

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

August 10, 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 August 12, 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 six months ended June 30, 2022
(January 1 – June 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	%
Six months ended June 30, 2022	213,788	7.1	(2,155)	-	(241)	-	(375)	-
Six months ended June 30, 2021	199,706	(0.1)	(3,461)	-	(19,102)	-	(12,279)	-

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	million yen	%	million yen	%	Yen	Yen
Six months ended June 30, 2022	(386)	-	6,339	(59.4)	(4.96)	(4.96)
Six months ended June 30, 2021	12,341	-	15,600	-	(158.42)	153.49

Note: Profit before tax

Six months ended June 30, 2022 758 million yen

Six months ended June 30, 2021 19,052 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	%
Six months ended June 30, 2022	591,493	166,397	165,533	28.0
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	—	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: 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):

June 30, 2022: 78,794,298 shares

December 31, 2021: 78,794,298 shares

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

June 30, 2022: 896,098 shares

December 31, 2021: 896,510 shares

3) Average number of outstanding shares during the period:

Six months ended June 30, 2022: 77,897,619 shares

Six months ended June 30, 2021: 77,897,957 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.

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 six months of 2022 (January 1 to June 30, 2022), the Group had been affected by the spread of the COVID-19 virus in Japan and overseas since the beginning of the year. However, with the rescinding of quasi-emergency measures in March, the relaxation of restrictions on business hours and customer numbers enabled 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.

Despite this, core operating profit improved from the same period of the previous year. Operating profit and quarterly profit attributable to owners of parent decreased compared to the same period last year due to the sale of investment properties in the same period last year.

1) Summary in key figures (Q2)

Millions of yen, except percentages

	Revenue	Core operating profit	Operating profit	Profit attributable to owners of parent
Six months ended June 30, 2022	213,788	(2,155)	(241)	(386)
Six months ended June 30, 2021	199,706	(3,461)	19,102	12,341
Change (%)	7.1	—	—	—

*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 (Q2)

Millions of yen, except percentages

Revenue	Revenue			Core operating profit			Operating profit		
	Six months ended June. 30, 2021	Six months ended June. 30, 2022	Change (%)	Six months ended June. 30, 2021	Six months ended June. 30, 2022	Change (%)	Six months ended June. 30, 2021	Six months ended June. 30, 2022	Change (%)
Alcoholic Beverages	130,548	146,149	12.0	(2,940)	(487)	—	(2,777)	1,190	—
Food & Soft Drinks	57,957	57,504	(0.8)	(1,122)	(779)	—	(964)	(292)	—
Real Estate	11,116	10,069	(9.4)	3,791	2,572	(32.2)	26,027	2,253	(91.3)
Others & Adjustment	85	67	(21.6)	(3,191)	(3,462)	—	(3,184)	(3,392)	—
Total	199,706	213,788	7.1	(3,461)	(2,155)	—	19,102	(241)	—

Seasonal factors

The Group's operating results are affected by substantial seasonal variation in demand in the Alcoholic Beverages and Food & Soft Drinks businesses. As such, revenues consequently tend to be lower in the first fiscal quarter, which is included in the second quarter cumulatively period, than in other quarters.

Alcoholic Beverages

Japan

COVID-19 made for ongoing uncertainty in on-trade market demand. However, with the rescinding of quasi-emergency measures, the relaxation of restrictions on business hours, customer numbers, etc. in March enabled a gradual comeback in that market's sales. The resulting demand for domestic beer and beer-type beverages is estimated to be around 103% of that of the previous year.

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, a renewed version of Sapporo Draft Beer Black Label was released, with a view to yet further advancement in the taste of draft. This, combined with a recovery in on-trade beer sales, led to a favorable trend, with sales at 112% those of the previous year. Further, 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 81% of its year-ago level, while Sapporo Gold Star trended well, with a 105% comparison.

As a result of the above, total sales of beer and beer-type beverages stood at 103% of the previous year's level thanks to an increase in sales volume of on-trade products while the growth in sales of household use products due to increased demand for home-drinking slowed.

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 higher year-on-year. In May, we launched two products under the Sapporo Mitsuboshi Grapefruit Sour brand, a brand specializing in grapefruit sours that thoroughly pursues the great inherent taste of grapefruit. These two products have been well received.

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 off-trade market.

Our Japanese liquor business also posted a year-on-year increase in sales volume 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 on-trade market with the removal of operating restrictions placed on restaurants in the United States, in addition to the success of strengthening efforts in the off-trade market.

Restaurants

The entire restaurant industry, including pub restaurants and izakaya, has been suffering impacts from the COVID-19 pandemic. However, the Group's dining-out/restaurant business has started to recover, albeit gradually, with the rescinding of quasi-emergency measures in March and the lifting of various restrictions.

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 second quarter of 2022 came to ¥146.1 billion (up ¥15.6 billion, or 12% year on year), while the segment posted a core operating loss of ¥0.5 billion (compared with a loss of ¥2.9 billion in the second quarter of 2021) and an operating profit of ¥1.2 billion (compared with a loss of ¥2.8 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, on-trade market and vending machine demand recovered on relaxation of restrictions, with total domestic beverage demand estimated to be around 103% of the year-ago figure.

In domestic beverages, while lemon beverages trended well, backed by heightened health consciousness, the decreased selling volume due to the reduction of unprofitable vending machine resulted in overall beverage selling volume being slight down year-on-year.

In processed foods, the mainstay “Jikkuri Kotokoto” series saw strong sales in the box type, as growth in the canned “Yasai no Jikkuri Kotokoto,” reflecting sales volume at 108% year-over-year.

Among lemon-based products, overall lemon food selling volume was lower year-on-year due to a backlash from previous demand driven by people staying at home because of the COVID-19 pandemic. We will focus on awareness-raising and nutrition education activities to better communicate the health value of lemons to customers.

Mounting consciousness about health and the planetary environment delivered strong results of soy milk and almond milk, but product mix reform sent the plant milk category’s selling volume lower year-on-year.

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, for the “expansion of the food domain.”

As a result of the above factors, revenue in the Food & Soft Drinks segment in the second quarter of 2022 came to ¥57.5 billion (down ¥0.5 billion, or 1% year on year), while the segment posted a core operating loss of ¥0.8 billion (compared with a loss of ¥1.1 billion in the second quarter of 2021) and an operating loss of ¥0.3 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 trending downwards since the beginning of the year.

In this market climate, the Real Estate business posted a year-on-year decline in revenue, core operating profit, and operating profit due to the sale of Ebisu First Square in June 2021 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 in April of the Foodies’ Garden, a second basement floor for food and daily living sundries. The business performance has been favorable.

As a result of the above, revenue in the Real Estate segment in the current fiscal year totaled ¥10.1 billion (down ¥1.0 billion, or 9% year on year), while the segment posted a core operating profit of ¥2.6 billion (down ¥1.2 billion, or 32% year on year) and an operating profit of ¥2.3 billion (down ¥23.8 billion, or 91% year on year).

(2) Consolidated Financial Condition

As of the end of this Q2 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 June 30, 2022	Change
Current assets	167,806	155,414	(12,392)
Non-current assets	426,745	436,080	9,335
Total assets	594,551	591,493	(3,058)
Current Liabilities	210,535	196,030	(14,506)
Non-current liabilities	220,688	229,067	8,379
Total liabilities	431,224	425,097	(6,127)
Total equity	163,327	166,397	3,069
Total liabilities and equity	594,551	591,493	(3,058)

In end-Q2, assets declined by ¥3.1 billion to ¥591.5 billion relative to the previous fiscal year-end despite an increase in assets related to retirement benefits, inventories, etc. due mainly to a decrease in trade and other receivables and assets held for sale, etc.

On the same comparative basis, consolidated liabilities declined by ¥6.1 billion to ¥425.1 billion despite factors such as an increase in current bonds and borrowings and trade and other payables due mainly to a decrease in other current liabilities and liabilities directly associated with assets held for sale.

On the same comparative basis, consolidated total equity increased by ¥3.1 billion to ¥166.4 billion despite a posting of quarterly losses attributable to owners of parent and the payment of year-end dividends due to an increase in other components of equity.

(3) Consolidated Cash Flows

At end-Q2, cash and cash equivalents (hereinafter “cash”) increased by ¥9.0 billion (5%) to ¥18.2 billion, relative to the previous consolidated fiscal year-end.

The components of Q2’s cash flow categories were as follows.

(Millions of yen)

Category	As of June 30, 2021	As of June 30, 2022	Change
Cash flows from operating activities	12,834	5,499	(7,334)
Cash flows from investing activities	22,637	(10,501)	(33,137)
Free cash flow	35,470	(5,001)	(40,471)
Cash flows from financing activities	(43,850)	3,462	47,312
Effect of exchange rate change on cash and cash equivalents	1,282	2,393	1,111
Net increase (decrease) in cash and cash equivalents	(7,098)	854	7,952
Cash and cash equivalents at beginning of period	19,734	17,368	(2,366)
Cash and cash equivalents at end of period	12,636	18,222	5,586

(Cash flows from operating activities)

Operating activities provided net cash amounting to ¥5.5 billion (lower by ¥7.3 billion or 57% from the previous fiscal year). This was mainly due to the positive factors of a ¥16.5 billion decrease in trade and other receivables and ¥10.4 billion in depreciation and amortization, which offset negative factors of a ¥11.1 billion decrease in accrued alcohol tax, a ¥7.5 billion payment of Income tax expense, and a ¥5.3 billion increase or decrease in retirement benefit asset or liability.

(Cash flows from investing activities)

Cash used in investing activities was ¥10.5 billion (compared to ¥22.6 provided in the previous fiscal 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 ¥6.6 billion and purchase of property, plant and equipment of ¥4.5 billion.

(Cash flows from financing activities)

Cash provided by financial activities was ¥3.5 billion (compared to ¥43.8 used in the previous fiscal year). The main outflows were ¥11 billion for repayment of long-term borrowings and ¥10 billion for redemption of bonds, which outweighed a ¥18 billion increase of commercial papers and ¥6.5 billion in proceeds from 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]

In our Group Management Plan 2024 (2020-2024), the Group has set forth four basic policies; “Concentration and strengthening of core business,” “Acceleration of global expansion,” “Establishment of a simple and compact corporate structure,” and “Promotion of sustainability management.” As we promote business selection and concentration and advance our growth strategy, we are working to sort out the issues of businesses including the domestic beverage business and our cafe business. We have made a series of efforts aimed at the next stage of growth, including the decision to acquire a U.S. craft brewery as a subsidiary announced in June.

However, changes to the business environment, including the spread of COVID-19, are intensifying. Although we have seen some results in the execution of our strategy, the speed and thoroughness of our efforts have not been sufficient. As such, we cannot be optimistic about the outlook for the future.

Therefore, in order to adapt to this highly uncertain environment and to solidify our growth strategy, which includes global expansion, while further emphasizing capital efficiency, we are now developing a new four-year management plan for the period from 2023 to 2026. More details will be announced later this year.

2. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2021	June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	17,368	18,222
Trade and other receivables	91,530	77,353
Inventories	39,178	44,573
Other financial assets	3,985	7,192
Other current assets	5,627	8,073
Subtotal	157,687	155,414
Assets held for sale	10,119	—
Total current assets	167,806	155,414
Non-current assets		
Property, plant and equipment	120,624	122,198
Investment property	203,224	204,322
Goodwill	19,176	19,787
Intangible assets	7,893	8,005
Investments accounted for using equity method	1,345	1,334
Other financial assets	65,650	66,213
Retirement benefit asset	—	6,293
Other non-current assets	4,682	4,123
Deferred tax assets	4,151	3,805
Total non-current assets	426,745	436,080
Total assets	594,551	591,493

(Millions of yen)

	December 31, 2021	June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	33,228	37,594
Bonds and borrowings	61,163	68,373
Lease liabilities	4,712	4,310
Income taxes payable	5,577	1,086
Other financial liabilities	37,575	37,853
Provisions	7,704	7,223
Other current liabilities	54,458	39,591
Subtotal	204,418	196,030
Liabilities directly associated with assets held for sale	6,118	—
Total current liabilities	210,535	196,030
Non-current liabilities		
Bonds and borrowings	136,936	138,425
Lease liabilities	17,257	16,908
Other financial liabilities	44,376	47,336
Retirement benefit liability	318	4,248
Provisions	2,078	1,886
Other non-current liabilities	139	117
Deferred tax liabilities	19,585	20,147
Total non-current liabilities	220,688	229,067
Total liabilities	431,224	425,097
Equity		
Share capital	53,887	53,887
Capital surplus	40,596	40,603
Treasury shares	(1,785)	(1,783)
Retained earnings	44,791	40,285
Other components of equity	25,080	32,541
Total equity attributable to owners of parent	162,570	165,533
Non-controlling interests	757	864
Total equity	163,327	166,397
Total liabilities and equity	594,551	591,493

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Revenue	199,706	213,788
Cost of sales	140,589	152,145
Gross profit	59,118	61,643
Selling, general and administrative expenses	62,578	63,798
Other operating income	24,468	3,113
Other operating expenses	1,905	1,200
Operating profit (loss)	19,102	(241)
Finance income	788	1,721
Finance costs	850	759
Share of profit of investments accounted for using equity method	11	38
Loss before tax	19,052	758
Income tax expense	6,773	1,133
Profit (loss)	12,279	(375)
Profit (loss) attributable to		
Owners of parent	12,341	(386)
Non-controlling interests	(62)	11
Profit (loss)	12,279	(375)
Basic profit (loss) per share	158.42	(4.96)
Diluted profit (loss) per share	153.49	(4.96)

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit (loss)	12,279	(375)
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	(966)	1,569
Remeasurements of defined benefit plans	1,345	(1,117)
Total of items that will not be reclassified to profit or loss	379	452
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,917	6,229
Effective portion of cash flow hedges	25	33
Total of items that may be reclassified to profit or loss	2,942	6,262
Total other comprehensive income, net of tax	3,321	6,714
Comprehensive income	15,600	6,339
Comprehensive income attributable to		
Owners of parent	15,633	6,232
Non-controlling interests	(33)	107
Comprehensive income	15,600	6,339

(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(loss)				12,341		
Other comprehensive income					2,888	25
Comprehensive income	-	-	-	12,341	2,888	25
Purchase of treasury shares			(3)			
Disposal of treasury shares		0	8			
Dividends				(3,277)		
Share-based remuneration transactions		(24)				
Transfer to retained earnings				903		
Other		(182)		182		
Total transactions with owners	-	(207)	5	(2,192)	-	-
Balance as of June 30, 2021	53,887	40,647	(1,782)	43,607	1,082	(15)

	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(loss)			-	12,341	(62)	12,279
Other comprehensive income	(966)	1,345	3,292	3,292	29	3,321
Comprehensive income	(966)	1,345	3,292	15,633	(33)	15,600
Purchase of treasury shares			-	(3)	-	(3)
Disposal of treasury shares			-	8	-	8
Dividends			-	(3,277)	(1)	(3,278)
Share-based remuneration transactions			-	(24)	-	(24)
Transfer to retained earnings	(548)	(1,345)	(1,893)	(990)	990	-
Other			-	-	-	-
Total transactions with owners	(548)	(1,345)	(1,893)	(4,286)	989	(3,298)
Balance as of June 30, 2021	23,701	-	24,769	161,127	726	161,853

(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(loss)				(386)		
Other comprehensive income					6,133	33
Comprehensive income	-	-	-	(386)	6,133	33
Purchase of treasury shares			(2)			
Disposal of treasury shares		0	3			
Dividends				(3,277)		
Share-based payment transactions		7				
Transfer to retained earnings				(843)		
Total transactions with owners	-	7	1	(4,120)	-	-
Balance as of June 30, 2022	53,887	40,603	(1,783)	40,285	7,915	18

	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(loss)			-	(386)	11	(375)
Other comprehensive income	1,569	(1,117)	6,618	6,618	96	6,714
Comprehensive income	1,569	(1,117)	6,618	6,232	107	6,339
Purchase of treasury shares			-	(2)	-	(2)
Disposal of treasury shares			-	3	-	3
Dividends			-	(3,277)	(1)	(3,278)
Share-based payment transactions			-	7	-	7
Transfer to retained earnings	(274)	1,117	843	-	-	-
Total transactions with owners	(274)	1,117	843	(3,269)	(1)	(3,270)
Balance as of June 30, 2022	24,608	-	32,541	165,533	864	166,397

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before tax	19,052	758
Depreciation and amortization	11,447	10,359
Impairment losses	378	403
Interest and dividend income	(482)	(600)
Interest expenses	847	754
Share of loss (profit) of investments accounted for using equity method	(11)	(38)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	(23,027)	(1,232)
Decrease (increase) in trade and other receivables	15,637	16,542
Decrease (increase) in inventories	(4,096)	(3,653)
Increase (decrease) in trade and other payables	543	2,946
Increase (decrease) in accrued alcohol tax	(11,098)	(11,099)
Increase or decrease in retirement benefit asset or liability	(254)	(5,265)
Other	3,587	3,251
Subtotal	12,522	13,126
Interest and dividends received	503	636
Interest paid	(783)	(731)
Income taxes refund (paid)	591	(7,531)
Net cash provided by (used in) operating activities	12,834	5,499
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,339)	(4,483)
Proceeds from sale of property, plant and equipment	1,366	2,738
Purchase of investment property	(4,142)	(6,591)
Proceeds from sale of investment property	33,908	—
Purchase of intangible assets	(694)	(673)
Purchase of investment securities	(6)	(2,819)
Proceeds from sale of investment securities	2,074	576
Payments for acquisition of subsidiaries	(2,652)	—
Payments for investments in capital	(1,300)	—
Purchase of investments in associates	(900)	—
Payments for loans receivable	(30)	(36)
Collection of loans receivable	48	46
Other	304	742
Net cash provided by (used in) investing activities	22,637	(10,501)

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(958)	4,247
Net increase (decrease) in commercial papers	(6,000)	18,000
Proceeds from long-term borrowings	4,000	6,500
Repayments of long-term borrowings	(4,483)	(11,041)
Redemption of bonds	(30,007)	(10,026)
Dividends paid	(3,271)	(3,272)
Repayments of lease liabilities	(3,136)	(2,416)
Other	5	1,470
Net cash provided by (used in) financing activities	(43,850)	3,462
Effect of exchange rate changes on cash and cash equivalents	1,282	2,393
Net increase (decrease) in cash and cash equivalents	(7,098)	854
Cash and cash equivalents at beginning of period	19,734	17,368
Cash and cash equivalents at end of period	12,636	18,222

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