

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2021 (Based on Japanese GAAP)



August 12, 2021

Company name: REVER Holdings Corporation
 Stock exchange listing: Tokyo
 Stock code: 5690 URL <https://www.re-ver.co.jp/>
 Representative: President, representative director and executive officer Naoto Matsuoka
 Inquiries: Executive officer and controller Norio Yamada TEL 03-5204-1890
 Scheduled date of ordinary general meeting of shareholders: September 28, 2021
 Scheduled date to file Securities Report: September 29, 2021
 Scheduled date to commence dividend payments: September 29, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended June 30, 2021	36,203	27.6	3,881	296.0	4,131	222.4	3,135	157.6
Year ended June 30, 2020	28,375	(22.6)	980	(29.3)	1,281	(22.1)	1,217	(4.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended June 30, 2021	183.06	—	17.9	14.1	10.7
Year ended June 30, 2020	81.12	—	7.7	4.6	3.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	30,561	18,731	61.3	1,093.74
As of June 30, 2020	28,244	16,209	57.4	946.46

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended June 30, 2021	5,249	(65)	(3,107)	8,315
Year ended June 30, 2020	1,973	(2,112)	(558)	6,238

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended June 30, 2020	—	—	—	35.00	35.00	599	43.1	3.8
Year ended June 30, 2021	—	—	—	35.00	35.00	599	19.1	3.4
Year ending March 31, 2022 (Forecast)	10.00	—	—	—	—	—	—	—

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from July 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	28,450	—	2,110	—	2,300	—	1,550	—	90.50

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2021	17,126,500 shares	As of June 30, 2020	17,126,500 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	— shares	As of June 30, 2020	— shares
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Average number of shares during the period

Year ended June 30, 2021	17,126,500 shares	Year ended June 30, 2020	15,002,900 shares
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1. Qualitative Information Regarding Financial Results for the Fiscal Year Ended June 30, 2021

(1) Explanation of operating results

During the fiscal year ended June 30, 2021, the Japanese economy mounted a steady recovery as indicated by the business confidence diffusion index (DI) results across all four releases of the Bank of Japan 's Tankan survey of corporate sentiment administered for the months of September 2020, December 2020, March 2021, and June 2021, such that the DI for large enterprises in manufacturing was -27 (+7 ppt relative to the previous DI), -10 (+17 ppt), +5 (+15 ppt), and +14 (+9 ppt), respectively. Meanwhile, the DI in non-manufacturing was +1 in the June 2021 survey, marking a positive result for the first time in five quarters. DI results were substantially negative when it came to accommodations, eating/drinking, and other sectors related to personal spending, thereby revealing a stark divergence in such demand relative to other sectors.

As for the business domains of the REVER Group, the Japanese steel market has been gradually improving and crude steel production has also been following a conspicuous track toward recovery, at 18,980 thousand tons for July to September 2020 (22.7% decrease year on year), 21,990 thousand for October to December 2020 (7.0% decrease), 23,710 thousand for January to March 2021 (1.7% decrease), and 24,350 thousand for April to June 2021 (34.4% increase). The steel scrap market price (scrap price of special grade at the Utsunomiya Plant released by Tokyo Steel Co., Ltd.) briefly dropped to 21,500 yen/ton from 24,000 yen/ton at the beginning of the fiscal year amid uncertainties regarding the economic outlook due to the COVID-19 pandemic, but then subsequently surged to 43,000 yen/ton by December after having mounted a gradual recovery due to rising export prices from mid-July onward. Heading into January, the price then briefly decreased to 29,000 yen/ton largely due to production adjustments by electric furnace manufacturers mainly in the Kanto region in response to calls for energy conservation from electric power companies, but then shot up to 49,000 yen/ton by the end of the fiscal year ended June 30, 2021. Prices of high-grade scrap (HS, shindachi scrap, etc.) are particularly likely to remain high going forward largely due to robust overseas demand in conjunction with scrap demand from domestic blast furnace manufacturers mindful of carbon neutrality.

In such a business environment, the REVER Group encountered obstacles during the fiscal year ended June 30, 2021, such as lower volumes of steel scrap and scrap generated from end-of-life vehicles in the first half compared to previous years due to the effects of COVID-19, but those volumes recovered to pre-COVID-19 levels in the second half. High prices in the resources market contributed to gains in the Company 's gross margin, despite the market having encountered a brief correction phase.

In addition, the Company recovered higher volumes of valuable substances as a result of thorough machining and sorting operations, and lowered costs by reducing the volume of residues that are exhaustive to process. Going forward, the Company will strive to secure profit margins at certain levels by keeping inventories low in response to lower market prices and addressing surging costs for processing residues by passing them on in the form of fees for processing waste.

As a result, the REVER Group achieved the following operating results for the fiscal year ended June 30, 2021.

(Net sales, cost of sales, gross profit)

For the fiscal year ended June 30, 2021, net sales amounted to 36,203,595 thousand yen, an increase of 7,827,854 thousand yen (27.6%) from the previous fiscal year. Cost of sales amounted to 28,657,274 thousand yen, an increase of 4,723,622 thousand yen (19.7%). Gross profit amounted to 7,546,321 thousand yen, an increase of 3,104,232 thousand yen (69.9%).

Sales volume related to general sales (metal recycling, automobile recycling, etc.) amounted to 6,820 thousand tons, a decrease of 470 thousand tons from the previous fiscal year, and general sales amounted to 31,273,532 thousand yen, an increase of 7,612,996 thousand yen (32.2%). Sales related to processing sales (industrial waste treatment, home appliance recycling, etc.) amounted to 4,729,212 thousand yen, an increase of 229,655 thousand yen (5.1%). Other sales amounted to 200,851 thousand yen, a decrease of 14,796 thousand yen (6.9%).

(Selling, general and administrative expenses, operating profit, EBITDA)

Operating profit was 3,881,310 thousand yen, an increase of 2,901,083 thousand yen (296.0%) from the previous fiscal year. Selling, general and administrative expenses amounted to 3,665,010 thousand yen, an increase of 203,149 thousand yen (5.9%), which includes salary and allowances of 1,631,873 thousand yen, legal welfare expenses of 308,481 thousand yen and commission fees such as consulting fees of 327,761 thousand yen. EBITDA (" operating income " + " depreciation expense recorded in cost of sales and selling, general and administrative expenses ") was 5,256,496 thousand yen, an increase of 2,821,727 thousand yen (53.7%).

(Non-operating income/expenses, ordinary profit)

Ordinary profit was 4,131,940 thousand yen, an increase of 2,850,351 thousand yen (222.4%) from the previous fiscal year, mainly due to rent income associated with properties for rent of 255,451 thousand yen and equity in earnings of affiliates of 82,647 thousand yen recorded under non-operating income, while interest expense of 37,201 thousand yen, charge expenses of 43,318 thousand yen, and rent expenses associated with properties for rent of 77,800 thousand yen were recorded under non-operating expenses.

The ordinary income ratio (" ordinary income " / " net sales ") was 11.4%, an increase of 6.9 ppt from the previous fiscal year.

(Extraordinary income/loss, income before income taxes, net income attributable to owners of the parent)

Income before income taxes was 4,591,646 thousand yen and net income attributable to owners of the parent was 3,135,248 thousand yen, mainly due to gain on sales of non-current assets of 726,023 thousand yen, which included the sale of land and buildings of the former Funabori Plant of Nakadaya Corporation recorded under extraordinary income, while compensation for damage of 250,000 thousand yen was recorded under extraordinary loss.

(Return on equity)

Return on equity (ROE) was 17.9%, an increase of 10.3 ppt from the previous fiscal year.

(2) Financial position

(Assets)

At the end of the fiscal year, total assets amounted to 30,561,758 thousand yen, an increase of 2,317,235 thousand yen (8.2%) from the end of the previous fiscal year.

Total current assets amounted to 12,491,111 thousand yen, an increase of 2,374,556 thousand yen (23.5%) from the end of the previous fiscal year, mainly due to increases in cash and cash equivalents of 2,069,013 thousand yen and trade and other receivables of 755,108 thousand yen.

Total non-current assets amounted to 18,070,646 thousand yen, a decrease of 57,320 thousand yen (0.3%) from the end of the previous fiscal year, mainly due to a decrease in land of 490,989 thousand yen due to the sale of land of the former Funabori Plant of NAKADAYA CORPORATION, offset by an increase in construction in progress of 240,914 thousand yen.

(Liabilities)

At the end of the fiscal year, total liabilities amounted to 11,829,763 thousand yen, a decrease of 205,075 thousand yen (1.7%) from the end of the previous fiscal year. Total current liabilities amounted to 9,708,222 thousand yen, a decrease of 168,668 thousand yen (1.7%), mainly due to a 2,350,000 thousand yen decrease in short-term borrowings, offset by increases in income taxes payable of 1,105,017 thousand yen and accounts payable, trade of 827,117 thousand yen. Total non-current liabilities amounted to 2,121,541 thousand yen, a decrease of 36,406 thousand yen (1.7%).

(Net assets)

At the end of the fiscal year, total net assets amounted to 18,731,994 thousand yen, an increase of 2,522,310 thousand yen (15.6%) from the end of the previous fiscal year, due to an increase of 2,535,821 thousand yen in retained earnings.

(3) Overview of cash flows for the fiscal year ended June 30, 2021

(Free cash flow)

Free cash flow for the fiscal year ended June 30, 2021 (sum total of cash flows from operating activities and cash flows from investing activities) amounted to a net inflow of 5,184,664 thousand yen amid a situation where income before income taxes, proceeds derived from depreciation expense, and proceeds from sales of property, plant and equipment exceeded payment of property, plant and equipment, etc. Net cash used in financing activities amounted to 3,107,651 thousand yen mainly due to cash dividends paid and repayment of borrowings.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 5,249,816 thousand yen (net cash provided of 1,973,602 thousand yen in the previous fiscal year) mainly due to proceeds of 4,591,646 thousand yen in income before income taxes and 1,375,185 thousand yen in depreciation expense, offset by income taxes paid of 569,387 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 65,151 thousand yen (net cash used of 2,112,938 thousand yen in the previous fiscal year) mainly due to payment of property, plant and equipment of 1,577,381 thousand yen, offset by proceeds from sales of property, plant and equipment of 1,232,585 thousand yen and proceeds from rent of property, plant and equipment of 255,451 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 3,107,651 thousand yen (net cash used of 558,789 thousand yen in the previous fiscal year) mainly due to net decrease in short-term borrowings of 2,350,000 thousand yen and cash dividends paid of 599,427 thousand yen.

(4) Future outlook

The Company is likely to remain subject to the effects of waste import restrictions imposed by China in July 2017, which entail bans on imports from Japan and other nations of disposed plastic, paper for recycling, scrap metal and other miscellaneous waste materials. The Company also saw a recovery in volumes of end-of-life vehicles, construction and demolition debris, and factory waste in the second half of the fiscal year under review, after such volumes decreased amid a lull in the Japanese economy caused by COVID-19. However, the economic outlook is becoming increasingly uncertain with the recent resurgence of COVID-19, resulting in more than 10,000 new cases of the virus. Meanwhile, the resources market performed well largely due to robust overseas demand during the current fiscal year, and initiatives to reduce carbon dioxide emissions are likely to result in firm demand for steel and non-ferrous scrap going forward.

Under these circumstances, we recognize that the REVER Group's resource recycling business operations serve as a key element of the social infrastructure with respect to recycling industrial waste. As such, we will accordingly strive to meet the expectations of our stakeholders and society by engaging in the three initiatives listed below.

1. We will strive to recycle all types of waste materials by improving our recycling technology
2. We will increase profits by reorganizing the structure of the Group
3. We will coordinate efforts with venous and arterial business entities and municipalities

In addition, the Company has plans to arrange a business combination that will involve establishing a joint holding company through a transfer of shares with TAKEEI CORPORATION. The joint holding company will provide integrated services ranging from design, construction and operation of respective businesses that include recycling, intermediate treatment, waste and biomass power generation, and final disposal across the venous value chain involving emissions and waste in a safe and secure manner for the sake of the public, the government, and general customers. As a result, we aim to build a world-class environmental business model that leads the waste recycling and treatment industry by contributing to a highly recycling-oriented society and a carbon emission-free society aligned with the government's goal of virtually zero greenhouse gas emissions by 2050.

The share transfer plan for the management integration involving establishment of a joint holding company between the Company and TAKEEI CORPORATION was released on March 18, 2021. Approval thereof has accordingly been granted at the 45th Ordinary General Meeting of Shareholders of TAKEEI CORPORATION held on June 23, 2021 and at the Company's Extraordinary General Meeting of Shareholders held on June 30, 2021. Both companies are steadily working toward establishment of TRE HOLDINGS CORPORATION on October 1, 2021. The Company's consolidated forecasts do not account for effects of the integration, which are to be provided for in the Group's medium-term management plan, currently pending as part of these initiatives.

(5) Material events, etc. related to the going concern assumption

Not applicable.

2. Basic Approach to Selection of Accounting Standards

The REVER Group applies Japanese GAAP for the sake of ensuring comparability with the consolidated financial statements of peer companies in Japan. We intend to review options regarding the possibility of applying the International Financial Reporting Standards (IFRS) upon having considered developments in Japan and abroad.

Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	6,696,726	8,765,739
Trade and other receivables	1,739,628	2,494,737
Inventories	675,932	876,407
Other	1,030,292	381,916
Allowance for doubtful accounts	(26,024)	(27,689)
Total current assets	10,116,555	12,491,111
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,135,775	6,177,368
Machinery, equipment and vehicles, net	1,378,509	1,390,376
Land	8,664,039	8,173,050
Leased assets, net	463,155	362,062
Construction in progress	176,452	417,367
Other, net	163,312	161,453
Total property, plant and equipment	16,981,246	16,681,678
Intangible assets		
Other	33,690	26,009
Total intangible assets	33,690	26,009
Investments and other assets		
Investment securities	35,702	59,293
Affiliated companies	754,440	783,766
Deferred tax assets	156,389	373,774
Other	169,081	147,848
Allowance for doubtful accounts	(2,584)	(1,724)
Total investments and other assets	1,113,029	1,362,957
Total non-current assets	18,127,967	18,070,646
Total assets	28,244,522	30,561,758

(Thousands of yen)

	As of June 30, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Accounts payable, trade	860,185	1,687,303
Short-term borrowings	5,950,000	3,600,000
Current portion of long-term debt	275,872	251,332
Lease obligations	228,049	188,820
Accounts payable, others	1,035,775	1,156,107
Accrued expenses	765,759	390,912
Income taxes payable	330,716	1,435,734
Allowance for employees' bonus	141,337	214,676
Allowance for directors' bonus	30,625	106,080
Other	258,568	677,256
Total current liabilities	9,876,890	9,708,222
Non-current liabilities		
Long-term debt	1,406,924	1,513,292
Lease obligations	366,155	274,000
Retirement benefit liability	38,976	32,942
Long-term accounts payable - other	199,427	109,885
Deferred tax liabilities	86,387	130,467
Other	60,075	60,952
Total non-current liabilities	2,157,947	2,121,541
Total liabilities	12,034,838	11,829,763
Net assets		
Shareholders' equity		
Share capital	1,715,000	1,715,000
Capital surplus	1,642,342	1,642,342
Retained earnings	12,786,816	15,322,637
Total shareholders' equity	16,144,158	18,679,980
Accumulated other comprehensive income		
Net unrealized gain on other securities	9,370	25,639
Deferred gains or losses on hedges	(15,903)	(14,360)
Foreign currency translation adjustment	72,057	40,735
Total accumulated other comprehensive income	65,524	52,014
Total net assets	16,209,683	18,731,994
Total liabilities and net assets	28,244,522	30,561,758

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Net sales	28,375,740	36,203,595
Cost of sales	23,933,652	28,657,274
Gross profit	4,442,088	7,546,321
Selling, general and administrative expenses	3,461,861	3,665,010
Operating profit	980,227	3,881,310
Non-operating income		
Interest income	159	241
Dividends income	762	467
Insurance claim income	87,714	44,955
Rent income associated with properties for rent	256,397	255,451
Equity in earnings of affiliates	86,729	82,647
Other	89,370	59,907
Total non-operating income	521,134	443,669
Non-operating expenses		
Interest expenses	45,187	37,201
Rent expenses	85,338	77,800
Charge expenses	—	43,318
Initial public offering expenses	29,686	—
Restoration expenses	45,362	—
Other	14,198	34,719
Total non-operating expenses	219,773	193,040
Ordinary profit	1,281,589	4,131,940
Extraordinary income		
Gain on sale of non-current assets	635,603	726,023
Total extraordinary income	635,603	726,023
Extraordinary losses		
Loss on disposal of non-current assets	14,919	16,317
Impairment losses	37,272	—
Compensation for damage	—	250,000
Total extraordinary losses	52,192	266,317
Income before income taxes	1,864,999	4,591,646
Income taxes - current	487,142	1,638,189
Income taxes - deferred	160,699	(181,792)
Total income taxes	647,842	1,456,397
Net income	1,217,156	3,135,248
Net income attributable to owners of parent	1,217,156	3,135,248

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Profit	1,217,156	3,135,248
Other comprehensive income		
Net unrealized gain on other securities	(19,727)	16,269
Deferred gains or losses on hedges	11,677	1,542
Share of Other Comprehensive Income of Associates	36,650	(31,322)
Total other comprehensive income	28,599	(13,510)
Comprehensive income	1,245,756	3,121,738
Comprehensive income attributable to		
Owners of parent	1,245,756	3,121,738

Consolidated statements of changes in equity

Fiscal year ended June 30, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,715,000	2,084,051	11,638,165	—	15,437,216
Changes during period					
Dividends of surplus			(68,506)		(68,506)
Net income attributable to owners of parent			1,217,156		1,217,156
Purchase of treasury stock				(4,213,222)	(4,213,222)
Disposal of treasury stock		(441,708)		4,213,222	3,771,513
Net changes in items other than shareholders' equity					—
Total changes during period	—	(441,708)	1,148,650	—	706,942
Balance at end of period	1,715,000	1,642,342	12,786,816	—	16,144,158

	Accumulated other comprehensive income				Total net assets
	Net unrealized gain on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	29,098	(27,580)	35,406	36,924	15,474,141
Changes during period					
Dividends of surplus				—	(68,506)
Net income attributable to owners of parent				—	1,217,156
Purchase of treasury stock				—	(4,213,222)
Disposal of treasury stock				—	3,771,513
Net changes in items other than shareholders' equity	(19,727)	11,677	36,650	28,599	28,599
Total changes during period	(19,727)	11,677	36,650	28,599	735,542
Balance at end of period	9,370	(15,903)	72,057	65,524	16,209,683

Fiscal year ended June 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,715,000	1,642,342	12,786,816	—	16,144,158
Changes during period					
Dividends of surplus			(599,427)		(599,427)
Net income attributable to owners of parent			3,135,248		3,135,248
Purchase of treasury stock					—
Disposal of treasury stock					—
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	2,535,821	—	2,535,821
Balance at end of period	1,715,000	1,642,342	15,322,637	—	18,679,980

	Accumulated other comprehensive income				Total net assets
	Net unrealized gain on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	9,370	(15,903)	72,057	65,524	16,209,683
Changes during period					
Dividends of surplus				—	(599,427)
Net income attributable to owners of parent				—	3,135,248
Purchase of treasury stock				—	—
Disposal of treasury stock				—	—
Net changes in items other than shareholders' stock	16,269	1,542	(31,322)	(13,510)	(13,510)
Total changes during period	16,269	1,542	(31,322)	(13,510)	2,522,310
Balance at end of period	25,639	(14,360)	40,735	52,014	18,731,994

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Cash flows from operating activities		
Income before income taxes	1,864,999	4,591,646
Depreciation and amortization	1,454,540	1,375,185
Increase (decrease) in allowance for doubtful accounts	(21,493)	805
Interest and dividends income	(922)	(708)
Interest expenses	45,187	37,201
Equity in earnings of affiliates	(86,729)	(82,647)
Rent income	(256,397)	(255,451)
Loss on disposal of non-current assets	(620,683)	(726,023)
Impairment losses	37,272	—
Compensation for damage	—	250,000
Decrease (increase) in trade and other receivables	304,574	(755,108)
Decrease (increase) in inventories	154,044	(200,475)
Increase (decrease) in accounts payable, trade	(288,265)	827,117
Increase (decrease) in allowance for employees' bonus	8,861	73,339
Increase (decrease) in allowance for directors' bonus	(6,065)	75,455
Increase (decrease) in retirement benefit liability	3,336	(6,034)
Increase (decrease) in long-term accounts payable - other	(149,832)	(89,541)
Other, net	193,568	285,910
Subtotal	2,635,995	5,400,669
Interest and dividends income received	103	2,219
Interest expense paid	(44,537)	(38,716)
Income taxes paid	(969,381)	(569,387)
Income taxes refund received	230,917	638,075
Insurance income received	87,714	44,955
Dividends received from affiliates	32,789	22,000
Compensation for damage paid	—	(250,000)
Net cash provided by operating activities	1,973,602	5,249,816
Cash flows from investing activities		
Net decrease (increase) in time deposits	(450,000)	8,000
Payment of property, plant and equipment	(2,455,400)	(1,577,381)
Proceeds from sales of property, plant and equipment	574,279	1,232,585
Proceeds from rent of property, plant and equipment	256,397	255,451
Subsidies received	—	44,074
Other, net	(38,214)	(27,880)
Net cash used in investing activities	(2,112,938)	(65,151)

	(Thousands of yen)	
	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	100,000	(2,350,000)
Proceeds from long-term debt payable	400,000	370,000
Repayments of long-term debt payable	(290,181)	(288,172)
Repayments of lease obligations	(258,393)	(240,051)
Purchase of treasury stock	(4,213,222)	–
Proceeds from sale of treasury stock	3,771,513	–
Cash dividends paid	(68,506)	(599,427)
Net cash used in financing activities	(558,789)	(3,107,651)
Net increase (decrease) in cash and cash equivalents	(698,125)	2,077,013
Cash and cash equivalents at beginning of fiscal year	6,936,851	6,238,726
Cash and cash equivalents at end of fiscal year	6,238,726	8,315,739