

Flash Report for the Year Ended March 31, 2023

(based on Japan GAAP) (on a consolidated basis)

May 11, 2023

Name of the listed company: Fuji Seal International, Inc.

Code No.: 7864 Stock exchange: Tokyo

URL: <http://www.fujiseal.com>

Representative: Shigeko Okazaki, President and CEO

Contact: Akikazu Yada, Executive Officer in charge of Finance, CFO TEL 06-6350-1080

Scheduled date of annual shareholders' meeting: June 22, 2023

Scheduled date for submission of the Securities Report: June 22, 2023

Scheduled date for initiation of dividend payments: June 5, 2023

Prepared supplementary presentation material: Yes

Held results briefing: Yes (for securities analysts and institutional investors)

* All amounts are rounded down to the nearest million yen.

1. Consolidated Results for the Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Operating results (¥ million) (%: year on year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Year ended March 31, 2023	¥ 184,035	8.1%	¥8,194	(22.5)%	¥8,426	(20.5)%	¥6,869	12.3%
Year ended March 31, 2022	170,321	4.1	10,572	(14.9)	10,600	(12.4)	6,117	(27.0)%

Note: Comprehensive income

Year ended March 31, 2023: ¥12,966 million [41.2%]

Year ended March 31, 2022: ¥9,180 million [12.5%]

	Earnings per share (¥)		Return on equity	Ordinary income to total assets	Operating income to net sales
	Basic	Diluted			
Year ended March 31, 2023	¥125.43	¥ —	6.0%	4.9%	4.5%
Year ended March 31, 2022	111.70	—	5.8	6.5	6.2

Reference: Equity in earnings of affiliates

Year ended March 31, 2023: ¥ — million

Year ended March 31, 2022: ¥ — million

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of March 31, 2023	¥180,004	¥120,571	67.0%	¥2,201.40
As of March 31, 2022	164,646	109,492	66.5	1,999.85

Reference: Owners' equity

As of March 31, 2023: ¥120,571 million

As of March 31, 2022: ¥109,492 million

(3) Cash flows (¥ million)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Year ended March 31, 2023	¥8,269	¥ (11,014)	¥ (5,793)	¥17,347
Year ended March 31, 2022	14,021	(7,804)	(4,834)	24,105

2. Dividends

	Cash dividends per share (¥)					Total dividends (full term) (¥ million)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Quarter-end			Year-end	Annual			
	1st	2nd	3rd					
Year ended March 31, 2022	—	¥17.00	—	¥18.00	¥35.00	¥1,916	31.3%	1.8%
Year ended March 31, 2023	—	17.00	—	18.00	35.00	1,916	27.9	1.7
Year ending March 31, 2024 (forecast)	—	17.00	—	18.00	35.00		30.9	

3. Business Performance Forecasts for the Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)
(¥ million) (%: year on year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share (¥)
Full term	¥191,000	3.8%	¥10,600	29.4%	¥10,300	22.2%	¥6,200	(9.7)%	¥113.20

4. Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
New:-(Company name:-) Excluded:-(Company name:- PT. Fuji Seal Packaging Indonesia)

(2) Changes in accounting policies and changes or restatement of accounting estimates
1. Changes in accounting policies due to revisions to accounting standards, etc.: Yes
2. Changes in accounting policies other than 1.: Yes
3. Changes in accounting estimates: Yes
4. Restatement: None

(3) Number of ordinary shares issued at the end of the year

1. Number of shares outstanding at the end of the period (including treasury stock)	As of March 31, 2023	60,161,956 Shares	As of March 31, 2022	60,161,956 Shares
2. Number of treasury stock at the end of the period	As of March 31, 2023	5,391,436 Shares	As of March 31, 2022	5,411,891 Shares
3. Average number of shares during the period (cumulative from the beginning of the fiscal year)	As of March 31, 2023	54,764,711 Shares	As of March 31, 2022	54,764,416 Shares

Notes

* Flash Reports (quarterly financial reports) are not audited by certified public accountants or auditing companies.

* Explanations concerning the appropriate use of business performance forecasts and other special notes
The above forecasts are based on data available as of the date of release of this document as well as assumptions based on uncertain factors, which might have a material effect on the Company's performance in the future. Please refer to page 6 "(4) Forecasts" under "Overview of Consolidated Operating Results" for details.

(How to Obtain Supplementary Earnings Results Briefing Materials)

Financial results supplementary briefing materials will be posted on the Company's website.

Overview of Consolidated Operating Results

(1) Overview of Consolidated Operating Results

During the fiscal year ended March 31, 2023, net sales at Fuji Seal International, Inc. came to ¥184,035 million (up 8.1% year on year), operating income was ¥8,194 million (down 22.5%), and ordinary income totaled ¥8,426 million (down 20.5%). Net income attributable to owners of the parent was ¥6,869 million (up 12.3%).

(¥ million)

	Year ended March 31, 2022 (previous fiscal year)	Year ended March 31, 2023 (fiscal year under review)	Change
Net sales	¥170,321	184,035	8.1%
Operating income	10,572	8,194	(22.5)
Ordinary income	10,600	8,426	(20.5)
Net income attributable to owners of the parent	6,117	6,869	12.3
Average exchange rate vs US dollar (yen)	¥109.90	¥131.62	19.8%
Average exchange rate vs euro (yen)	129.91	138.14	6.3

The following is a breakdown of business performance by segment.

(¥ million)

	Year ended March 31, 2022 (previous fiscal year)	Year ended March 31, 2023 (fiscal year under review)	Change	Change in local currency terms
Japan				
Shrink label	45,759	47,906	4.7%	—
Self-adhesive label	9,839	9,178	(6.7)%	—
Soft pouch	17,104	20,386	19.2%	—
Machinery	6,053	6,831	12.9%	—
Other	13,548	12,832	(5.3)%	—
Total sales	92,305	97,135	5.2%	—
Operating income	7,597	7,623	0.3%	—
Americas				
Shrink label	34,060	41,832	22.8%	2.6%
Self-adhesive label	1,244	1,790	43.8%	20.1%
Soft pouch	453	368	(18.8)%	(32.2)%
Machinery	5,191	5,211	0.4%	(16.2)%
Other	1,311	945	(27.9)%	(39.8)%
Total sales	42,261	50,149	18.7%	(0.9)%
Operating income	3,539	1,749	(50.6)%	(58.7)%
Europe				
Shrink label	12,918	15,123	17.1%	10.1%
Self-adhesive label	6,151	5,528	(10.1)%	(15.5)%
Soft pouch	114	149	30.8%	23.0%
Machinery	8,473	7,318	(13.6)%	(18.8)%
Total sales	27,658	28,118	1.7%	(4.4)%
Operating income	(837)	(1,079)	—	—
ASEAN				
Shrink label	7,464	8,175	9.5%	(8.6)%
Self-adhesive label	182	220	21.2%	1.2%
Soft pouch	7,862	7,920	0.7%	(15.9)%
Machinery	494	628	27.1%	6.1%
Other	234	515	119.9%	83.6%
Total sales	16,237	17,460	7.5%	(10.2)%
Operating income	341	94	(72.2)%	(76.8)%

Japan

Sales of shrink labels increased 4.7% year on year to ¥47,906 million. Sales of self-adhesive labels decreased 6.7% to ¥9,178 million. Sales of soft pouches increased 19.2% to ¥20,386 million. Machinery sales rose 12.9% to ¥6,831 million. Sales of other products declined 5.3% to ¥12,832 million.

As a result, total sales in Japan came to ¥97,135 million (up 5.2% year on year). On the earnings front, operating income increased 0.3% to ¥7,623 million.

Americas

Sales of shrink labels increased 22.8% (up 2.6% on a local currency basis) to ¥41,832 million. Sales of self-adhesive labels increased 43.8% (up 20.1% on a local currency basis) to ¥1,790 million. Sales of soft pouches declined 18.8% (down 32.2% on a local currency basis) to ¥368 million. Machinery sales rose 0.4% (down 16.2% on a local currency basis) to ¥5,211 million. Sales of other products declined 27.9% (down 39.8% on a local currency basis) to ¥945 million.

As a result, total sales in the Americas increased 18.7% (down 0.9% on a local currency basis) to ¥50,149 million. On the earnings front, operating income declined 50.6% (down 58.7% on a local currency basis) to ¥1,749 million.

Europe

Sales of shrink labels increased 17.1% (up 10.1% on a local currency basis) to ¥15,123 million. Sales of self-adhesive labels declined 10.1% (down 15.5% on a local currency basis) to ¥5,528 million. Sales of soft pouches increased 30.8% (up 23.0% on a local currency basis) to ¥149 million. Machinery sales declined 13.6% (down 18.8% on a local currency basis) to ¥7,318 million.

As a result, total sales in Europe increased 1.7% (down 4.4% on a local currency basis) to ¥28,118 million. On the earnings front, operating loss of ¥1,079 million was recorded (compared to operating loss of ¥837 million in the previous fiscal year).

ASEAN

Sales of shrink labels increased 9.5% (down 8.6% on a local currency basis) to ¥8,175 million. Sales of self-adhesive labels increased 21.2% (up 1.2% on a local currency basis) to ¥220 million. Sales of soft pouches increased 0.7% (down 15.9% on a local currency basis) to ¥7,920 million. Machinery sales increased 27.1% (up 6.1% on a local currency basis) to ¥628 million. Sales of other products increased 119.9% (up 83.6% on a local currency basis) to ¥515 million.

As a result, total sales in ASEAN increased 7.5% (down 10.2% on a local currency basis) to ¥17,460 million. On the earnings front, operating income decreased 72.2% (down 76.8% on a local currency basis) to ¥94 million.

(2) Overview of Financial Condition

At the close of the fiscal year ended March 31, 2023, total assets had increased ¥15,358 million compared with the previous fiscal year-end to ¥180,004 million. The main factors were a ¥6,244 million increase in notes and accounts receivable (including electronically recorded monetary claims), a ¥5,666 million increase in inventories, a ¥6,030 million increase in tangible fixed assets and a ¥3,825 million decrease in cash and deposits.

Total liabilities were up ¥4,278 million compared to the previous fiscal year-end to ¥59,432 million. This was mainly due to a ¥2,595 million increase in notes and accounts payable (including electronically recorded monetary obligations).

Total net assets were up ¥11,079 million compared to the previous fiscal year-end to ¥120,571 million. This mainly reflected a ¥4,952 million increase in retained earnings and a ¥5,638 million increase in foreign currency translation adjustments.

(3) Overview of Cash Flows

Net cash provided by operating activities for the fiscal year ended March 31, 2023 was ¥8,269 million (compared with net cash of ¥14,021 million provided in the previous fiscal year). The main items increasing cash were the posting of income before income taxes of ¥7,733 million and depreciation and amortization of ¥7,738 million, along with a ¥1,961 million increase in notes and accounts payable, while the main items decreasing cash were a ¥3,961 million increase in notes and accounts receivable, a ¥4,232 million increase in inventories, and ¥3,200 million in income taxes paid.

Net cash used in investing activities amounted to ¥11,014 million (compared with net cash of ¥7,804 million used in the previous fiscal year). This was due primarily to ¥11,151 million in cash used for the purchase of tangible fixed assets.

Net cash used in financing activities was ¥5,793 million (compared with net cash of ¥4,834 million used in the previous fiscal year). This was due primarily to repayment of borrowings of ¥3,543 million, and cash dividends paid of ¥1,916 million.

As a result, cash and cash equivalents at the end of the fiscal year ended March 31, 2023 had decreased ¥6,757 million from the previous fiscal year-end to ¥17,347 million.

(Reference) Cash flow indicators

	2019/3	2020/3	2021/3	2022/3	2023/3
Equity ratio (%)	63.0	63.9	64.7	66.5	67.0
Equity ratio (market-to-market basis) (%)	150.0	69.6	85.6	56.0	45.9
Debt redemption ratio (years)	1.3	0.6	0.7	0.9	1.5
Interest coverage ratio (times)	78.8	288.8	317.6	217.4	79.4

Equity ratio: Owner's equity/Total assets

Equity ratio (market-to-market basis): Total market capitalization/Total assets

Debt redemption ratio: Interest bearing liabilities/Cash flows

Interest coverage ratio: Cash flows/Interest expenses

Notes:

1. All figures are given on a consolidated basis.
2. Total market capitalization: Calculated based on the number of outstanding shares exclusive of treasury stock.
3. Cash flow figures from operating activities are used.

4. Interest-bearing liabilities cover all debt recorded in the consolidated financial statements for which interest is paid. Interest expense figures from the consolidated statements of cash flows are used.

(4) Forecasts

In the fiscal year ending March 31, 2024, it is projected that it will remain difficult to forecast economic trends, due to factors including the continuation of soaring utilities, materials and logistics costs as a result of financial uncertainty and high inflation in Europe and the Americas, as well as changing global conditions.

Despite being under this economic environment, the Company aims to work on sustainably enhancing corporate value by addressing measures for the three priority issues formulated in the new medium-term management plan up to the fiscal year ending March 31, 2024. These priority issues are: 1. Accelerate overseas expansion of label business and profitability enhancement, 2. Expansion of primary packaging, and 3. Creating new businesses.

As a result of these efforts, the Company expects its consolidated business performance (full year) forecast for the fiscal year ending March 31, 2024 to be as shown in the table below. Specifically, the Company forecasts consolidated net sales of ¥191,000 million, an increase of 3.8% year on year. On the earnings front, the forecast is for operating income of ¥10,600 million (up 29.4% year on year), ordinary income of ¥10,300 million (up 22.2%) and net income attributable to owners of the parent of ¥6,200 million (down 9.7%).

	(¥ million)		
	Year ended March 31, 2023	Year ending March 31, 2024 (forecast)	Change
Net sales	¥184,035	191,000	3.8%
Operating income	8,194	10,600	29.4
Ordinary income	8,426	10,300	22.2
Net income attributable to owners of the parent	6,869	6,200	(9.7)
Average exchange rate vs US dollar (yen)	¥131.62	125.00	(5.0)%
Average exchange rate vs euro (yen)	138.14	135.00	(2.3)

The following is a breakdown of business performance by segment.

	(¥ million)					
	Net sales			Operating income		
	2023/3	2024/3 (forecast)	Change	2023/3	2024/3 (forecast)	Change
Japan	¥97,135	¥98,500	1.4%	¥7,623	¥7,700	1.0%
Americas	50,149	52,700	5.1	1,749	3,000	71.5
Europe	28,118	28,600	1.7	(1,079)	(250)	—
ASEAN	17,460	20,200	15.7	94	400	321.1
Eliminations/Corporate	(8,828)	(9,000)	—	(193)	(250)	—
Consolidated amount	184,035	191,000	3.8	8,194	10,600	29.4

(5) Basic Policies Concerning Profit Allocation and Dividend Distribution for the Fiscal Year Ended March 31, 2023 and the Fiscal Year Ending March 31, 2024

The Company will contribute to realizing a circular, sustainable society that brings peace and happiness to all through packaging, and aims to raise corporate value under the medium-term management plan, which began in the fiscal year ended March 31, 2022. We consider returning profits to shareholders based on the Company performance for each fiscal year while continuing to increase shareholder returns as the most important management priority.

As such, the Company's view on profit allocation is as follows.

- Invest in continued growth (technology development, human resource development, capital expenditures, M&A)
- Targeting a consolidated dividend payout ratio of 20-25%

- Increase the dividend per share in a stable and sustained manner
- Build a stable financial base prepared for emergencies and acquire and dispose of treasury stock (increase capital efficiency)

In the fiscal year ended March 31, 2023, the management environment encompassing the Fuji Seal Group remained challenging due to the continuation of surging raw materials and other prices and accelerated inflation in Europe and the Americas. In this climate, the Group accounted for the tax effects associated with a resolution it had passed on the dissolution and liquidation of Fuji Seal Switzerland AG, which is a consolidated subsidiary of the Company. As a result, net income was above the level of the business performance forecast announced on May 11, 2022.

In consideration of the business performance, the Company plans to pay a year-end dividend of ¥18 per share for the fiscal year ended March 31, 2023 in view of a stable dividend policy related to profit allocation.

The Group will thus pay an annual dividend of ¥35 per share for the fiscal year ended March 31, 2023, which includes the already paid interim dividend (¥17 per share), for a consolidated dividend payout ratio of 27.9%. The dividend is to be formally resolved at the Board of Directors meeting on full-year business results scheduled to be held on May 19, 2023.

In the fiscal year ending March 31, 2024, the Company plans to pay an annual dividend of ¥35 per share, based on the aforementioned policies. As a result, the Group expects to achieve a consolidated dividend payout ratio of 30.9% for the fiscal year ending March 31, 2024.

Consolidated Balance Sheets
(1) Consolidated Balance Sheets

(¥ million)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets:		
Cash and deposits	¥25,860	¥22,034
Notes and accounts receivable	40,854	45,951
Electronically recorded monetary claims	10,206	11,353
Merchandise and finished products	7,772	9,142
Work in process	4,127	5,239
Raw materials and supplies	7,956	11,140
Other current assets	4,533	5,353
Allowance for doubtful accounts	(183)	(192)
Total current assets	101,126	110,023
Noncurrent assets:		
Tangible fixed assets:		
Buildings and structures	43,956	45,886
Accumulated depreciation	(22,824)	(24,540)
Buildings and structures—net	21,131	21,345
Machinery, equipment and vehicles	88,411	93,688
Accumulated depreciation	(69,435)	(74,353)
Machinery, equipment and vehicles—net	18,976	19,335
Tools, furniture and fixtures	9,308	9,798
Accumulated depreciation	(7,295)	(7,830)
Tools, furniture and fixtures, net	2,013	1,967
Land	6,989	8,346
Lease assets	563	507
Accumulated depreciation	(270)	(263)
Lease assets—net	292	244
Construction in progress	5,647	9,716
Other	1,421	1,630
Accumulated depreciation	(512)	(597)
Other—net	908	1,033
Total tangible fixed assets	55,958	61,989
Intangible assets:		
Goodwill	107	50
Other	1,402	1,498
Total intangible fixed assets	1,510	1,549
Investments and other assets:		
Investment securities	3,776	4,059
Deferred tax assets	1,584	1,817
Other	732	611
Allowance for doubtful accounts	(43)	(45)
Total investments and other assets	6,050	6,442
Total noncurrent assets	63,519	69,981
Total assets	¥164,646	¥180,004

(¥ million)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities:		
Notes and accounts payable	¥13,758	¥15,279
Electronically recorded monetary obligations	11,179	12,254
Short-term borrowings	4,382	9,034
Current portion of long-term debt	5,038	2,699
Lease obligations	91	71
Other accounts payable	3,887	3,728
Income taxes payable	817	1,000
Accrued bonuses	1,630	1,591
Other current liabilities	7,811	9,110
Total current liabilities	48,596	54,769
Long-term liabilities:		
Long-term debt	2,387	56
Lease obligations	133	96
Deferred tax liabilities	570	800
Net defined benefit liabilities	2,630	2,791
Other	834	918
Total long-term liabilities	6,557	4,663
Total liabilities	55,153	59,432
Net assets		
Shareholders' equity:		
Common stock	5,990	5,990
Capital surplus	6,603	6,600
Retained earnings	97,677	102,629
Treasury stock	(8,512)	(8,479)
Total shareholders' equity	101,758	106,740
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	1,297	1,773
Foreign currency translation adjustments	6,259	11,898
Remeasurements of defined benefit plans	176	158
Total accumulated other comprehensive income	7,733	13,830
Total net assets	109,492	120,571
Total liabilities and net assets	¥164,646	¥180,004

**(2) Consolidated Statements of Income
And Consolidated Statements of Comprehensive Income
Consolidated Statements of Income**

(¥ million)

	Year ended March 31, 2022	Year ended March 31, 2023
Net sales	¥170,321	¥184,035
Cost of sales	139,683	154,358
Gross profit	30,638	29,677
Selling, general and administrative expenses	20,066	21,482
Operating income	10,572	8,194
Non-operating income:		
Interest income	24	122
Dividend income	70	78
Interest on tax refund	82	167
Foreign exchange gains	—	2
Recycling income	28	29
Other	48	142
Total non-operating income	254	542
Non-operating expenses:		
Interest expenses	72	100
Foreign exchange loss	35	—
Depreciation of inactive non-current assets	107	89
Provision of allowance for doubtful accounts	—	34
Other	10	86
Total non-operating expenses	225	310
Ordinary income	10,600	8,426
Extraordinary gains:		
Gain on sale of tangible fixed assets	16	23
Gain on sale of investment securities	7	107
Insurance income	242	—
Gain on sale of golf club membership	—	2
Subsidy income	—	13
Total extraordinary gains	266	147
Extraordinary losses:		
Loss on sale and disposal of tangible fixed assets	431	92
Loss on sale of investment securities	2	0
Loss on valuation of investment securities	—	240
Restructuring expenses	982	443
Impairment loss	—	38
Loss on liquidation of subsidiaries	—	10
Loss on tax purpose reduction entry of non-current assets	—	13
Total extraordinary losses	1,416	840
Income before income taxes	9,449	7,733
Income taxes:		
Current	3,202	2,604
Deferred	129	(1,740)
Total income taxes	3,332	864
Net income	6,117	6,869
Net income attributable to owners of the parent	¥6,117	¥6,869

Consolidated Statements of Comprehensive Income

	(¥ million)	
	Year ended March 31, 2022	Year ended March 31, 2023
Net income	¥ 6,117	¥ 6,869
Other comprehensive income:		
Unrealized gain (loss) on available-for-sale securities	(21)	476
Foreign currency translation adjustments	4,443	5,638
Remeasurements of defined benefit plans, net of tax	(1,359)	(17)
Total other comprehensive income (loss)	3,063	6,097
Comprehensive income (loss)	¥ 9,180	¥12,966
(breakdown)		
Comprehensive income (loss) attributable to shareholders of the parent	¥ 9,180	¥ 12,966
Comprehensive income (loss) attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

(¥ million)

Year ended March 31, 2022	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at April 1, 2021	¥ 5,990	¥ 6,584	¥ 93,372	¥ (7,537)	¥ 98,410
Changes during year:					
Cash dividends			(1,812)		(1,812)
Net income attributable to owners of the parent			6,117		6,117
Purchase of treasury stock				(1,020)	(1,020)
Disposal of treasury stock		18		45	64
Net changes of items other than shareholders' equity					
Total changes during year	—	18	4,304	(975)	3,347
Balance at March 31, 2022	¥ 5,990	¥ 6,603	¥ 97,677	¥ (8,512)	¥ 101,758

Year ended March 31, 2022	Accumulated other comprehensive income				Total net assets
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Accumulated other comprehensive income	
Balance at April 1, 2021	¥ 1,318	¥ 1,815	¥ 1,535	¥ 4,670	¥ 103,080
Changes during year:					
Cash dividends					(1,812)
Net income attributable to owners of the parent					6,117
Purchase of treasury stock					(1,020)
Disposal of treasury stock					64
Net changes of items other than shareholders' equity	(21)	4,443	(1,359)	3,063	3,063
Total changes during year	(21)	4,443	(1,359)	3,063	6,411
Balance at March 31, 2022	¥ 1,297	¥ 6,259	¥ 176	¥ 7,733	¥ 109,492

(¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Year ended March 31, 2023					
Balance at April 1, 2022	¥ 5,990	¥ 6,603	¥ 97,677	¥ (8,512)	¥ 101,758
Changes during year:					
Cash dividends			(1,916)		(1,916)
Net income attributable to owners of the parent			6, 869		6, 869
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(3)		32	29
Net changes of items other than shareholders' equity					
Total changes during year	—	(3)	4,952	32	4,982
Balance at March 31, 2023	¥ 5,990	¥ 6,600	¥ 102,629	¥ (8,479)	¥ 106,740

	Accumulated other comprehensive income				
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Accumulated other comprehensive income	Total net assets
Balance at April 1, 2022	¥ 1,297	¥ 6,259	¥ 176	¥ 7,733	¥ 109,492
Changes during year:					
Cash dividends					(1,916)
Net income attributable to owners of the parent					6,869
Purchase of treasury stock					(0)
Disposal of treasury stock					29
Net changes of items other than shareholders' equity	476	5,638	(17)	6,097	6,097
Total changes during year	476	5,638	(17)	6,097	11,079
Balance at March 31, 2023	1,773	11,898	158	13,830	120,571

(4) Consolidated Statements of Cash Flows

	(¥ million)	
	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from operating activities		
Income before income taxes	¥9,449	¥7,733
Depreciation and amortization	8,069	7,738
Impairment loss	—	38
Loss (gain) on liquidation of subsidiaries	—	10
Amortization of goodwill	44	49
Restructuring expenses	982	443
Insurance income	(242)	—
Increase (decrease) in allowance for doubtful accounts	(53)	(13)
Increase (decrease) in accrued bonuses	(111)	(83)
Increase (decrease) in net defined benefit liability	50	92
Loss (gain) on sale of golf club membership	—	(2)
Gain on sale of tangible fixed assets	(16)	(23)
Loss on sale and disposal of tangible fixed assets	431	92
Loss on tax purpose reduction entry of non-current assets	—	13
Loss (gain) on sales of investment securities	(4)	(107)
Loss (gain) on valuation of investment securities	—	240
Subsidy income	—	(13)
Interest and dividend income	(94)	(201)
Interest expenses	72	100
Foreign exchange loss (gain)	51	(151)
Decrease (increase) in notes and accounts receivable	(91)	(3,961)
Decrease (increase) in inventories	(748)	(4,232)
Increase (decrease) in notes and accounts payable	(223)	1,961
Increase (decrease) in other accounts payable	(342)	226
Other	263	1,432
Subtotal	17,488	11,384
Interest and dividends received	97	189
Interest paid	(64)	(104)
Income taxes paid	(3,741)	(3,200)
Proceeds from insurance income	242	—
Net cash provided by operating activities	14,021	8,269
Cash flows from investing activities		
Purchase of tangible fixed assets	(10,676)	(11,151)
Proceeds from sale of tangible fixed assets	3,215	234
Purchase of intangible assets	(507)	(474)
Purchase of investment securities	(33)	(31)
Proceeds from sale of investment securities	81	331
Proceeds from sale of businesses	281	—
Payments of loans receivable	(63)	(73)
Proceeds from collection of loans	5	5
Payments of long-term prepaid expenses	(40)	(44)
Proceeds from subsidy income	42	13
Other	(109)	176
Net cash used in investing activities	(7,804)	(11,014)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowing	¥ (2,765)	¥ 1,500
Proceeds from long-term debt payable	2,198	—
Repayment of long-term debt	(1,087)	(5,043)
Purchase of treasury stock	(1,020)	(0)
Repayment of lease obligations	(346)	(333)
Cash dividends paid	(1,812)	(1,916)
Net cash used in financing activities	(4,834)	(5,793)

	Year ended March 31, 2022	Year ended March 31, 2023
Effect of exchange rate changes on cash and cash equivalents	1,172	1,781
Net increase (decrease) in cash and cash equivalents	2,555	(6,757)
Cash and cash equivalents at beginning of period	21,549	24,105
Cash and cash equivalents at end of period	¥24,105	¥17,347

Amounts are rounded down to the nearest million yen.

Segment Information

(¥ million)

Year ended March 31, 2023

	Japan	Americas	Europe	ASEAN	Total	Eliminations/ Corporate	Consolidated amount
Sales:							
Customers	¥ 95,194	¥ 50,111	¥ 24,468	¥ 14,261	¥ 184,035	¥ —	¥ 184,035
Intersegment	1,941	37	3,650	3,198	8,828	(8,828)	—
Total sales	97,135	50,149	28,118	17,460	192,863	(8,828)	184,035
Segment profit (loss)	7,623	1,749	(1,079)	94	8,388	(193)	8,194
Segment assets	90,745	49,362	23,427	18,549	182,084	(2,080)	180,004
Segment liabilities	31,174	12,831	13,625	5,497	63,128	(3,695)	59,432
Other							
Depreciation and amortization	3,165	2,336	1,208	1,051	7,761	(22)	7,738
Amortization of goodwill	—	—	—	49	49	—	49
Impairment loss	38	—	259	—	298	—	298
Increases in tangible fixed assets and intangible assets	4,302	5,478	541	722	11,045	23	11,068

Notes: 1. Countries and regions belonging to reporting segments outside Japan are as follows.

Americas: United States, Mexico

Europe: United Kingdom, Netherlands, France, Spain, Poland, Switzerland, Germany, Italy

ASEAN: Indonesia, Vietnam, Thailand, India

2. Adjustment amounts are as follows.

- (1) The ¥193 million negative adjustment to segment income mainly consists of intersegment eliminations, including unrealized gain and loss eliminations.
- (2) The ¥2,080 million negative adjustment to segment assets mainly consists of intersegment liabilities.
- (3) The ¥3,695 million negative adjustment to segment liabilities mainly consists of intersegment liabilities.
- (4) The ¥22 million negative adjustment to depreciation and amortization mainly consists of intersegment eliminations such as elimination of unrealized gains and losses.
- (5) The ¥23 million adjustment for increases in tangible fixed assets and intangible assets mainly consists of intersegment eliminations such as elimination of unrealized gains and losses.

3. The ¥259 million impairment loss in the Europe segment has been included in restructuring expenses in the Consolidated Statements of Income.