

Financial Results

Fiscal Year Ended March 31, 2021
(FYE Mar. 2021)

May 19, 2021



Contents of Today's Presentation

- I. Financial Results Summary for FYE Mar. 2021 and Business Plan for FYE Mar. 2022**

- II. New Mid-Term Plan "G-EST 2025"**

* Fiscal years in this presentation are abbreviated as follows: Fiscal year ended March 31, 2021 → FYE Mar. 2021

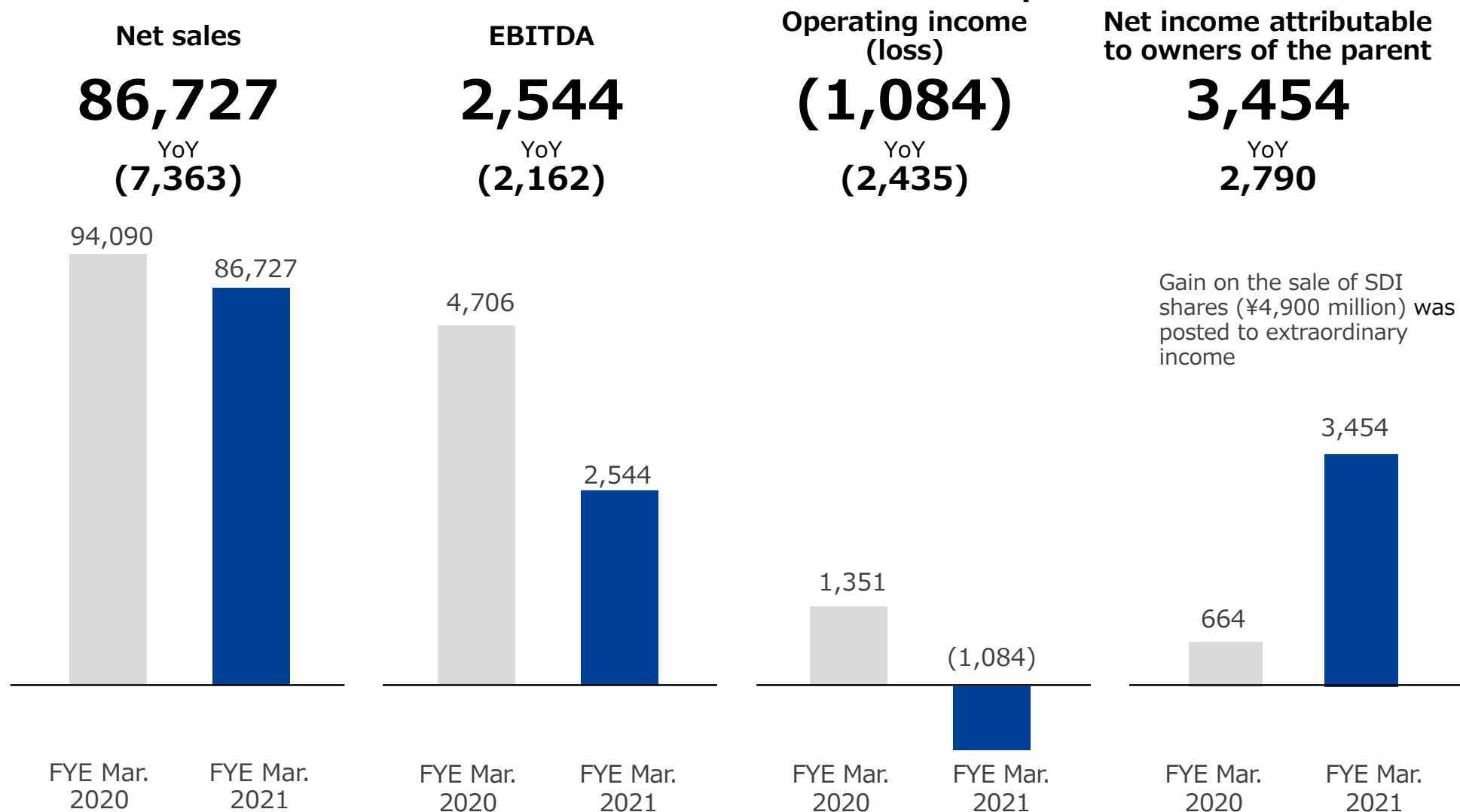
I Financial Results Summary for FYE Mar. 2021 and Business Plan for FYE Mar. 2022

Highlights of Consolidated Financial Results

(Million Yen)

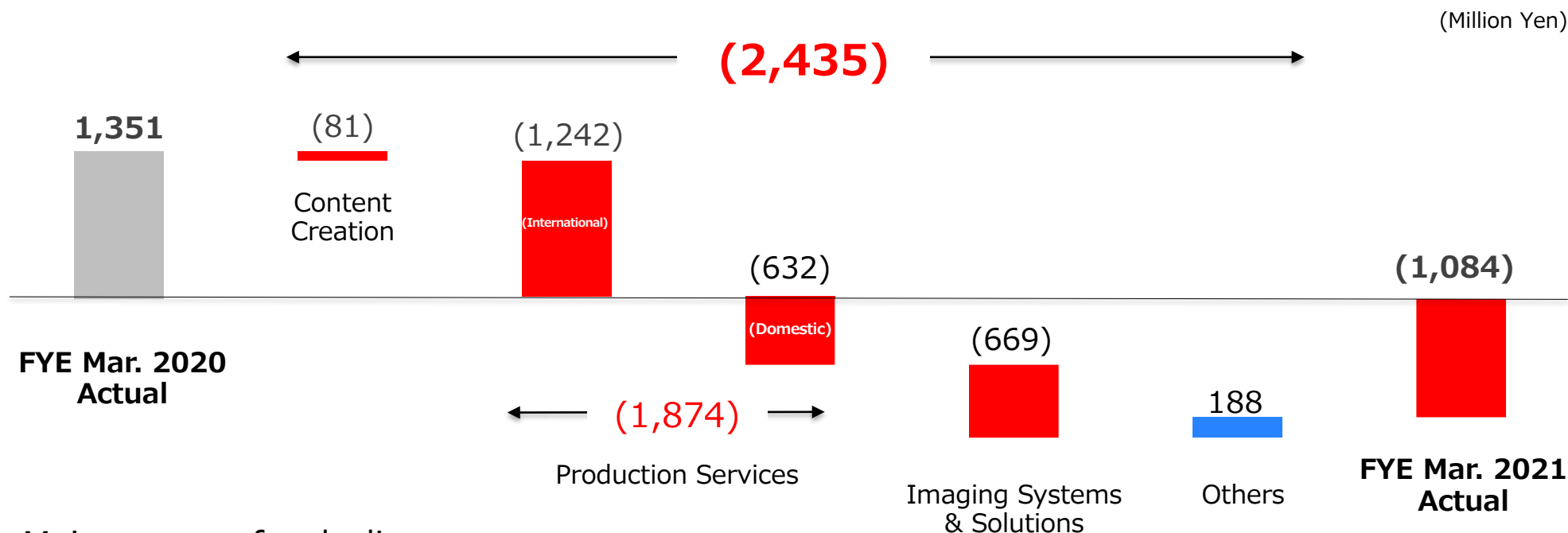
An operating loss of 1.0 billion yen was posted.

Due to a gain on the sale of shares posted to extraordinary income, 3.4 billion yen was recorded as a net income attributable to owners of the parent.



FYE Mar. 2021 Operating Income: YoY Comparison

Production Services saw a substantial decline in operating income due to COVID-19.



Main reasons for decline:

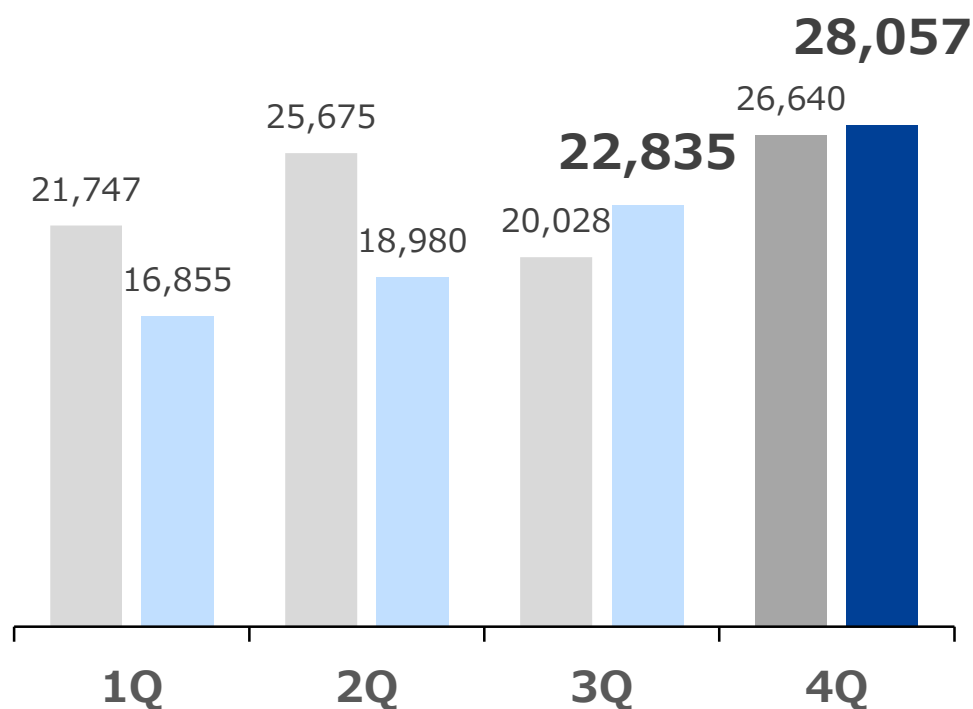
- Production Services:
 - ✓ The overseas business (SDI) recorded a substantial decline in both net sales and operating income due to COVID-19.
 - ✓ The domestic business recorded a decline in both net sales and operating income due to a decline in orders for feature film editing and distribution, suspension of events, and other factors due to COVID-19.
- Imaging Systems & Solutions: Large projects were delivered in FYE Mar. 2020, resulting in a decline in net sales and operating income in FYE Mar. 2021 by comparison.

Net Sales and Operating Income by Quarter

- The first and second quarters deteriorated substantially from the previous year due to the impact of COVID-19.
- Both net sales and operating income improved over the previous year from the third quarter onward, returning to generate profit.

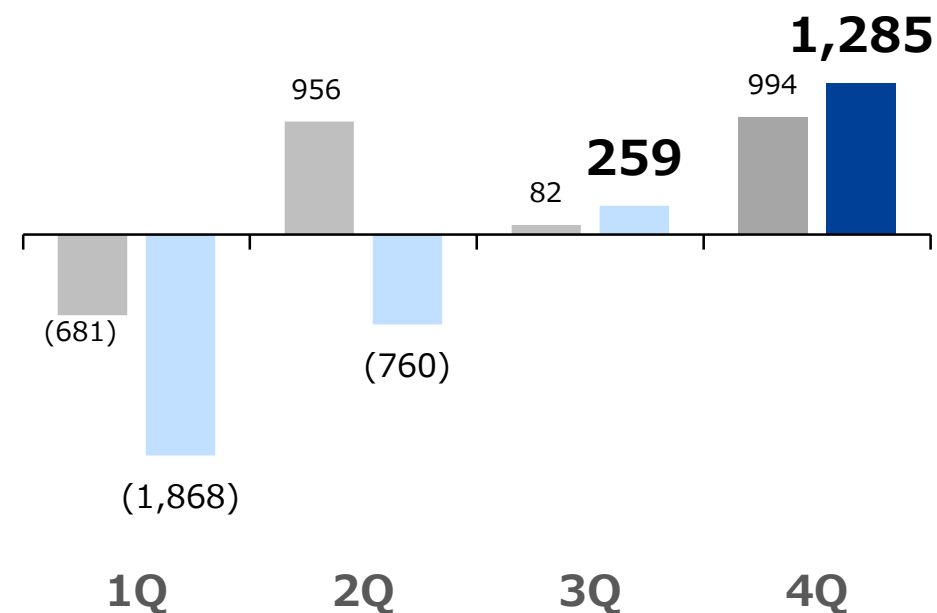
(Million Yen)

Net sales



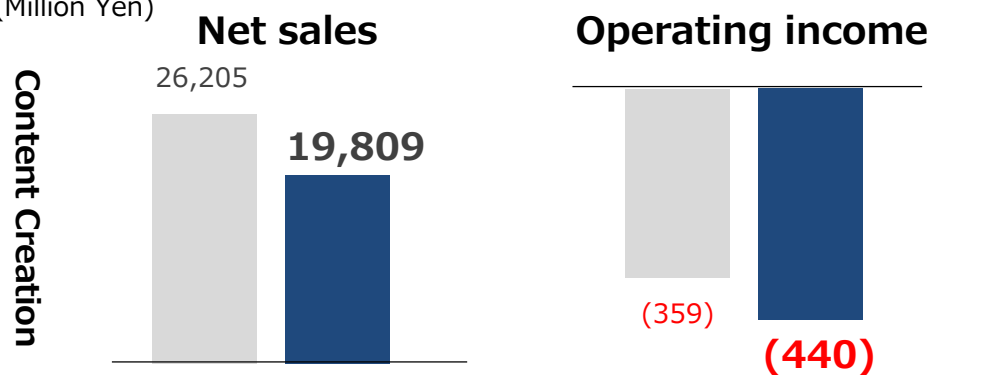
Operating income

■ FYE Mar. 2020 Actual
■ FYE Mar. 2021 Actual

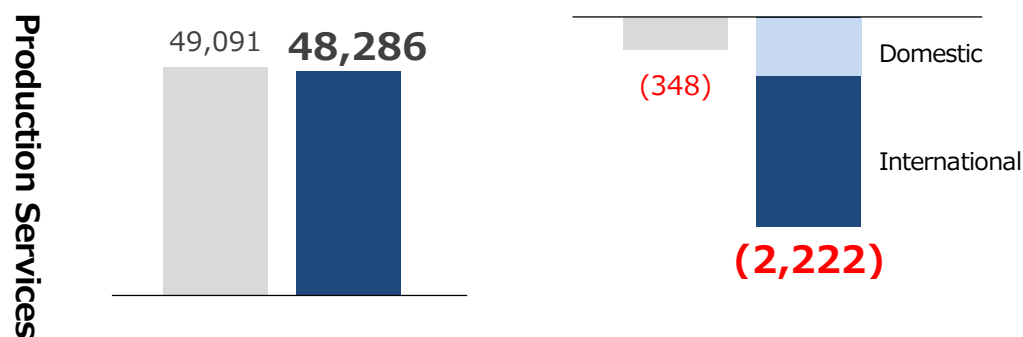


Overview of FYE Mar. 2021 by Segment

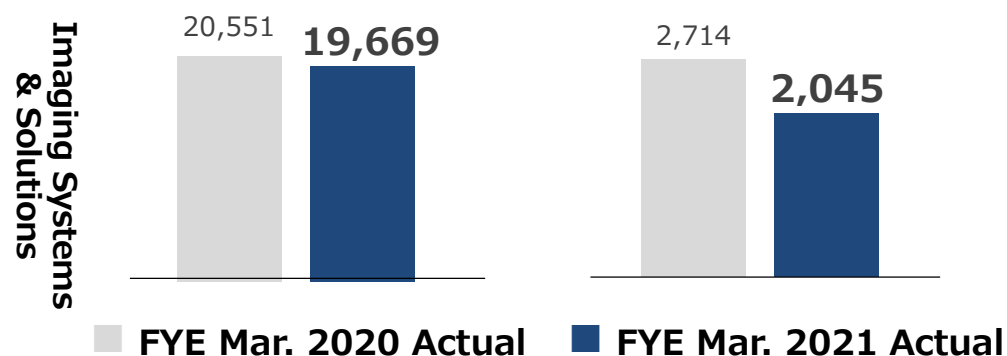
(Million Yen)



- Conditions were tough during the first half. The release of multiple feature films was postponed and shooting of TV commercials was canceled or postponed.
- Net sales and operating income improved during the second half as postponed feature films were released, shooting of drama series resumed, and online streaming of live music performances and orders for production of TV commercial productions increased.



- Conditions were tough in the domestic business during the first half. During the second half, orders increased for post-production services for animation and services for video streaming service providers. Distribution for streaming of live music performances and Game 3DCG production was firm.
- SDI Media Group continued to experience severe conditions such as the cancellation of new projects due to COVID-19. Pixelogic received steady orders for E2E services for video streaming service providers.



- The online delivery system for TV commercials saw strong sales.
- Some system projects for broadcasting stations declined or shrunk in size due to curtailment of investment by each broadcaster.
- Sales were tough for high-speed cameras in Japan, Europe, and the U.S., while sales showed signs of rebounding in the Asian region.
- Sales of LSI for Taiwan and China continued to remain firm.

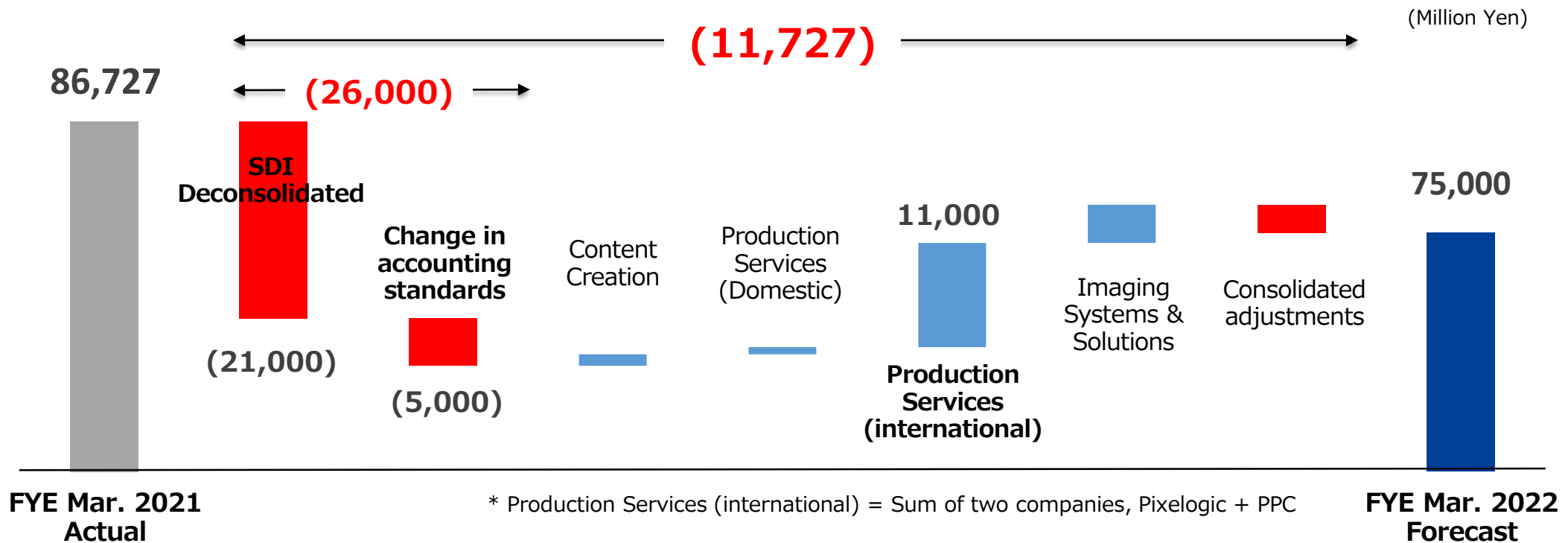
Business Plan for Fiscal Year Ending March 31, 2022

Net sales are forecast to decline due to the deconsolidation of SDI Media Group, Inc., but we expect substantial improvement in operating and ordinary income.

(Million Yen)	FYE Mar. 2020	FYE Mar. 2021	FYE Mar. 2022		
	Actual	Actual	Full year forecast	YoY	% YoY
Net sales	94,090	86,727	75,000	(11,727)	(13.5%)
Operating income (loss)	1,351	(1,084)	1,500	2,584	—
(Operating margin)	(1.0%)	(-)	(2.0%)	-	
Ordinary income (loss)	416	(1,343)	1,300	2,643	—
Net income attributable to owners of parent	664	3,454	800	(2,654)	(76.8%)
Earnings per share (Yen)	15.05	77.89	18.02	(59.87)	—
EBITDA (Reference)	4,706	2,544	5,228	2,684	

Contributing Factors to Increases (Decreases) in the Net Sales Forecast for FYE Mar. 2022

Despite the decline in net sales due to the deconsolidation of SDI Media Group Inc., net sales is forecasted to increase in all segments including significant gain in the international production services through expansion of E2E services.

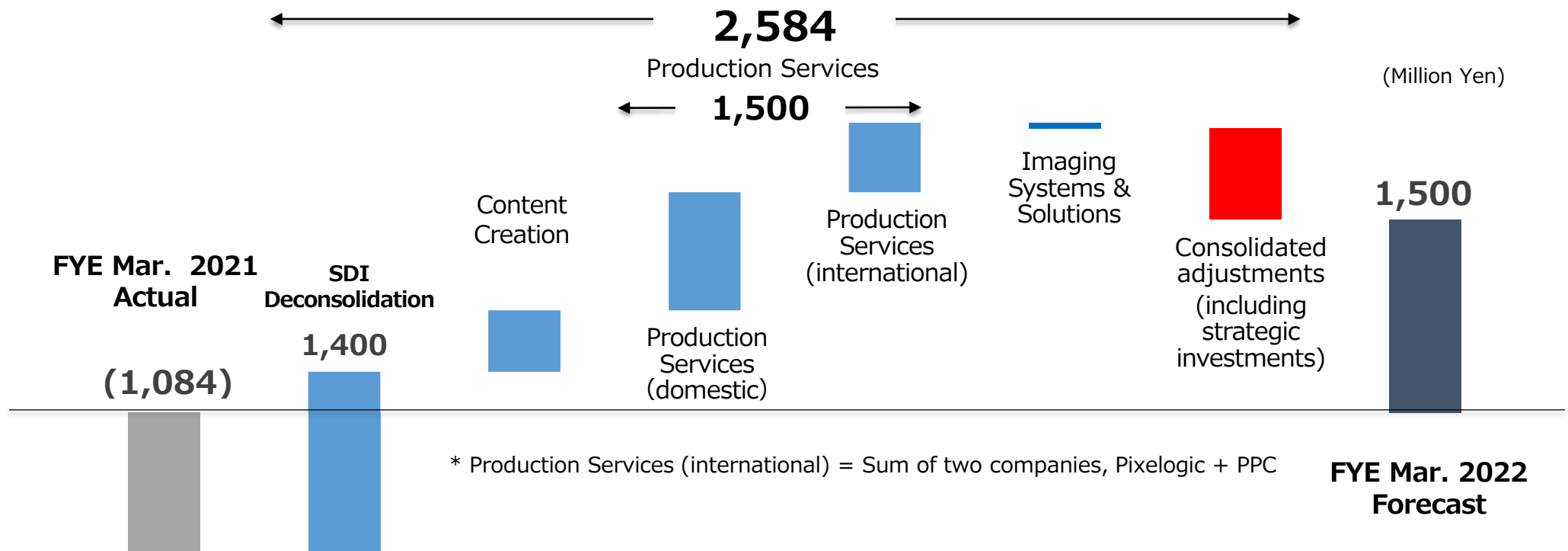


Main Factors:

- ✓ Net sales decreased by 21 billion yen due to the deconsolidation of SDI Media Group, Inc. and by 5 billion yen due to a change in accounting standards.
- ✓ Net sales increased by 11 billion yen in Production Services (international) due to expansion of E2E services.
- ✓ Net sales increased in all segments: Content Creation, Production Services, and Imaging Systems & Solutions.

Contributing Factors to Increases (Decreases) in the Operating Income Forecast for FYE Mar. 2022

The deconsolidation of SDI Media Group, Inc. and improvement in Production Services are forecasted to contribute to the large increase in operating income.



Main factors:

- ✓ Production Services (domestic) will see an increase in operating income from the effect of structural reform.
- ✓ Production Services (international) will see an increase in operating income from expansion of E2E services.
- ✓ Content Creation will see an increase in operating income due to growth in net sales and benefits from cost control.

1.5 billion yen in total

FYE Mar. 2022 Directions and Actions

Build the foundation to transform into a highly profitable business structure

Content Creation

- ✓ Focus on video production (TV commercials, feature films, and video streaming service providers) and strengthen the sales structure.
- ✓ Utilize and expand the intellectual property (IP) owned by the Group (animate original works by Shufunotomo Infos Co., LTD.)
- ✓ Exercise strict cost control and improve productivity by pursuing digitalization.

Production Services

- ✓ Pixelogic: Expand E2E services (expand transactions with key customers).
- ✓ IEMS: Expand localization in Japanese and digital cinema services.
- ✓ Strengthen solution services in the game business domain.
- ✓ Reduce fixed costs through effect derived from structural reform and improve productivity through remote production workflow.

Imaging Systems & Solutions

- ✓ Expand sales by accessing new sales channels and providing new solutions for imaging systems for broadcasting stations.
- ✓ Develop the solution business for the vehicle crash test market.
- ✓ Launch and expand sales of a cloud-based production workflow service (subscription-based model).

II. New Mid-Term Plan "G-EST 2025"

G-EST means: From four key strategies

G: The "3 Gs," Growth, Global, and Group

E: E2E and Live Entertainment (global E2E business, live entertainment business)

S: System (Imaging Systems & Solutions business)

T: Transformation (Transformation business)

Review of the “Integration to 2021” Mid-term Business Strategy

(formulated in May 2019)

We developed the “**Integration to 2021**” Mid-term Business Strategy based on our business challenges and opportunities.

We will accelerate the Group’s structural reform and build a well-balanced business portfolio with five key strategies.

Key Strategies

1. Develop a new global strategy.
2. Improve profitability of existing businesses.
3. Transition to a new business model.
4. Create and develop new businesses.
5. Develop human resources and promote workstyle reform.

A business portfolio that provides both growth and profitability

Achievements in the Previous Mid-term Strategy “Integration to 2021”

We have achieved a certain degree of progress over the past two years.

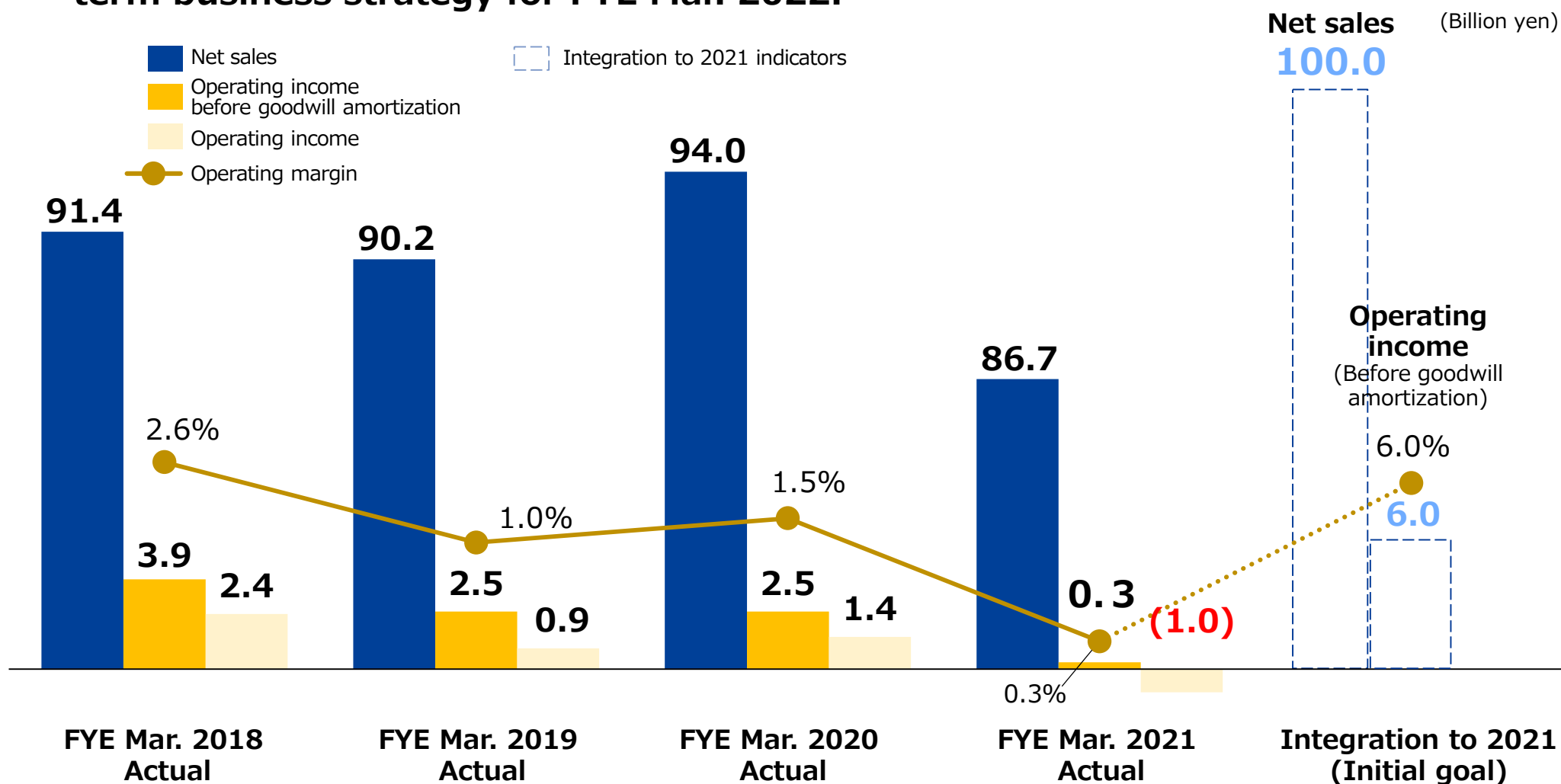
“Integration to 2021” Assessment

<p>1. Develop a new global strategy.</p>	<ul style="list-style-type: none"> • <u>Made Pixelogic a consolidated subsidiary, sold SDI Media Group, Inc. and established IEMS*</u> to complete building a new global business structure.
<p>2. Improve profitability of existing businesses.</p>	<ul style="list-style-type: none"> • Cost management and improvement of ROBOT COMMUNICATIONS INC. and OLM, Inc. is underway. • <u>Implemented structural reform in the Production Services business in April 2021.</u>
<p>3. Transition to a new business model.</p>	<ul style="list-style-type: none"> • Started work on establishing a new business model for the IP business (Shufunotomo Infos Co., LTD.), digital marketing, cloud services, etc.
<p>4. Create and develop new businesses.</p>	<ul style="list-style-type: none"> • Expanded into new businesses by <u>establishing IMAGICA EEX Co., Ltd. (live entertainment), acquiring Photonic Lattice, Inc. (optical measurement)</u>, etc.
<p>5. Develop human resources and promote workstyle reform.</p>	<ul style="list-style-type: none"> • Began developing executive management and global talent. • Will accelerate workstyle reform and diversity in the future.

* IEMS: Imagica Entertainment Media Services, Inc.

Trends in Business Results (FYE Mar. 2018 to FYE Mar. 2022)

- An operating loss was recorded in FYE Mar. 2021 due to the large impact from COVID-19.
- We expect it will be difficult to achieve the financial goals in the previous mid-term business strategy for FYE Mar. 2022.



Challenges

Following **six challenges** have been **revealed** due to the COVID-19 pandemic, **in addition to rapid market changes in the visual media industry.**

1 . We are just at the starting line in expanding revenues in the global market.

- We have built a new global business structure, but the results in terms of net sales will emerge in FYE March 2022 and beyond.

2 . We are working on domestic growth markets, but the business scale is still small.

- We have entered the live entertainment market and other new markets, but business expansion will occur from this point onward.

3 . We rely on the Imaging Systems & Solutions business for profit.

- We cannot hedge risks with our current business structure amid rapid social changes and need a second and third pillar of business.

4 . Improving the profitability of existing businesses continues to be a significant challenge.

- Transforming the business structure and entering growth markets are pressing issues amid the rapid changes in the market environment.

5 . Operational improvements through digital technology and data utilization are insufficient and not yet established.

6 . Further efforts are needed to secure and develop talent.

We have formulated a new mid-term plan to resolve these challenges.

Goal of the New Mid-Term Plan "G-EST 2025"

Become a Group consisted of a balanced, highly profitable businesses that is resilient even under adverse circumstances



Make the global E2E business a second pillar of the Group.

Put the live entertainment business on the path to growth.

Leverage the highly profitable Imaging Systems & Solutions business to an even greater degree.

Stabilize transformational businesses* and build a structure capable of generating profit.

*** Transformational businesses:** Production services (feature film shooting and editing, human talent solutions), anime production, feature film/drama production, TV commercial/video production

Key Strategies in the New Mid-Term Plan "G-EST 2025"

Become a Group consisted of a balanced, highly profitable businesses that is resilient even under adverse circumstances

<Key Strategies>

**1.
Expand "Global
E2E" Business**

**2.
Establish a new
Live Entertainment
business**

**3.
Generate Additional
Business Value in
the Imaging
Systems &
Solutions business**

**4.
Complete
Transformation in
the
"Transformational
business"**

<Strategic Measures>

**Achieve company
transformation
through DX**

**Strengthen R&D
capabilities**

**Secure & activate
talented employees**

<Resolve Social Challenges and Achieve Sustainable Growth>

SDGs initiatives

Financial Goals in the New Mid-Term Plan "G-EST 2025"

Targeting to become a balanced business structure

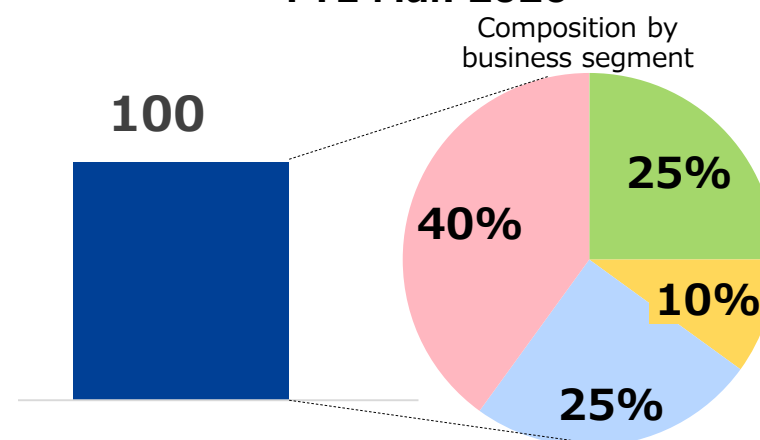
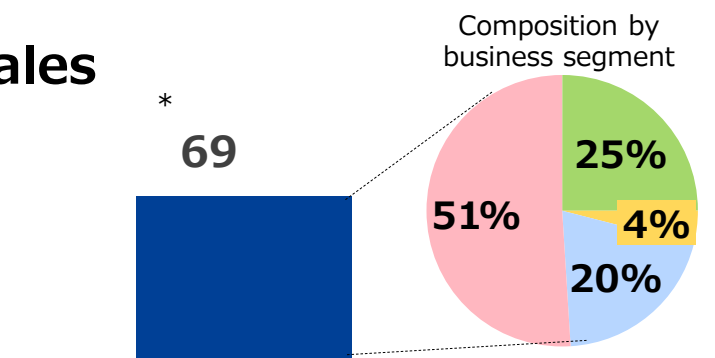


(Billion yen)

FYE Mar. 2021 Actual

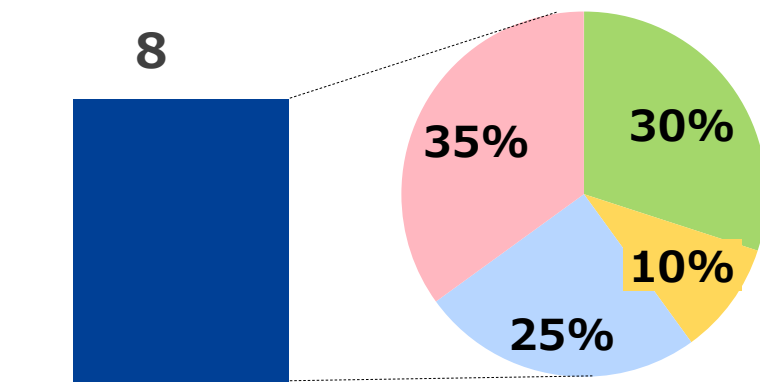
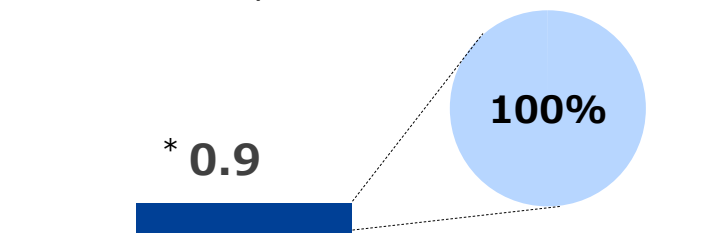
FYE Mar. 2026

Net sales



Operating income

(Before goodwill amortization)



* Net sales and operating income for FYE Mar. 2021 were adjusted for the impact from a change in accounting policies in overseas M&A and the Imaging Systems & Solutions business, for purposes of comparison.

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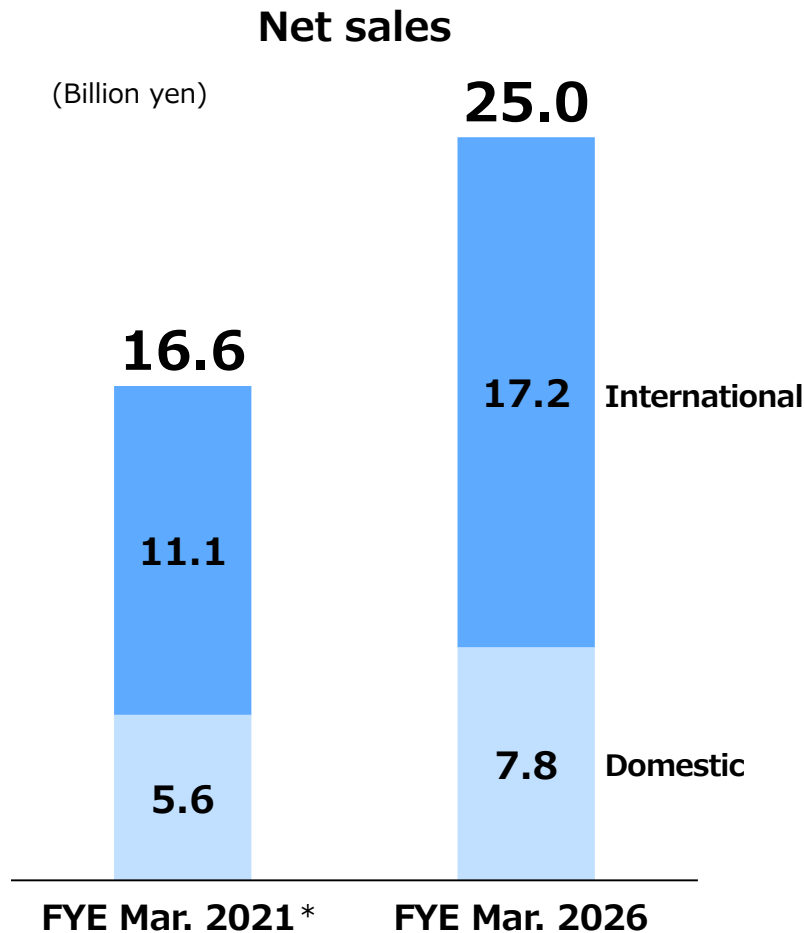
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SDGs initiatives

Vision for the Global E2E Business

Expand the business domain globally by integrating operation of Pixelogic and Imagica Entertainment Media Services, Inc.



Pursue a global E2E service structure

- Increase orders for E2E services received from video streaming service providers.
- Strengthen efforts to expand the business to the Asian market.
- Share domestic and international customer bases
- Improve productivity by sharing systems.

* FYE Mar. 2021 results reflect full-year sales of Pixelogic.

Global Client Needs

Worldwide Simultaneous release requires implementing complex tasks in a secure environment over a short period of time.

E2E services (rapid delivery)



Localization (subtitling/dubbing)

- **Translation into 25 languages**
(from English into French, Spanish, Japanese, etc.)
- **Subtitling**
Editing the translated text and adding subtitles to the film
- **Dubbing**
Adding voice data recorded by voice actors in a studio to the film



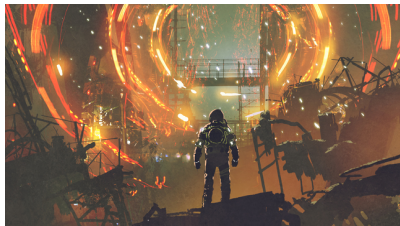
Distribution (file production/streaming)

- Producing files by format
- **By language** 25 languages
 - **By subtitling & dubbing** 2 formats
 - **By media format** multiple formats
(TV, PC, smartphone)
 - **By video format** multiple formats
(SD, HD, 4K, etc.)
 - **By voice format** multiple formats
(2ch, 5.1ch, etc.)

$$25 \times 2 \times \text{No. of media formats} \\ \times \text{No. of video formats} \\ \times \text{No. of voice formats}$$

= **several hundred formats**

(Example)
Decision to distribute the biggest hit Sci-Fi film in 25 languages

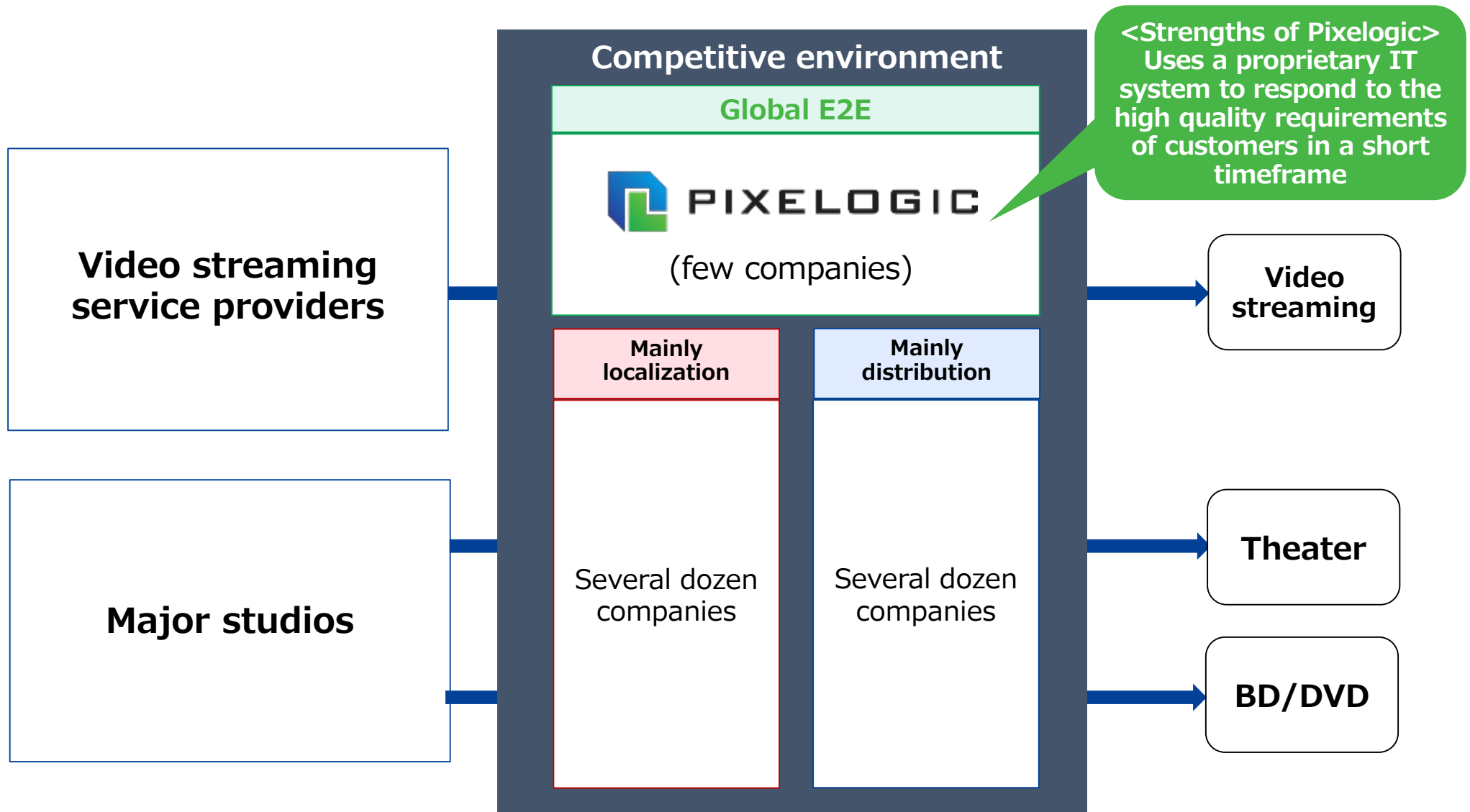


Worldwide Simultaneous release in 25 languages



Competitive Environment Surrounding Pixelogic

Pixelogic is one of the few E2E service providers capable of providing seamless localization and distribution, even on a global basis.

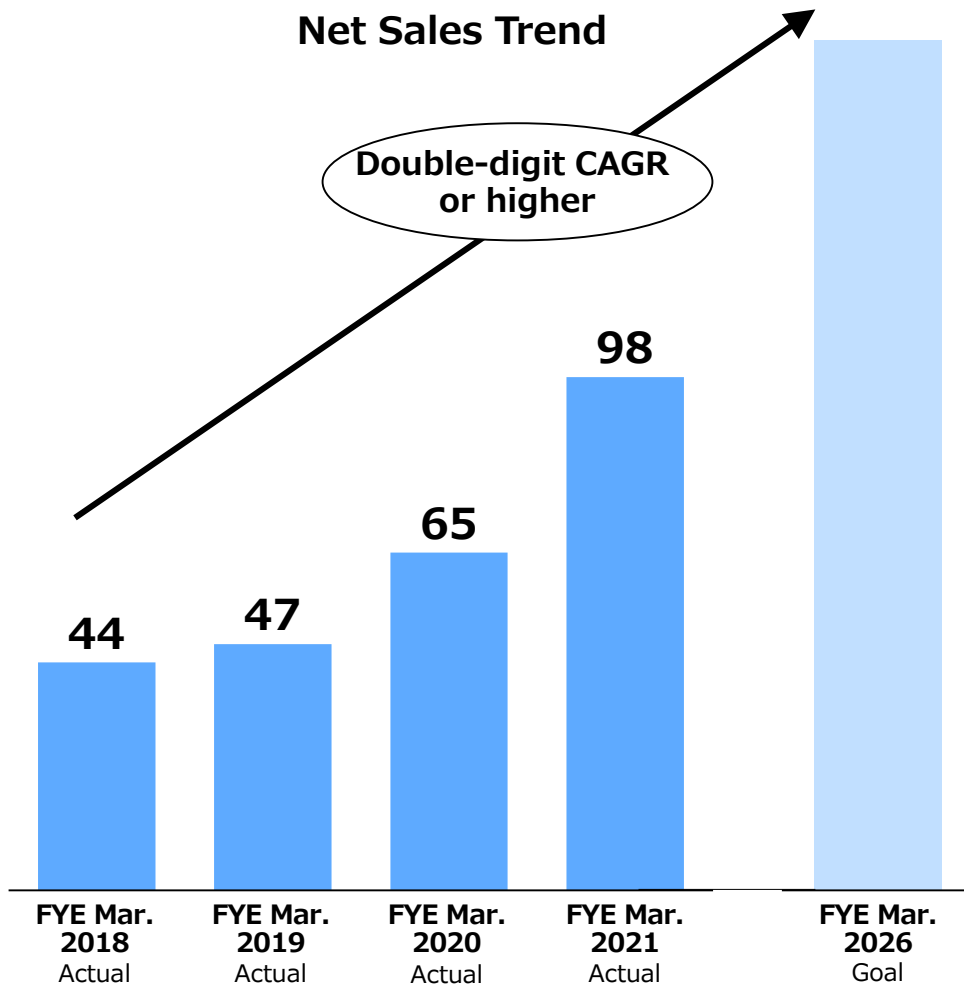


Competitive Advantage of Pixelogic

Achieve a high growth rate (double-digit CAGR or higher) and high profitability through competitive superiority on the following points.

(Billion yen)

<Pixelogic>
Net Sales Trend



High growth rate

Provide secure, high-quality service only possible through E2E

Uses the proprietary pHelix IT system to provide **secure, high-quality, seamless service** that supports the requirements for a **short delivery timeframe, many languages, and many file formats.**

Strong trust from customers

High profitability

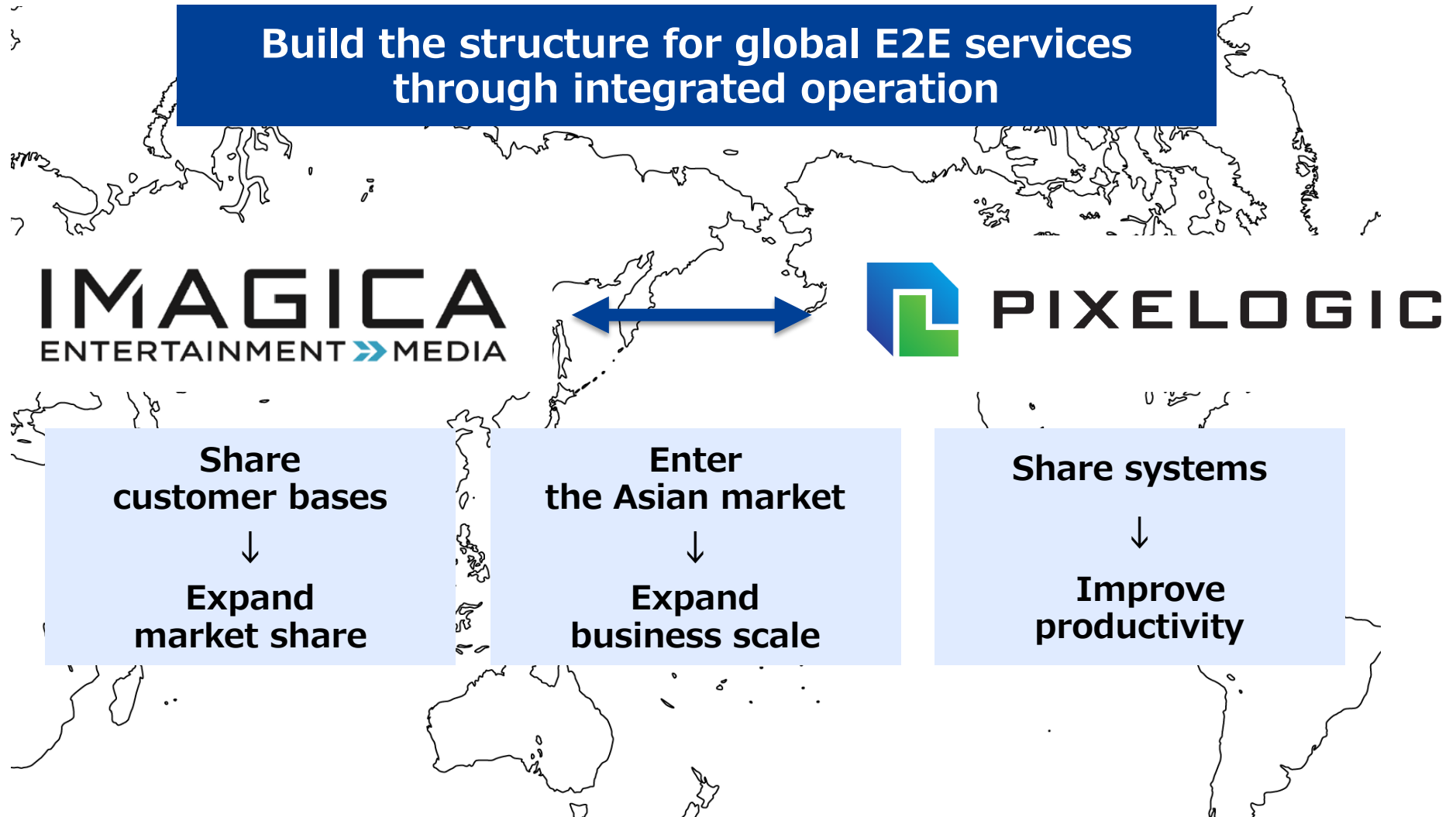
High productivity, low-cost

Uses the proprietarily developed IT system to **automate** tasks (IT system developed at a location in Egypt)
Minimum necessary owned studios
Network of translators and dubbing studios (production of English files in South Africa, etc.)

High gross margin

Services Structure of the Global E2E Business

Increase productivity, expand the scope of services provided, and expand the business through integrated operation of Pixelogic and Imagica Entertainment Media Services, Inc.



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<Strategic Measures>

Achieve company transformation through DX

Strengthen R&D capabilities

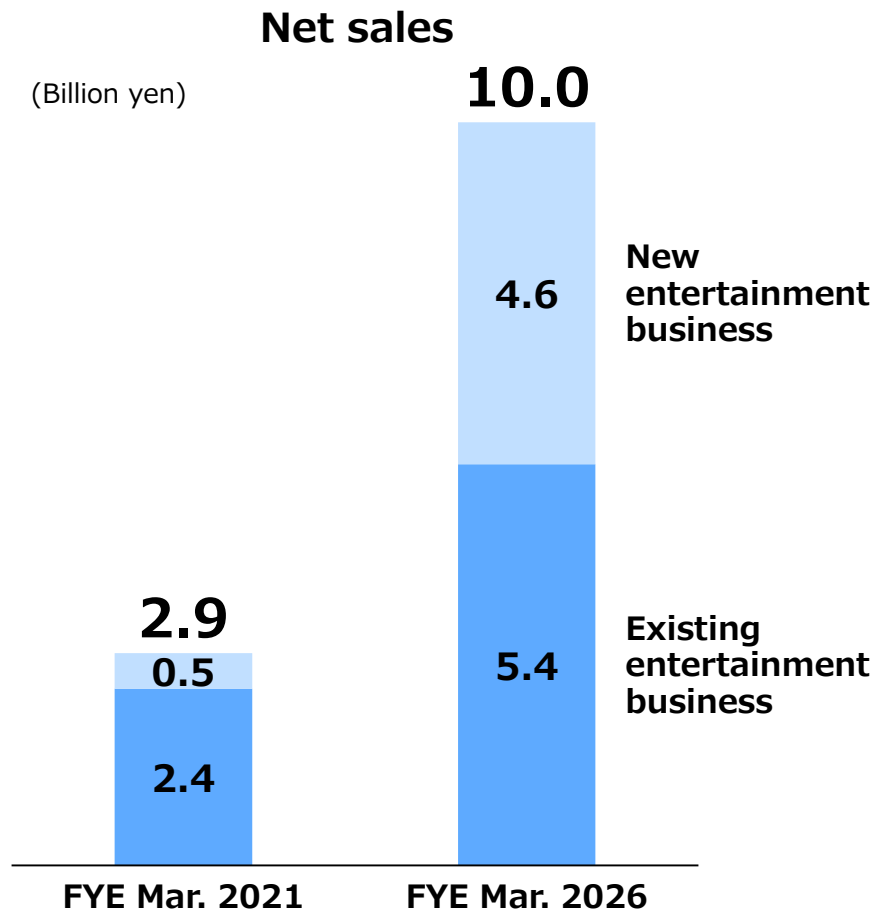
Secure & activate talented employees

<Resolve Social Challenges and Achieve Sustainable Growth>

SDGs initiatives

Vision for the Live Entertainment Business

Establish a new business model through cross-organizational Group efforts and expand business.



Establish a new business model

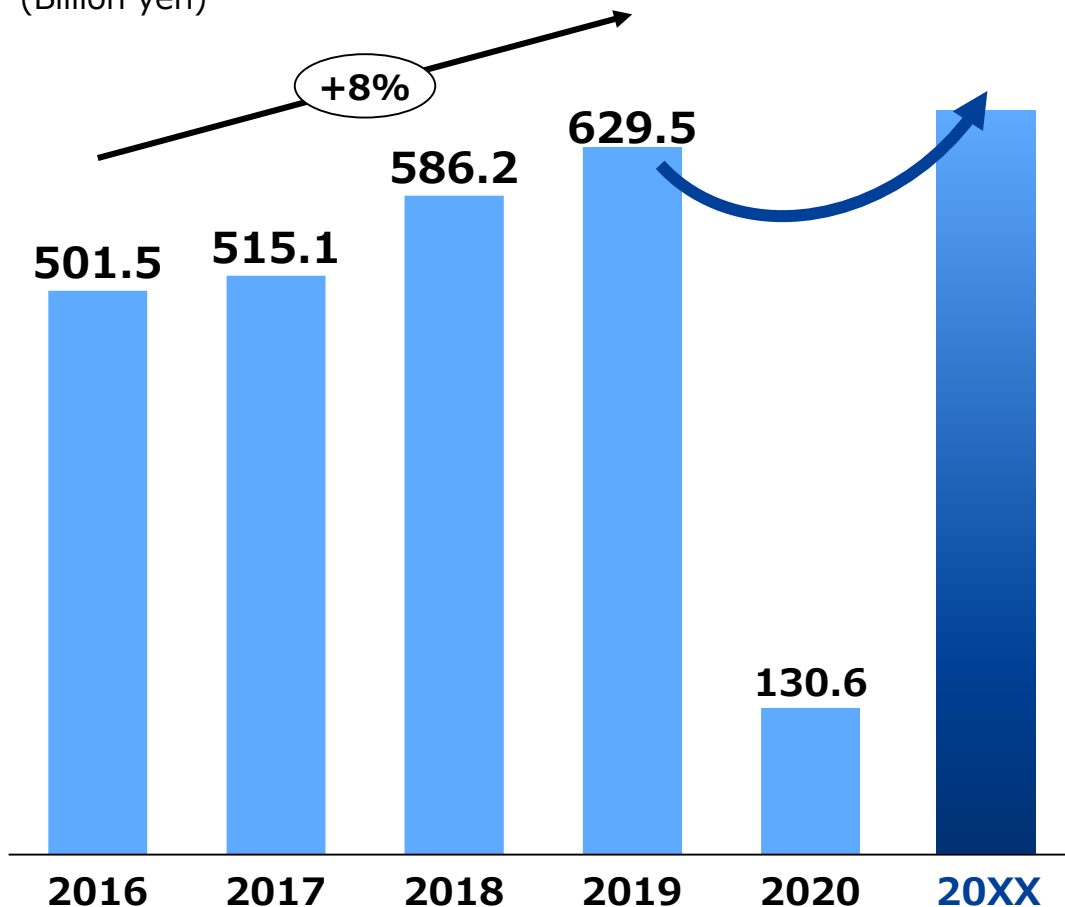
- Enter the digital event area (planning and producing online live streaming)
- Establish a business with a revenue-sharing business model through cooperation with streaming service providers and talent agencies.
- Launch a sports tech business that provides a new spectator experience and imaging solutions for sports events.

Live Entertainment Industry Undergoing Major Changes

The business scale shrank temporarily due to the COVID-19 pandemic, but a new online live market emerged and grew rapidly.

Domestic Live Entertainment Market Scale

(Billion yen)

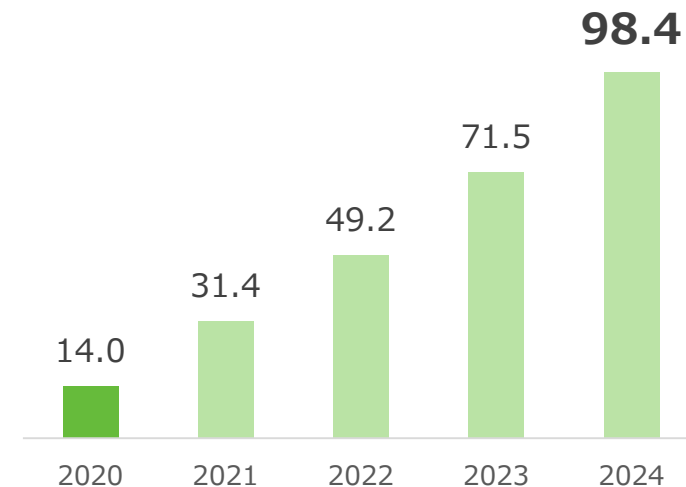


* Created based on a survey by Pia Research Institute

Online live market that emerged during the COVID-19 pandemic

Forecast at 98.4 billion yen in 2024*

Forecast digital live entertainment market size in 2020—2024



* From CyberZ, Inc., OEN, and Digital InFact surveys.

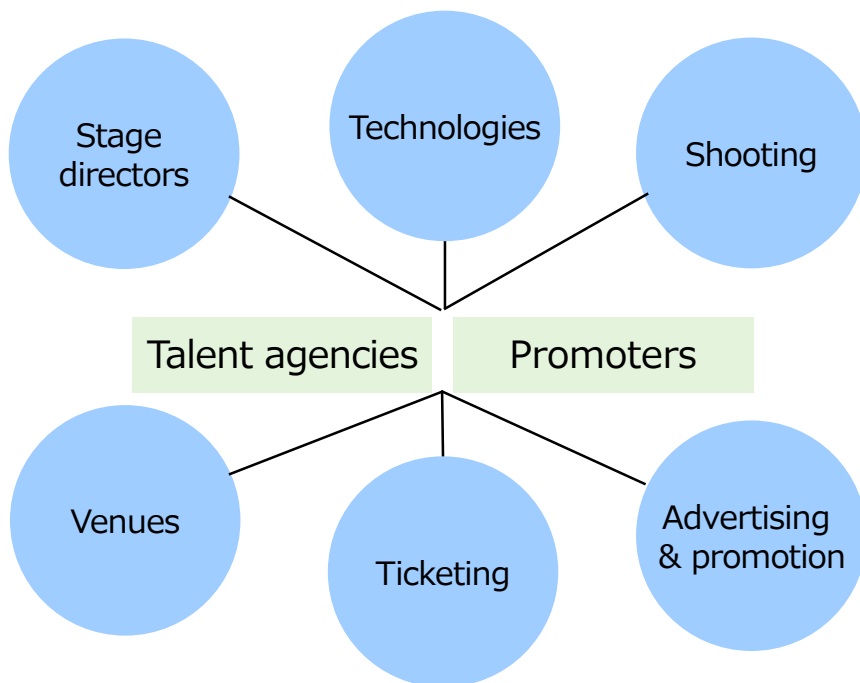
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New Business Opportunities from the Emergence of Online Live Entertainment Business

Opportunity to enter the live entertainment market as a digital event producer.

Existing live market

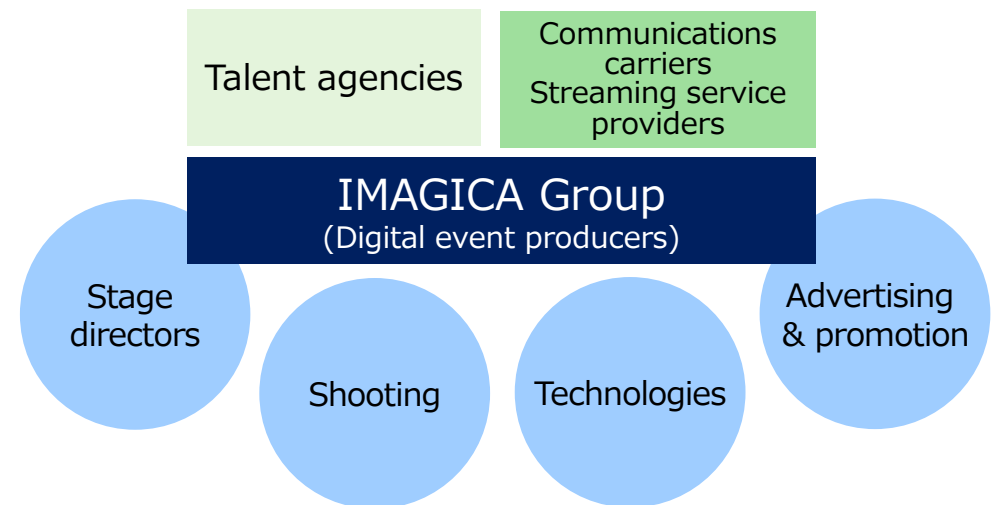
The players in directing, shooting, etc. and the business flow are entrenched.
(little opportunity for entrance)



Hybrid Live Market

(Use of both real & online)

Switched to revenue-sharing based business model for online events, in collaboration with communications carriers and streaming service providers.
(more room for entrance)



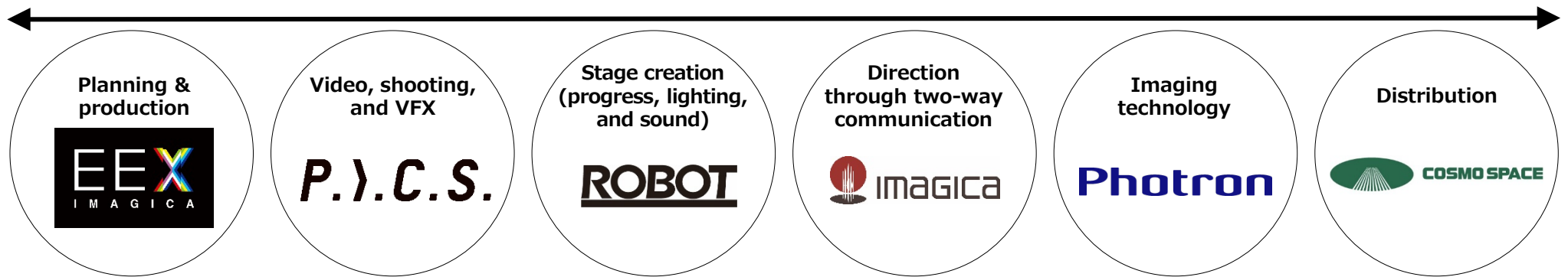
Provide planning and directing using state-of-the-art technologies unique to online live through cross-organizational Group efforts and expand business.

Successful case study in the Digital Event Production

NEXT VISION JAPAN 2021 XR LIVE

Online live employing **two-way communication** and **XR direction**

Each company in the Group manifested its strengths in online live event production.



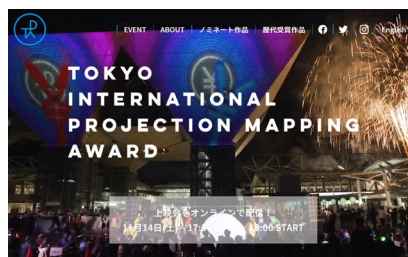
Establish New Business Models

Enter the live market as a digital event producer.

**High-definition
live viewing**



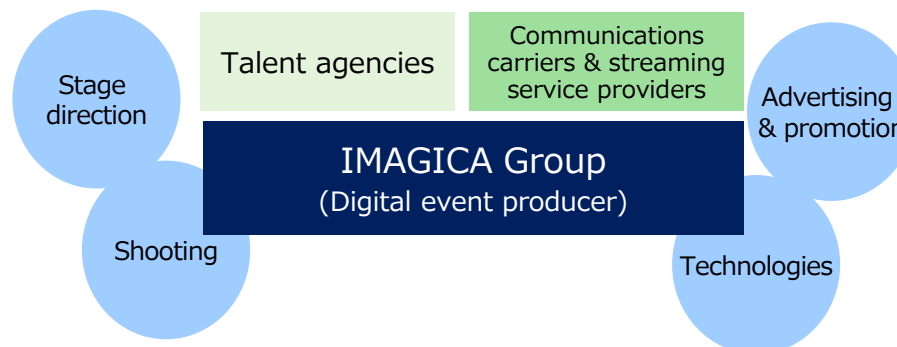
Hybrid live
(Use of both real & online)



**Experiential
theme park**



Establish a revenue-sharing business model for production of various kinds of events through collaboration with many partners.



Provide planning and directing using state-of-the-art technologies through cross-organizational Group efforts and expand business.

Key Strategies in the New Mid-Term Plan "G-EST 2025"

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4. Complete Transformation in the "Transformational business"

<Strategic Measures>

Achieve company transformation through DX

Strengthen R&D capabilities

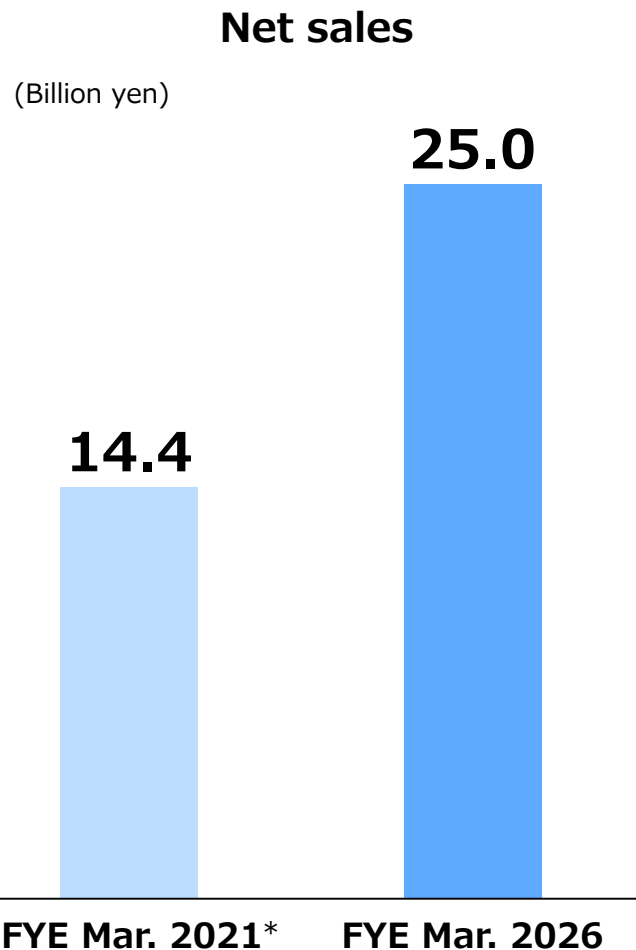
Secure & activate talented employees

<Resolve Social Challenges and Achieve Sustainable Growth>



SDGs initiatives

Imaging Systems & Solutions Business: From Selling Products to Selling Services

Switch to a “Service-Selling” business (Subscription SaaS, and Solutions)

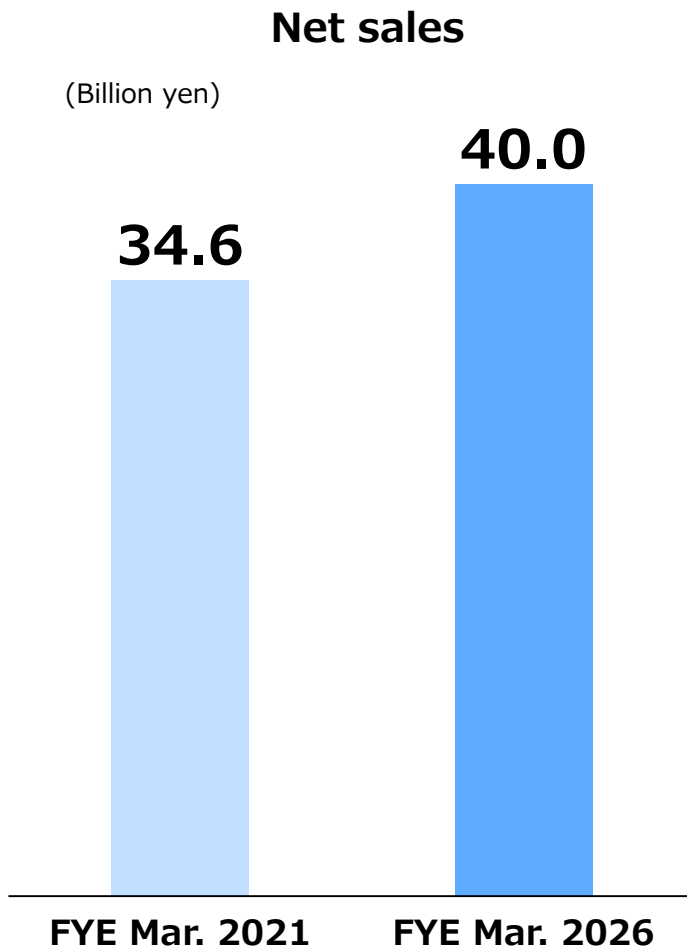


* FYE Mar. 2021: Numbers adjusted for change in accounting standards

Business model transformation	Imaging Systems & Solutions	<p>Continue to expand provision of imaging systems (equipment).</p> <p style="text-align: center;">+</p> <ul style="list-style-type: none"> • Cloud-based production workflow service (subscription or SaaS model) • Imaging network monitoring business
	High-speed Camera	<p>Expand business solutions for vehicle crash safety tests, etc.</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>
Business domain expansion	Optical Measurement	<ul style="list-style-type: none"> • Overseas expansion of polarization testing equipment (E.g.: Smartphone liquid crystal film testing devices, etc.) • Provide polarizer components to the high-speed communications market

Transformational Business: Improved Profitability and Stabilized Profit Generation

Target an operating income of 5% or higher through business expansion in high-growth industries.



Content Creation

- **Acquire production projects in Japan and overseas by strengthening relationships with streaming service providers.**

<Actual example>

Alice in Borderland

An original Netflix series planned and produced by ROBOT COMMUNICATIONS, INC.

December 10, 2020, exclusive global rights

- **Make a greater effort to pursue acquisition and create intellectual property (IP).**

Obtain copyrights through active involvement in production committees.

Create IP by animating original works of Group companies.

Production Services

- Expand business and net sales by **rolling out E2E services to the game industry.**

- (1) contracts for 3DCG production.
- (2) game creators dispatching.
- (3) contracts for game debugging (quality assurance).

- Improve productivity by promoting **DX in post-production business.**

Strategic Measures in the New Mid-Term Plan "G-EST 2025"

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SDGs initiatives

Achieve company transformation through DX

Pursue DX in both business and management foundation (management) and create new value in the entire Group.

Create new value through digital technology

Business evolution

Extract the Group from reliance on equipment, location, and physical media.
Automate simple creator tasks.

Move relay production and editing work to remote work.

Go all digital in the anime production workflow.

Automate image processing and visualize status.

Strengthen the management foundation

Make swift management judgments and decision-making based on data.
Improve efficiency of management and administrative work through digital technology.
Build a flexible ICT platform that is capable of responding even in uncertain times.

Visualize management performance and forecast information and build a business management system.

Reduce the number of hours spent on administrative work by going paperless and digitalization.

Create a centralized database of talent information.

Strengthen security and expand the cloud environment.

Strengthen R&D capabilities

Make technological development capabilities the engine of growth for the entire Group.



Establish a Group R&D organization.

Collaborate with overseas Group companies.

Build a global imaging network with Pixelogic.

Fuse creativity and technology.

Provide live streaming, recording, real time synthesis, and other solutions.

Develop products for research institutions and the manufacturing industry.

Provide imaging products and analysis, design, and drawing management solutions for research, development, and quality control.

Use technology to transform the production business.

Provide a broad range of proposals for production and streaming equipment, cloud service, etc.

Secure & activate talented employees

Improve ability to secure and develop the talent to support business growth.

Secure talent possessing both creativity and knowledge of technology

- Secure talent to lead new businesses and **centralize hiring activities**.
- Establish an employment format that makes it easy for creators to work.
- **Introduce a career development system** for talent skilled in technology.

Utilize talent through talent management

- **Centralize information** on the next generation of management, global talent, etc. and **use it strategically**.

Build a personnel system that provides job satisfaction

- **Introduce a job rotation system** in which Group talent can take on challenges.
- Develop **multi-talented personnel** who specialize in multiple areas and pursue integrated strengths.

Promote diversity

- Promote advancement of **female leaders**.
- **Encourage promotion of foreign nationals** and transform the workplace into an inclusive workplace.
- **Utilize veteran talent**.

SDGs Initiatives

Establish Group SDGs initiatives based on the three themes from the management philosophy and business model.

1	Initiatives that use “imaging” to contribute to society		Use “imaging” to resolve social challenges in many areas. Example: Produce a “creator preparatory school” in cooperation with local governments (ROBOT COMMUNICATIONS INC.)
2	Creation of a production process that is environmentally and people-friendly		Pursue ecological activities and services that support new workstyles in video production workplaces and offices. Example: Pursue full digitalization of the animation production process.
3	Development of human resources and promoting diversity		Build an environment in which many different kinds of talent who work for “imaging” industry to be active and pursue talent development. Example: Establish an environment where people with disabilities can actively contribute. Implement programs to develop the next generation (entire Group).

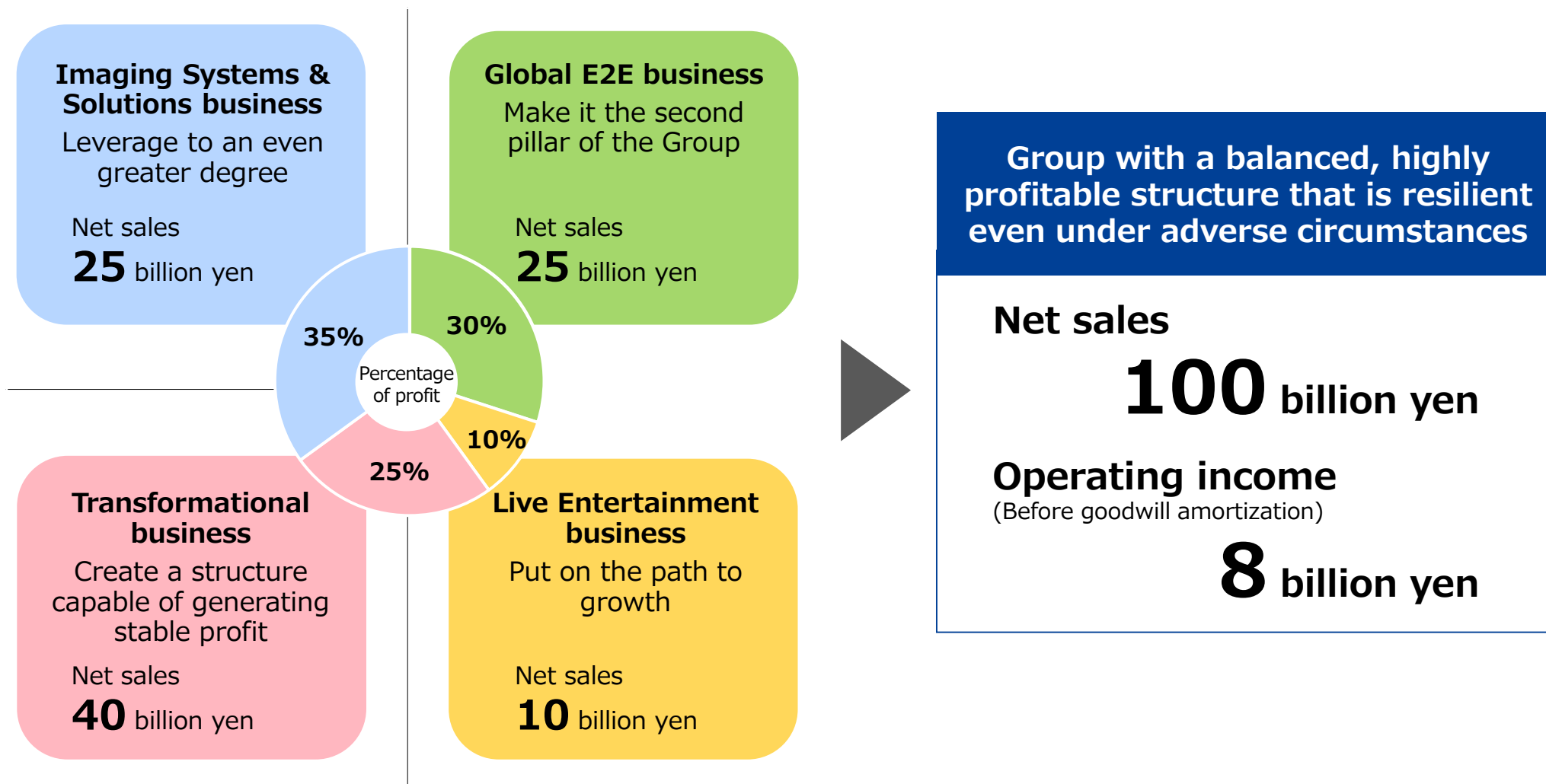
Resolve social challenges



Achieve sustained growth

Goal of the New Mid-Term Plan "G-EST 2025"

Strive for a balanced, highly profitable structure by implementing the Key Strategies.



Appendix.

Consolidated Statements of Income

(Million Yen)	FYE Mar. 2020	FYE Mar. 2021		
	Actual	Actual	YoY	% YoY
Net sales	94,090	86,727	(7,363)	(7.8%)
Gross profit (Gross margin)	23,769 25.3%	20,582 23.7%	(3,186)	(13.4%)
Operating income (loss) (Operating margin)	1,351 1.4%	(1,084) —	(2,436)	—
Ordinary income (loss) (Ordinary margin)	416 0.4%	(1,343) —	(1,759)	—
Extraordinary income	1,688	7,138	5,449	322.7%
Extraordinary losses	358	2,240	1,881	525.3%
Net income (loss) before income tax	1,746	3,554	1,808	103.5%
Net profit attributable to owners of parent	664	3,454	2,790	420.2%
EBITDA (Reference)	4,706	2,544	(2,162)	(45.9%)

* EBITDA includes: Operating income, depreciation and amortization, goodwill amortization and intangible fixed assets amortization including trademarks

Financial Results by Segment (1Q-4Q)

(Million Yen)		FYE Mar. 2020	FYE Mar. 2021		
		Actual	Actual	YoY	% YoY
Content Creation	Net sales	26,205	19,809	(6,395)	(24.4%)
	Operating loss	(359)	(440)	(81)	—
	(Operating margin)	—	—		
Production Services	Net sales	49,091	48,286	(805)	(1.6%)
	Operating loss	(348)	(2,222)	(1,874)	—
	(Operating margin)	—	—		
Imaging Systems & Solutions	Net sales	20,551	19,669	(882)	(4.3%)
	Operating income	2,714	2,045	(669)	(24.6%)
	(Operating margin)	13.2%	10.4%		
Others	Net sales	(1,758)	(1,038)	720	—
	Operating loss	(655)	(466)	188	—
Consolidated total	Net sales	94,090	86,727	(7,363)	(7.8%)
	Operating income (loss)	1,351	(1,084)	(2,436)	—

Consolidated Balance Sheets

(Million Yen)		As of Mar. 31, 2020	As of Mar. 31, 2021	YoY	Main Factors
Assets	Current assets	35,295	30,440	(4,854)	Cash and deposits: (431) Notes and accounts receivable-trade: (1,450) Inventories: (3,234) Other: +252
	Cash and deposits	7,339	6,908	(431)	
	Non-current assets	26,859	30,005	3,145	Investment securities: +867 Shares of subsidiaries and affiliates: (1,595) Deferred tax asset: +301
	Goodwill	3,167	12,048	8,880	
	Total Assets	62,154	60,446	(1,708)	
Liabilities / Net Assets	Current liabilities	25,762	22,117	(3,645)	Notes and accounts payable-trade: (644) Short-term loans payable: +2,398 Income taxes payable: (1,292) Advances received: (2,128)
	Short-term loans payable	5,004	7,402	2,398	
	Non-current liabilities	8,913	8,495	(417)	Long-term loans payable: (126)
	Long-term loans payable	5,510	5,384	(126)	
	Total Liabilities	34,676	30,613	(4,062)	
	Shareholders' equity	25,428	27,149	1,721	(Reference) Equity capital
	Accumulated other comprehensive income	(361)	301	662	As of March 31, 2020: 25,066 (40.3%)
	Stock acquisition rights	11	11	–	As of March 31, 2021: 27,450 (45.4%)
	Non-controlling interests	2,400	2,370	(29)	
	Total Net Assets	27,478	29,832	2,354	
	Total Liabilities and Net Assets	62,154	60,446	(1,708)	
	Net Cash	(3,175)	(5,878)	(2,703)	(Cash and deposits – long-term and short-term loans payable)

Consolidated Statements of Cash Flow

(Million Yen)	FYE Mar. 2020	FYE Mar. 2021
Net income (Loss) before income tax	1,746	3,554
Depreciation and amortization	2,777	2,757
Amortization of goodwill	576	871
Loss (Gain) on sales of stocks of subsidiaries and affiliates	(7)	(4,936)
Gain (Loss) on step acquisitions	–	(2,076)
Decrease (Increase) in notes and accounts receivable-trade	2,248	(52)
Decrease (Increase) in inventories	1,528	2,741
Decrease (Increase) in notes and accounts payable-trade	(480)	26
Increase (Decrease) in advanced payment	(482)	(1,635)
Other, net	(933)	(1,843)
Cash flows from operating activities	6,974	(592)
Long-term loan advances	(1,791)	–
Purchase of property, plant and equipment	(1,468)	(1,500)
Proceeds from sales of property, plant and equipment	2,674	5
Purchase of investments in affiliates	(2,975)	(467)
Purchase of investments in subsidiaries	–	(60)
Expenditure for purchase of subsidiary stock accompanying a change in the scope of consolidation	–	(4,099)
Gain on sales of subsidiary stock accompanying a change in the scope of consolidation	–	5,859
Other, net	(735)	(1,100)
Cash flows from investing activities	(4,297)	(1,364)
Net increase (decrease) in short-term loans payable	245	3,596
Proceeds from long-term loans payable	1,090	4,939
Repayment of long-term loans payable	(2,473)	(4,048)
Cash dividends paid	(220)	(221)
Purchase of investments in subsidiaries do not result in change in scope of consolidation	(7)	(2,794)
Other, net	74	(2)
Cash flows from financing activities	(1,291)	1,469
Effect of exchange rate change on cash and cash equivalents	(124)	(2)
Net increase (decrease) in cash and cash equivalents	1,260	(485)
Net increase (decrease) in cash and cash equivalents accompanying change in the scope of consolidation	–	14
Cash and cash equivalents at end of period	7,327	6,856

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DISCLAIMER:

The forward-looking statements for the current and future business periods described in this document are formulated based on the plans and prospects of the Group as of the date on which these materials were disclosed. Actual performance may differ from numerical forecasts due to the uncertainties inherent in the judgments and assumptions made, as well as possibility of future changes that may occur in business management and internal and external circumstances.