)
Dividends			-	(3,277)	-	(3,277)
Share-based remuneration transactions				(17)		(17)
Transfer from other components of equity to retained earnings	(208)	(218)	(426)	-	-	-
Total transactions with owners	(208)	(218)	(426)	(3,295)	-	(3,295)
Balance as of March 31, 2021	26,820	-	27,546	145,889	(249)	145,640

(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)
Loss				(3,993)		
Other comprehensive income					2,845	24
Comprehensive income	-	-	-	(3,993)	2,845	24
Purchase of treasury shares			(1)			
Disposal of treasury shares		0	0			
Dividends				(3,277)		
Share-based payment transactions		10				
Transfer to retained earnings				(59)		
Total transactions with owners	-	10	(1)	(3,336)	-	-
Balance as of March 31, 2022	53,887	40,606	(1,785)	37,463	4,627	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, 2022	23,313	-	25,080	162,570	757	163,327
Loss			-	(3,993)	3	(3,990)
Other comprehensive income	1,468	(333)	4,004	4,004	43	4,047
Comprehensive income	1,468	(333)	4,004	12	46	58
Purchase of treasury shares			-	(1)	-	(1)
Disposal of treasury shares			-	0	-	0
Dividends			-	(3,277)	-	(3,277)
Share-based payment transactions			-	10	-	10
Transfer to retained earnings	(274)	333	59	-	-	-
Total transactions with owners	(274)	333	59	(3,268)	-	(3,268)
Balance as of March 31, 2022	24,507	-	29,143	159,314	803	160,117

## (5) Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
<b>Cash flows from operating activities</b>		
Loss before tax	(6,230)	(4,302)
Depreciation and amortization	5,662	5,168
Impairment losses	250	248
Interest and dividend income	(125)	(202)
Interest expenses	447	367
Share of loss (profit) of investments accounted for using equity method	(3)	(19)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	(827)	(1,245)
Decrease (increase) in trade and other receivables	24,222	28,438
Decrease (increase) in inventories	(3,174)	(1,989)
Increase (decrease) in trade and other payables	(1,797)	(2,505)
Increase (decrease) in accrued alcohol tax	(11,911)	(14,603)
Increase or decrease in retirement benefit asset or liability	(328)	(4,153)
Other	1,552	(822)
Subtotal	7,738	4,383
Interest and dividends received	165	252
Interest paid	(508)	(459)
Income taxes refund (paid)	(5,308)	(4,977)
Net cash provided by (used in) operating activities	2,086	(801)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,312)	(1,391)
Proceeds from sale of property, plant and equipment	1,310	2,704
Purchase of investment property	(3,091)	(3,543)
Purchase of intangible assets	(381)	(434)
Purchase of investment securities	(2)	(1,225)
Proceeds from sale of investment securities	1,226	566
Payments for investments in capital	(1,300)	—
Purchase of investments in associates	(900)	—
Payments for loans receivable	(20)	(24)
Collection of loans receivable	25	25
Other	16	(278)
Net cash provided by (used in) investing activities	(5,428)	(3,599)

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	480	2,340
Net increase (decrease) in commercial papers	16,000	15,000
Proceeds from long-term borrowings	4,000	2,500
Repayments of long-term borrowings	(4,457)	(5,018)
Redemption of bonds	(10,007)	(26)
Dividends paid	(3,140)	(3,117)
Repayments of lease liabilities	(1,529)	(1,493)
Other	(1)	1,427
Net cash provided by (used in) financing activities	1,346	11,613
Effect of exchange rate changes on cash and cash equivalents	1,363	1,481
Net increase (decrease) in cash and cash equivalents	(632)	8,694
Cash and cash equivalents at beginning of period	19,734	17,368
Cash and cash equivalents included in assets of disposal groups classified as held for sale	—	(340)
Cash and cash equivalents at end of period	19,101	25,722



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