

Non-Consolidated Financial Results for the Fiscal Year Ended April 30, 2022 [Japanese GAAP]



June 10, 2022

Company name: Asukanet Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 2438
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 Scheduled date of Annual General Meeting of Shareholders: July 28, 2022
 Scheduled date of commencing dividend payments: July 29, 2022
 Scheduled date of filing annual securities report: July 29, 2022
 Availability of supplementary briefing material on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Non-Consolidated Financial Results for the Fiscal Year Ended April 30, 2022 (May 1, 2021 to April 30, 2022)

(1) Non-Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended April 30, 2022	6,331	9.7	439	58.6	452	36.8	332	47.6
April 30, 2021	5,773	(12.2)	277	(60.9)	330	(53.4)	225	(55.0)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended April 30, 2022	19.76	-	5.6	6.8	6.9
April 30, 2021	13.39	-	3.9	5.1	4.8

(Reference) Equity in earnings of affiliated companies: Fiscal year ended April 30, 2022: ¥- million
 Fiscal year ended April 30, 2021: ¥- million

(Note) Diluted earnings per share is not presented as there were no potential shares.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2022	6,896	6,020	87.3	358.24
As of April 30, 2021	6,465	5,825	90.1	345.75

(Reference) Equity: As of April 30, 2022: ¥6,020 million
 As of April 30, 2021: ¥5,825 million

(3) Non-Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended April 30, 2022	827	(91)	(157)	1,994
April 30, 2021	359	(335)	(169)	1,410

2. Dividends

	Annual dividends					Total dividends (Annual)	Dividend payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended April 30, 2021	-	0.00	-	7.00	7.00	117	52.3	2.0
Fiscal year ended April 30, 2022	-	0.00	-	7.00	7.00	117	35.4	2.0
Fiscal year ending April 30, 2023 (Forecast)	-	0.00	-	8.00	8.00		38.7	

3. Non-Consolidated Financial Results Forecast for the Fiscal Year Ending April 30, 2023 (May 1, 2022 to April 30, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	6,890	8.8	450	2.3	490	8.2	348	4.6	20.68

As the Company manages its financial results at an annual base, the financial results forecast for the first half is not disclosed.

* Notes:

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(2) Total number of issued shares (common shares)

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

April 30, 2022: 17,464,000 shares
April 30, 2021: 17,464,000 shares

2) Total number of treasury shares at the end of the period:

April 30, 2022: 657,657 shares
April 30, 2021: 615,057 shares

3) Average number of shares during the period:

Fiscal year ended April 30, 2022: 16,841,606 shares
Fiscal year ended April 30, 2021: 16,845,874 shares

* These financial results are outside the scope of audit by a certified public accountant or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company believes are reasonable, and actual results may differ significantly from these forecasts due to a wide range of factors.

4. Overview of Business Results

(1) Overview of Business Results for this Fiscal Year

During this fiscal year, as the effects of the coronavirus pandemic still show no signs of ending, there were nonetheless signs of a return to regular economic activity as vaccinations and other infection countermeasures became widely available. However factors such as rising raw material prices caused by a global semiconductor shortage and supply chain disruptions, and the crisis in Ukraine, continue to make for an uncertain future.

Asukanet operates three business areas, each with different positioning and characteristics. They are (1) the funeral business, which adds digital processing and remote output services for photos of the deceased to a funeral business that is largely unaffected by economic trends, (2) the photo book business, which provides ideas for new photo output methods that allow users to create complete photo collections beginning from just a single book, and (3) the aerial display business, which is utilizing unique, recently-developed technologies aiming to create a new market and achieve dreams.

In January 2022, we invested in a venture fund which invests primarily in the key growth areas of XR and 3D.

Beginning from the previous fiscal year, the memorial design business was renamed the funeral business, the personal publishing business was renamed the photo book business, and the aerial imaging business was renamed the aerial display business.

Following is an overview of the business results for each segment. The result figures for each segment include internal inter-segment sales.

(Funeral business)

In this business, although funerals continue to be reduced in size as a result of the coronavirus pandemic, there was an increase in the holding of funerals themselves compared to the same period in the previous year. Revenue from our primary business area – processing photos of the deceased – resulted in greater growth than was initially projected. In addition to the steady acquisition of new contracts through effective marketing utilizing our focus restoration technology, this was a result of the increasing number of funerals held nationwide. As a result, there was a steady increase in sales from hardware and frames, paper, and other supplies.

Programs in this area involved strengthening the functions of our “tsunagoo” DX service for the funeral industry, including the release of “tsunagoo AFTER” – a service that is useful during the coronavirus pandemic when numbers of funeral attendees are limited. We also worked to expand sales, and as a result saw large growth in the use of our services. We also established links with services aimed at resolving inheritance, real estate, and other problems which the bereaved are facing.

In terms of income, there was an increase in expenses including higher PR expenses, transportation costs, and supply costs resulting from participation in exhibitions. However factors such as higher sales and a higher operating rate at our operations center resulted in growth in segment income. On the other hand, as a result of the increase in the use of our services for processing photos of the deceased, the operations center became overloaded during the peak season and we are now working to improve our operations including with the addition of more personnel.

As a result, sales were 2,773,460 thousand yen (111.3% year-on-year), and segment income was 713,054 thousand yen (115.6% year-on-year).

(Photo book business)

This business operates *AsukaBook* for the professional photography market in Japan, and *MyBook* for the general Japanese consumer market. We are also engaged in OEM supply of photo albums and photo prints based on photos that were taken with smartphones.

In the domestic professional photographers market, although our primary product of wedding photo albums continues to be severely affected by wedding ceremony delays, especially in urban areas, as well as smaller wedding sizes and other effects from the coronavirus pandemic, weddings incorporating measures to prevent coronavirus infections were held, primarily in rural areas, and the market recovered better than expected. Therefore, there was steady growth in sales of photo albums for studios, and sales were higher than the same period in the previous fiscal year. In addition, in order to adapt to the pandemic environment, we endeavored to revitalize the market by expanding our online seminars, conducting online and video streaming, and holding events such as “life-size photo contests”.

The general domestic consumer market continues to face difficult conditions of reduced opportunities and demand for photo books resulting from the effects of voluntary restrictions on activities such as traveling and events due to the coronavirus

pandemic. The same trends can be seen in “My Book” and OEM supply as well. Despite the difficult conditions, we worked to stimulate demand through various campaigns, the use of SNS, and other means. We also conducted promotions for our on-site photo shooting service with a life-size photo album from the Tokyo area.

As a result, although sales for the general consumer market were difficult, we were able to steadily grow sales in the professional photographer market thanks to a faster recovery in the wedding market and strong sales of photo albums for studios.

In terms of profit and loss, although there were large increases in the cost of raw materials, advertising expenses, and in travel expenses, we saw a large increase in segment income resulting from our success in controlling general expenses, such as delivery expense and rent, and in increasing the operating rate of our factory.

As a result, sales were 3,410,229 thousand yen (108.0% year-on-year), and segment income was 644,083 thousand yen (136.7% year-on-year).

(Aerial display business)

This business is aiming to create a market through new image and video expressions utilizing aerial imaging technologies. We are developing, manufacturing, and selling both glass and plastic “ASKA3D plates” that utilize our original technologies to project images in mid-air.

In the area of marketing, we are carrying out sales centered on our Marketing Division in Japan, and centered on our agents overseas. In Japan, we have been steadily extending our record, including successful sales of products for signage applications, use by local governments, and demonstration tests at convenience stores and apartment buildings. Overseas, the effects of the coronavirus pandemic have continued for longer than was predicted at the start of the year. Sales activities at our agents and sales support from our company were subjected to large restrictions, and activity was particularly difficult in the China market. As a result, we were forced to accept delays to promising potential orders, resulting in adverse effects on sales growth. As for exhibitions, we exhibited in three countries based on cooperation with our overseas agents, though there were no opportunities to participate in exhibitions in Japan.

In the areas of production and development, we are working to stabilize production and improve yield for both glass and plastic plates. In particular, we accelerated the production of larger-size plates with new production equipment by outsourcing production operations. At the technical development center, we are challenging ourselves to achieve internal production of glass plates, and have expanded both floor space and the number of production machines. We are working for stable production of the basic mid-size plates.

In terms of expenses, in addition to an increase in advance expenses related to our technical development center, there were increases in other expenses including research and development expenses for larger outsourced ASKA3D plates, patent-related expenses, and travel and transportation expenses.

As a result, sales were 148,116 thousand yen (119.2% year-on-year), and segment loss was 352,037 thousand yen (compared to a loss of 272,628 thousand yen in the same period of the previous fiscal year).

As results of the above, sales were 6,331,332 thousand yen (109.7% compared to the same period of the previous fiscal year). In terms of income, the increase in segment income in the funeral business and the photo book business resulted in ordinary income of 452,715 thousand yen (136.8% compared to the same period of the previous fiscal year) and net income was 332,810 thousand yen (147.6% compared to the same period of the previous fiscal year).

(2) Overview of the Financial Status during this Fiscal Year

(Overall situation)

Total assets at the end of this fiscal year increased by 430,885 thousand yen to reach 6,896,235 thousand yen. This increase was primarily due to an increase in cash and deposits of 184,089 thousand yen and an increase in inventory of 150,940 thousand yen. The equity ratio also decreased by 2.8 points from the end of the previous fiscal year to reach 87.3%.

(Current assets)

Current assets at the end of this fiscal year increased by 362,341 thousand yen from the end of the previous fiscal year to reach 3,433,537 thousand yen. This increase was primarily due to an increase in cash and deposits of 184,089 thousand yen and an increase in inventory of 150,940 thousand yen.

(Fixed assets)

Fixed assets at the end of this fiscal year increased by 68,544 thousand yen to reach 3,462,698 thousand yen. This increase was primarily due to an increase in machinery and equipment of 54,695 thousand yen and an increase in investment securities of 54,233 thousand yen.

(Current liabilities)

Current liabilities at the end of this fiscal year increased by 231,465 thousand yen from the end of the previous fiscal year to reach 864,587 thousand yen. This increase was primarily due to an increase of 50,742 thousand yen in accounts payable and an increase of 116,000 thousand yen in income taxes payable.

(Fixed liabilities)

Fixed liabilities at the end of this fiscal year increased by 4,233 thousand yen from the end of the previous fiscal year to reach 10,862 thousand yen.

(Net assets)

Net assets at the end of this fiscal year increased by 195,186 thousand yen from the end of the previous fiscal year to reach 6,020,785 thousand yen. This increase was primarily due to an increase of 214,867 thousand yen in retained earnings.

(3) Overview of cash flows in this fiscal year

Cash and cash equivalents (hereafter referred to as “Funds”) at the end of this fiscal year increased by 584,089 thousand yen from the end of the previous fiscal year to reach 1,994,178 thousand yen due to an increase in net income and a shift from long-term deposit into short-term deposit.

(Cash flows from operating activities)

Net Funds acquired as a result of operating activities during this fiscal year were 827,132 thousand yen (compared to 359,336 thousand yen acquired during the previous fiscal year). The primary factors affecting this result were pre-tax net income of 452,043 thousand yen and depreciation expenses of 468,455 thousand yen.

(Cash flows from investing activities)

Net Funds expended as a result of investment activities during this fiscal year were 91,260 thousand yen (compared to 335,819 thousand yen expended during the previous fiscal year). This was primarily due to the acquisition of 370,085 thousand yen in tangible fixed assets and the acquisition of 65,510 thousand yen in intangible assets, while there was also the return of 400,000 thousand yen from long-term deposits.

(Cash flows from financing activities)

Net Funds expended as a result of financing activities during this fiscal year were 157,761 thousand yen (compared to 169,864 thousand yen expended during the previous fiscal year). This was primarily due to the payment of 118,502 thousand yen in dividends.

(4) Future Outlook

Information about the future outlook and about the risks associated with the coronavirus pandemic is provided below. Beginning from the fiscal year ended April 30, 2022, the memorial design business was renamed the funeral business, the personal publishing business will be renamed the photo book business, and the aerial imaging business will be renamed the aerial display business.

With the prolonged economic slowdown resulting from the coronavirus pandemic, and the growing uncertainty resulting from factors including the semiconductor shortage and the crisis in Ukraine, continuing difficult economic conditions are expected during the coming fiscal year.

Our company is operating a business that is consistent with the current times in which services are customized to meet individual needs even for minimum lot sizes, and aims to capture stable demand. We have constructed strong business models in both the funeral business and photo book business, and despite the effects of the coronavirus pandemic, we are experiencing an ongoing recovery in sales. In the aerial display business where we are challenging ourselves and working to create a new market, more time has been required to achieve profitability than we initially expected. However there has been strong interest in the use of aerial imaging operations, and we will make use of this opportunity to expand this business. We will also continue to challenge ourselves in the development of new business and services.

The coronavirus pandemic has had a large effect on society, and there is the possibility that customer needs in our areas of

business may undergo large permanent changes. We recognize that it is important to develop products and services that can respond quickly to such changes in customer needs.

The following constitute the basis for the expected effects of the COVID-19 outbreak on each business area and the results forecast for the fiscal year ending April 30, 2023.

In the funeral business, funerals are currently small in size and sales of funeral production tools and related products have declined. We are expecting that funeral formats will return to normal, however sales of those funeral products will still be weak. In the photo book business, orders for the wedding albums that are our main product in the professional photographer market seem to have started recovering. We are anticipating that these conditions will not reach the level prior to coronavirus pandemic. The environment in the consumer market will be negative until the second quarter of the fiscal year ending April 30, 2023, with fewer opportunities for photography as people refrain from traveling and attending events. In the aerial display business, although our marketing activities were restricted due to issues such as the need to refrain from business travel, particularly overseas business travel, we will become active again starting from the fiscal year ending April 30, 2023. However, the market in China may continue to be limited.

Based on these difficult conditions, we will be taking the following actions in each business area.

In the funeral business, we will prominently promote the superiority that comes from our strength in image processing technologies and the application of focus correction tools utilizing the latest technologies in order to develop new customers and increase unit prices for existing customers. At the same time, as a result of the overload on the operations center that is responsible for image processing, we have accepted a lower gross profit margin and will increase the number of personnel. We will continue to make our “tsunagoo” DX service for the funeral industry more attractive, for example by linking it with real estate and inheritance services.

In the photo book business, we will continue to challenge ourselves in new markets such as architectural photography and studio photography. At the same time, we will launch new products and conduct online seminars for the professional photographer market, aiming to deepen our connections with customers. In the consumer market, we will collaborate with on-location shooting and introduce new services.

In the aerial display business, we will expand sales of both glass and plastic ASKA3D plates, especially glass ASKA3D plates for major customers. In term of sales, we will participate in four exhibitions in Japan and overseas to boost our sales activities. In production areas, we will work to stabilize production and develop large-size plates for outsourced production of ASKA3D plates. At our technical development center, we will work to establish bonding technologies and aim for rapid marketing of plates up to medium size.

Based on the above, in the forecast for the year ending April 30, 2023, while we expect sales of each segment to increase, an increase in operators in the funeral business, higher R&D expenses at the technical development center in the aerial display business, and increases in advertising expenses due to participation in exhibitions for each business need to be taken into account. Therefore, we are forecasting sales of 6,890 million yen (108.8% compared to the previous year), operating income of 450 million yen (102.3%), ordinary income of 490 million yen (108.2%), and net income of 348 million yen (104.6%).

Although we have incorporated the above assumptions regarding changes and effects on demand resulting from the coronavirus pandemic, there are many uncertain elements, and any change in these assumed conditions potentially may also affect the business forecast. The aerial display business and other new business areas also involve technological research and marketing that we have not engaged in before, and many uncertain elements are involved in its commercialization.

Note: The above forecast was created based on information available at the time this material was released, and actual results may differ from the forecast values due to a variety of factors.

5. Financial Statements for the Fiscal Year

(1) Balance sheet

(Units: 1,000s yen)

	Previous fiscal year (Ended April 30, 2021)	Current fiscal year (Ended April 30, 2022)
Asset		
Current assets		
Cash and deposits	1,815,088	1,999,178
Accounts receivable-trade	775,996	836,041
Merchandise and products	220,028	304,090
Work in progress	99,800	169,022
Raw materials and supplies	86,770	84,426
Prepaid expenses	32,011	40,156
Advanced payment	—	1,411
Others	45,718	2,021
Allowance for doubtful accounts	(4,218)	(2,810)
Total current assets	3,071,195	3,433,537
Fixed assets		
Tangible fixed assets		
Building	1,448,017	1,483,173
Accumulated depreciation	(518,700)	(576,543)
Buildings, net	929,317	906,630
Structures	26,606	26,606
Accumulated depreciation	(14,042)	(15,207)
Structures, net	12,563	11,399
Machinery and equipment	1,769,091	1,852,725
Accumulated depreciation	(1,301,195)	(1,330,132)
Machinery and equipment, net	467,896	522,592
Vehicles	2,182	9,369
Accumulated depreciation	(1,111)	(2,267)
Vehicles, net	1,071	7,102
Tools, equipment, and fixtures	452,384	481,776
Accumulated depreciation	(269,114)	(339,202)
Tools, equipment, and fixtures, net	183,270	142,574
Land	844,060	844,060
Construction in progress	16,176	22,691
Total tangible fixed assets	2,454,356	2,457,050
Intangible fixed assets		
Patents etc.	10,165	6,686
Software	213,201	198,404
Others	1,375	3,350
Total intangible fixed assets	224,742	208,440
Total investments and other assets		
Investment securities	533,204	587,437
Capital	10	10
Long term advanced payments	12,315	10,302
Deferred tax assets	96,303	120,907
Others	73,220	78,548
Total investment and others	715,054	797,206
Total fixed assets	3,394,153	3,462,698
Total assets	6,465,349	6,896,235

(Units: 1000s yen)

	Previous fiscal year (Ended April 30, 2021)	Current fiscal year (Ended April 30, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	163,342	182,892
Accounts payable-other	146,716	197,458
Accrued expenses	81,929	84,215
Income taxes payable	15,400	131,400
Advance payments	15,766	12,360
Deposits	18,552	26,347
Provision for bonuses	153,650	161,620
Officer retirement benefits	37,763	68,292
Others	633,121	864,587
Fixed liabilities		
Provision for retirement benefits	5,351	5,351
Others	1,277	5,510
Total fixed liabilities	6,628	10,862
Total liabilities	639,750	875,449
Net assets		
Shareholders' equity		
Capital stock	490,300	490,300
Capital surplus		
Capital reserves	606,585	606,585
Other capital surplus	7,737	12,971
Total capital surplus	614,322	619,556
Retained earnings		
Legal retained earnings	1,693	1,693
Other retained earnings		
Retained earnings	4,979,863	5,194,731
Total retained earnings	4,981,556	5,196,424
Treasury stock	(265,577)	(298,392)
Total shareholders' equity	5,820,602	6,007,889
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,997	12,896
Total valuation and translation adjustments	4,997	12,896
Total net assets	5,825,599	6,020,785
Total liabilities and net assets	6,465,349	6,896,235

(2) Profit and loss statement

(Units: 1000s yen)

	Previous fiscal year (May 1, 2020-April 30, 2021)	Current fiscal year (May 1, 2021-April 30, 2022)
Net Sales		
Sales from service	1,703,638	1,883,658
Product sales	3,292,259	3,570,511
Sales of finished goods	777,747	877,161
Total sales	5,773,644	6,331,332
Cost of sales		
Cost of service	879,861	938,723
Cost of product sales		
Stock of products at beginning of the year	98,810	143,020
Cost of product sales during year	1,741,652	1,888,085
Total	1,840,462	2,031,106
Transfer to other accounts	18,543	19,305
Stock of products at year end	143,020	235,893
Cost of production sales	1,678,898	1,775,907
Cost of goods sales		
Stock of goods at beginning of the year	91,986	77,008
Cost of goods sales during year	528,607	614,212
Total	620,594	691,220
Transfer to other accounts	16,948	21,833
Stock of goods at year end	77,008	68,197
Cost of goods sales	526,636	601,189
Total cost of sales	3,085,397	3,315,820
Gross profit	2,688,247	3,015,511
Selling, general, and administrative expenses	2,410,788	2,575,552
Operating income	277,458	439,959
Non-operating income		
Interest received	129	83
Interest from invested securities	487	487
Dividends received	1,275	1,200
Commissions received	289	312
Exchange gain	422	8,383
Insurance cancellation refund	32,600	—
Grant income	14,630	—
Others	3,542	2,406
Total non-operating income	53,377	12,873
Non-operating expenses		
Acquisition cost for treasury stocks	—	116
Total non-operating expenses	—	116
Ordinary income	330,836	452,715

(Units: 1000s yen)

	Previous fiscal year (May 1, 2020-April 30, 2021)	Current fiscal year (May 1, 2021-April 30, 2022)
Extraordinary income		
Profit from sales of fixed asset	329	352
Total extraordinary income	329	352
Extraordinary losses		
Loss on sales of fixed assets	—	708
Loss on retirement of fixed assets	3,083	316
Total extraordinary losses	3,083	1,024
Net income before taxes	328,082	452,043
Current income taxes etc.	59,261	143,070
Income tax adjustment	43,317	(23,837)
Income taxes	102,579	119,232
Net income	225,503	332,810

(3) Statement of cash flows

(Units: 1000s yen)

	Previous fiscal year (May 1, 2020- April 30, 2021)	Current fiscal year (May 1, 2021- April 30, 2022)
Cash flows resulting from operating activities		
Net income before taxes	328,082	452,043
Depreciation expenses	411,169	468,455
Increase (decrease) in allowance for doubtful accounts	2,065	(29)
Increase (decrease) in provision for bonuses	2,750	7,970
Increase (decrease) in provision for retirement benefits	(658)	—
Increase (decrease) in officer retirement benefits	(100,000)	—
Interest and dividends received	(1,404)	(1,283)
Interest from invested securities	(487)	(487)
Foreign exchange losses (gains)	(618)	(5,979)
Subsidy income	(14,630)	—
Insurance cancellation refund	(32,600)	—
Profit on sales of fixed asset	(329)	355
Loss on disposal of fixed assets	3,083	316
Decrease (increase) in notes and accounts receivable-trade	19,619	(61,559)
Decrease (increase) in inventory assets	(68,481)	(150,940)
Increase (decrease) in accounts payable-trade	(4,287)	19,549
Increase (decrease) in accrued consumption taxes	(7,400)	30,529
Others	(24,392)	58,655
Subtotal	511,481	817,596
Interest and dividends received	2,406	2,173
Grant received	14,630	—
Income taxes paid	(169,181)	7,361
Cash flows due to operating activities	359,336	827,132
Cash flows due to investing activities		
Purchase of property, plant, and equipment	(350,105)	(370,085)
Sales of tangible fixed assets	420	1,283
Purchase of intangible fixed assets	(96,152)	(65,510)
Purchase of investment securities	—	(47,492)
Revenue from cancellation for insurance	108,887	—
Withdrawal of loans	—	(882)
Collection of loans receivable	—	292
Payments into time deposits	(405,000)	(5,000)
Proceeds from withdrawal of time deposits	405,000	405,000
Others	1,132	(8,864)
Cash flows due to investing activities	(335,819)	(91,260)
Cash flows due to financing activities		
Cash dividends paid	(168,915)	(118,502)
Purchase of treasury stock	—	(39,019)
Others	(948)	(239)
Cash flows due to financing activities	(169,864)	(157,761)
Effect of exchange rate on cash and cash equivalents	618	5,979
Net increase (decrease) in cash and cash equivalents	(145,728)	584,089
Balance of cash and cash equivalents at beginning of year	1,555,817	1,410,088
Balance of cash and cash equivalents at end of year	1,410,088	1,994,178

(4) Notes Regarding the Financial Statements

(Segment information etc.)

Information related to the amounts of sales, income or loss, assets, liabilities, and other items for each reporting segment.

Current fiscal year (May 1, 2020 – April 30, 2021)

(Units: 1,000s yen)

	Reporting segment				Adjustments	Amount recorded in profit and loss statement
	Funeral business	Photo book business	Aerial display business	Total		
Sales						
Sales to outside customers	2,492,188	3,157,864	123,591	5,773,644	—	5,773,644
Inter-segment internal sales and transfers	—	—	630	630	(630)	—
Total	2,492,188	3,157,864	124,221	5,774,274	(630)	5,773,644
Segment income (loss)	616,970	471,074	(272,628)	815,416	(537,957)	277,458
Other items						
Depreciation	32,775	279,114	66,457	378,348	32,821	411,169

Current fiscal year (May 1, 2021 – April 30, 2022)

(Units: 1,000s yen)

	Reporting segment				Adjustments	Amount recorded in profit and loss statement
	Funeral business	Photo book business	Aerial display business	Total		
Sales						
Sales to outside customers	2,773,460	3,410,229	147,642	6,331,332	—	6,331,332
Inter-segment internal sales and transfers	—	—	474	474	(474)	—
Total	2,773,460	3,410,229	148,116	6,331,806	(474)	6,331,332
Segment income (loss)	713,054	644,083	(352,037)	1,005,100	(565,141)	439,959
Other items						
Depreciation	36,534	311,968	92,680	441,183	27,272	468,455

This is the summarized translation of released report for your reference.
Please refer to the original Japanese financial document.