

**ADVANEX INC.**  
**Flash Report(Consolidated Basis) --Summary**  
**Results for fiscal year ended March 31, 2023**



May 12, 2023

Company name: ADVANEX INC.

Code number: 5998

Representative: Seiya Kato, President

Inquiries: Tetsuya Yoshihara, Director & CFO

Date of the General Meeting of the Shareholders: June 29, 2023

Expected date of payment for dividends: June 30, 2023

Filing date of securities report: June 30, 2023

Supplementary explanation material for financial results

Holding of presentation meeting for financial results

Stock listings: Tokyo Stock Exchange

URL <https://www.advanex.co.jp>

Telephone: +81-3-3822-5865

Yes

Yes

(Figures less than ¥1 million have been omitted.)

## 1. Performance

### (1) Operating results

Years ended March 31

Percentages indicate year-on-year increase (decrease).

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2023	24,628	13.4	61	(58.7)	585	65.1	60	-
2022	21,722	11.2	148	(15.7)	354	(1.2)	(82)	-

Note: Comprehensive income(millions of yen): Mar. 2023: 341 (47.6)% Mar.2022: 650 (52.4)%

	Net income per share	Net income per share after dilution	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
2023	14.64	14.62	0.9	2.3	0.2
2022	(20.01)	-	(1.2)	1.4	0.7

### (2) Consolidated Financial position

At March 31

(Figures less than ¥1 million have been omitted.)

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2023	26,470	7,221	27.2	1,755.96
2022	25,208	6,922	27.4	1,682.81

(Reference) Total shareholders' equity: March 31, 2023: ¥7,213 million, March 31, 2022: ¥6,913 million

### (3) Cash flows

Years ended March 31

(Figures less than ¥1 million have been omitted.)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2023	271	(1,599)	1,455	2,773
2022	945	(1,557)	(169)	2,543

### 2. Dividends

Years ended March 31

Record date	Dividends per share				
	First quarter -end dividends	Second quarter -end dividends	Third quarter -end dividends	Year-end dividends	Total
	Yen	Yen	Yen	Yen	Yen
2022	---	---	---	10.00	10.00
2023	---	---	---	12.00	12.00
2024 (Forecast)	---	--	---	20.00	20.00

Note: The expected dividend amount has not been decided.

Record date	Total amount of dividends (for the entire fiscal year)	Payout ratio (consolidated)	Dividends-to-net assets ratio (consolidated)
	Millions of yen	%	%
2022	41	-	0.6
2023	49	82.0	0.7
2024 (Forecast)		164.3	

### 3. Forecasts for the Fiscal Year Ended March 31, 2023

Percentages indicate year-on-year increase (decrease).

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	25,000	1.5	400	552.8	250	(57.3)

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Fiscal year	50	(16.9)	12.17

#### 4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): No
2. Changes in accounting principles, procedures, presentations, etc.
  - a. Changes associated with revision of accounting standards, etc: Yes
  - b. Changes other than a.: No
  - c. Changes in accounting estimates: No
  - d. Restatement: No
3. Number of shares outstanding (Common stock)

Number of shares outstanding at fiscal year-end(including treasury stock):

2023: 4,153,370 shares      2022: 4,153,370 shares

Number of shares of treasury stock at fiscal year-end:

2023: 45,562 shares      2022: 44,925 shares

Average Number of outstanding at term-end:

2023: 4,108,076 shares      2022: 4,105,314 shares

### (Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

#### (1) Operating results

Years ended March 31

Percentages indicate year-on-year increase (decrease).

	Net sales		Operating income		Ordinary income (loss)		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2023	9,769	0.2	175	(35.6)	577	(18.0)	(1,260)	-
2022	9,753	9.8	271	164.4	703	70.7	677	110.2

	Net income per share	Net income per share after dilution
	Yen	Yen
2023	(306.79)	-
2022	165.04	164.81

#### (2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2023	17,353	1,443	8.3	349.33
2022	17,425	2,782	15.9	675.09

(Reference) Total shareholders' equity: March 31, 2023 ¥1,434 million, March 31, 2022: ¥2,773 million

Notes

- Audit procedures for financial statements under the Financial Instruments and Exchange Law are not completed at the time of disclosure of this Brief Report of Financial Results.

• The business forecasts presented in this report are based on information available to the management at the time of preparation, and are subject to a number of risks and uncertainties. Actual results may differ materially from those projected due to a wide range of factors.

## Index

1. Overview of Business Performance and Financial Position	
(1) Overview of Business performance .....	5
(2) Overview of Financial Position .....	6
(3) The Status of Cash flow.....	6
(4) Outlook for the coming fiscal year .....	7
2. Basic Rationale Regarding Selection of Accounting Standards.....	7
3. Consolidated Financial Statements	
(1) Consolidated Balance Sheets .....	8
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	11
(3) Consolidated Statements of Cash Flows .....	14
(4) Segment Information.....	16
5. Non-Consolidated Financial Statements	
(1) Condensed Non-Consolidated Balance Sheets .....	17
(2) Condensed Non-Consolidated Statements of Income.....	20

## 1. Overview of Business Performance and Financial Position

### (1) Overview of Operating Results for the Fiscal Year under Review

In the fiscal year under review, the global economy continued to face uncertainties, including rising energy and logistics costs, and a sharp rise in interest rates at central banks in various countries due to the acceleration of inflation, despite the relaxation of restrictions on domestic and overseas activities, including the termination of China's zero-corona policy. The automotive industry, which is our main market, remained in a difficult situation as a series of downward revisions to production plans were made due to a slowdown in China and a shortage of semiconductors.

Under these circumstances, net sales for the fiscal year under review increased 13.4% year on year to ¥24,628 million, and operating income decreased 58.7% to ¥61 million. Ordinary income increased 65.1% year on year to ¥585 million due to the impact of exchange rates and other factors, while net income attributable to owners of the parent was ¥60 million (compared to a loss of ¥82 million in the previous fiscal year).

Results by business segment are as follows.

#### [Japan]

Sales of products for precision and industrial equipment edged down 0.0%, to ¥8,592 million, due to a decline in sales of products for automotive and OA equipment on the back of a shortage of semiconductors, despite an increase in sales of products for precision and industrial equipment and the effects of some price increases. Segment income decreased 39.4% to ¥165 million, due in part to the impact of higher material and energy costs.

#### [Americas]

Despite delays in the operation of the new Tennessee plant, net sales increased 14.5% year on year to ¥2,904 million due in part to the depreciation of the yen. Segment loss was 1,041 million yen (compared with a loss of 611 million yen in the previous fiscal year), due in part to delays in the operation of a new Tennessee plant and the impact of soaring material costs.

#### [Europe]

Net sales increased 43.6% to ¥2,939 million due to a recovery in sales to medical equipment and aircraft, the impact of the weaker yen, and the effects of price increases. Segment income increased 613.3% year on year to ¥375 million, despite factors such as higher material and energy costs, which exerted downward pressure on earnings.

#### [Asia]

Net sales increased 19.3% year on year to ¥10,192 million and segment income increased 22.4% to ¥541 million, due to favorable sales to automotive, OA equipment and healthcare applications, as

well as the impact of the weaker yen.

## (2) Overview of Financial Position

### 1. Assets

Total assets at the end of the fiscal year under review increased 1,262 million yen from the end of the previous fiscal year, to 26,470 million yen.

In the Assets section, total current assets increased ¥696 million to ¥13,016 million. This was mainly due to increases of 672 million yen in cash and deposits and 301 million yen in notes and accounts receivable-trade and contract assets, despite decreases of 44 million yen in inventories and 232 million yen in other current assets. Total non-current assets increased ¥566 million to ¥13,453 million. This was due to an increase of 568 million yen in property, plant and equipment.

### 2. Liabilities

In the Liabilities section, total liabilities were 19,248 million yen, an increase of 962 million yen from the end of the previous fiscal year.

This was mainly due to an increase of 1,577 million yen in borrowings despite decreases of 416 million yen in notes and accounts payable-trade and 198 million yen in other current liabilities.

### 3. Net assets

Net assets totaled 7,221 million yen, an increase of 299 million yen from the end of the previous fiscal year. This was mainly due to an increase of 321 million yen in foreign currency translation adjustment.

As a result, the equity ratio was 27.2% (27.4% at the end of the previous fiscal year).

## (3) The status of Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review increased by 230 million yen from the end of the previous fiscal year to 2,773 million yen. Cash flows for each category and factors affecting cash flows are as follows.

Net cash provided by operating activities increased ¥271 million (compared with net cash provided by operating activities of ¥945 million in the previous fiscal year). The main cash inflows were cash reserves of 1,485 million yen due to depreciation and amortization and a decrease in inventories of 221 million yen. The main cash inflows were an increase in notes and accounts receivable-trade of 119 million yen, a decrease in notes and accounts payable-trade of 603 million yen, interest payments of 252 million yen, and income taxes paid of 361 million yen.

Net cash used in investing activities was 1,599 million yen (1,557 million yen used in investing activities in the previous fiscal year). This was mainly due to purchase of property, plant and equipment of ¥1,148 million.

Net cash provided by financing activities increased ¥1,455 million (compared with net cash used

in financing activities of ¥169 million in the previous fiscal year). This was mainly due to an increase in borrowings.

#### (4) Outlook for the coming fiscal year

While the economy is expected to recover in the fiscal year ending March 2024 after the corona disaster, uncertainty is increasing, as seen in the U.S. financial uncertainty, the associated economic downturn risk, and the further deterioration of the situation in Ukraine.

In this business environment, we forecast net sales of ¥25,000 million (up 1.5% year on year), operating income of ¥400 million (up 552.8%), ordinary income of ¥250 million (down 57.3%), and profit attributable to owners of parent of ¥50 million (down 16.9%).

## 2. Basic Concept Regarding Selection of Accounting Standards

Taking into account the comparability of consolidated financial statements among companies, our policy for the time being is to prepare consolidated financial statements under Japanese GAAP.

In the future, we intend to consider the application of IFRS based on the trends in the application of the International Financial Reporting Standards (IFRS) in Japan.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and time deposits	3,847,767	3,175,062
Trade notes and accounts receivable	4,661,843	4,360,590
Finished goods	1,501,243	1,462,752
Work in process	776,907	835,012
Raw materials and stored items	1,668,989	1,693,896
Other current assets	591,480	824,332
Allowance for doubtful accounts	(31,503)	(31,090)
Total current assets	13,016,728	12,320,556
Fixed assets:		
Tangible fixed assets		
Buildings and structures	10,204,399	9,865,604
Accumulated depreciation	(5,828,449)	(5,505,925)
Buildings and structures, net	4,375,950	4,359,678
Machinery and equipment	17,121,218	15,645,959
Accumulated depreciation	(12,363,214)	(11,393,123)
Machinery and equipment, net	4,758,003	4,252,836
Land	1,642,776	1,428,985
Leased assets	1,987,594	1,659,626
Accumulated depreciation	(760,691)	(505,483)
Leased assets, net	1,226,903	1,154,143
Construction in progress	236,868	397,126
Others	2,453,828	2,391,225
Accumulated depreciation	(2,169,686)	(2,027,642)
Other, net	284,142	363,582
Total tangible fixed assets	12,524,644	11,956,352
Intangible fixed assets		
Software	45,289	20,769
Leased assets	11,699	20,994
Others	92,210	65,662
Total intangible fixed assets	149,198	107,426
Investments and other assets		
Investment in securities	111,901	159,078
Deferred income tax	37,937	46,421
Real estate for investment	491,912	474,816
Accumulated depreciation	(134,165)	(119,315)
Real estate for investment, net	357,746	355,501



	As of March 31, 2023	As of March 31, 2022
Others	272,586	263,228
Allowance for doubtful accounts	(245)	(245)
Total investments and other assets	779,926	823,983
Total fixed assets	13,453,770	12,887,763
Total assets	26,470,498	25,208,319
<b>LIABILITIES</b>		
Current liabilities:		
Trade notes and accounts payable	3,243,825	3,660,399
Short-term borrowings	4,235,499	1,442,302
Long-term borrowings due within one year	3,015,364	3,124,881
Lease obligations	255,585	216,004
Accrued income taxes	138,868	160,618
Contract Liability	71,843	70,784
Allowance for bonus	138,788	283,980
Other current liabilities	1,201,366	1,399,485
Total current liabilities	12,301,142	10,358,456
Long-term liabilities:		
Long-term borrowings	4,291,775	5,398,400
Lease obligations	1,047,944	1,012,725
Deferred tax liabilities	317,793	251,339
Asset retirement obligations	55,231	54,244
Liabilities for Retirement Benefits	1,128,049	1,159,114
Other long-term liabilities	106,804	51,700
Total long-term liabilities	6,947,598	7,927,524
Total liabilities	19,248,740	18,285,981
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	250,000	250,000
Retained earnings	5,083,407	5,064,348
Treasury stock	(78,557)	(77,765)
Total shareholders' equity	6,254,849	6,236,582
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	(10,676)	25,720
Foreign exchange adjustment	953,207	632,086
Accumulated adjustment for Retirement Benefits	15,782	19,354
Total accumulated other comprehensive income	958,313	677,161
Subscription rights to shares	8,594	8,594
Total net assets	7,221,757	6,922,338
Total liabilities and net assets	26,470,498	25,208,319

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Consolidated Statements of Income)

(Thousands of yen)

	Year ended March 31, 2023	Year ended March 31, 2022
Net sales	24,628,999	21,722,466
Cost of sales	19,508,157	16,954,919
Gross income	5,120,842	4,767,547
Selling, general and administrative expenses		
Delivery	660,245	660,248
Salary	2,220,873	1,987,583
Reserves for bonuses allowance	19,941	59,329
Retirement benefit expenses	85,044	82,289
Depreciation and amortization	102,438	88,617
Others	1,971,024	1,741,054
Total selling, general and administrative expenses	5,059,567	4,619,122
Operating income	61,274	148,425
Non-operating income		
Interests	26,696	18,022
Rental fees	112,038	82,427
Foreign exchange gains	416,465	370,466
Dividend income of insurance	-	581
Subsidy income	14,023	14,259
Subsidy income 2	46,199	19,041
Gain on forgiveness of debts	187,782	-
Others	63,476	10,059
Total non-operating income	866,683	514,859
Non-operating expenses		
Interests	258,838	206,261
Compensation expenses	9,741	5,459
Rent cost of real estate	13,284	10,462
Others	60,234	86,166
Total non-operating expenses	342,098	308,348
Ordinary income or loss	585,859	354,936

	Year ended March 31, 2023	Year ended March 31, 2022
Extraordinary income		
Gain on sales of noncurrent assets	9,844	26,277
Reversal of provision for product warranties	-	78,509
Total extraordinary income	9,844	104,787
Extraordinary loss		
Loss on sales of noncurrent assets	2,092	5,168
Loss on disposal of noncurrent assets	3,356	12,639
Impairment loss	-	38,191
Loss on business reorganization	67,094	99,291
Loss on transfer of business	27,657	57,779
Loss on litigation	-	43,494
Coronavirus infection-related loss	44,166	-
Special retirement expense	-	76,276
Total extraordinary loss	144,367	332,842
Income or Loss before income taxes and minority Interests	451,336	126,694
Income, local and enterprise taxes	343,714	303,119
Adjustment for income taxes	47,478	(94,284)
Total income taxes	391,193	208,835
Loss before minority interests	60,143	(82,140)
Net income or loss	60,143	(82,140)

## (Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Year ended March 31, 2023	Year ended March 31, 2022
Loss before minority interests	60,143	(82,140)
Other comprehensive income		
Valuation difference on available-for-sale securities	(36,397)	20,629
Foreign currency translation adjustment	321,120	717,591
Remeasurements of defined benefit plans	(3,571)	(5,129)
Accumulated other comprehensive income	281,152	733,091
Comprehensive income	341,295	650,950
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	341,295	650,950

### (3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended March 31, 2023	Year ended March 31, 2022
Cash flows from operating activities		
Income(Loss) before income taxes and minority interests	451,336	126,694
Depreciation and amortization	1,485,963	1,288,865
Impairment loss	-	38,191
Amortization of goodwill	-	558
Increase (decrease) in allowance for doubtful accounts	(1,363)	(16,087)
Increase (decrease) in allowance for bonuses	(151,382)	119,923
Increase (decrease) in liabilities for Retirement Benefits	(46,596)	(68,856)
Interest and dividends receivable	(26,696)	(18,022)
Interest payable	258,838	206,261
Foreign exchange losses (gains)	(494,319)	(294,759)
(Gain) loss on sale of fixed assets	(7,751)	(21,109)
(Gain) loss on disposal of fixed assets	3,356	12,639
Decrease (increase) in notes and accounts receivable-trade	(119,569)	338,673
Decrease (increase) in inventories	221,686	(850,729)
Increase (decrease) in notes and accounts payable	(603,793)	596,778
Others	(108,191)	(87,815)
Subtotal	861,516	1,371,205
Proceeds from interest and dividend receivable	24,010	22,916
Payment of interests	(252,874)	(66,415)
Payment of income taxes	(361,113)	(382,586)
Net cash provided by operating activities	271,539	945,120

(Thousands of yen)

	Year ended March 31, 2023	Year ended March 31, 2022
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(1,148,395)	(1,740,526)
Proceeds from sales of tangible fixed assets	1,494	100,000
Payments on purchase of intangible fixed assets	(61,118)	(37,074)
Proceeds from sales of intangible assets	1,025	944
Payments on purchase of investment securities	(600)	(73,464)
Payments on paying in time deposits	(409,784)	(327,750)
Proceeds from withdrawal of time deposits	6,001	558,230
Other expenses	(553)	(41,419)
Others incomes	12,699	3,443
Net cash used in investing activities	(1,599,230)	(1,557,608)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,831,821	(472,912)
Proceeds from long-term borrowings	2,179,240	3,885,227
Repayments on long-term borrowings	(3,276,371)	(3,340,417)
Purchase of treasury stocks	(791)	(635)
Cash dividends paid	(48,881)	(41,316)
Proceeds from disposal of treasury shares	-	11
Others	(229,629)	(199,391)
Net cash used in financing activities	1,455,386	(169,435)
Effect of exchange rate changes on cash and cash equivalents	103,255	231,853
Net increase (decrease) in cash and cash equivalents	230,950	(550,069)
Cash and cash equivalents at the beginning of year	2,543,000	3,093,069
Cash and cash equivalents at the end of year	2,773,951	2,543,000

#### (4) Segment Information

##### 1. Information related to sales and profit or loss amounts by reporting segment

Year ended March 31, 2023

(Thousands of yen)

	Japan	Americas	Europe	Ajia	Total
Net sales:					
Net sales to third parties	8,592,496	2,904,276	2,939,912	10,192,314	24,628,999
Intra-group net sales and transfers	1,176,792	2,316	275,103	205,903	1,660,116
Total sales	9,769,289	2,906,593	3,215,016	10,398,217	26,289,116
Segment income (loss)	165,438	(1,041,572)	375,302	541,652	40,822
Segment assets	19,046,648	4,967,354	2,905,314	11,256,167	38,175,485
Segment liability	15,946,165	6,823,955	790,296	3,014,881	26,575,299
Others					
Depreciation	536,350	272,639	193,198	497,705	1,499,894
amortization of goodwill	-	-	-	-	-
Net increase in tangible and intangible fixed assets	668,857	367,895	190,955	248,199	1,475,908

Year ended March 31, 2022

(Thousands of yen)

	Japan	Americas	Europe	Ajia	Total
Net sales:					
Net sales to third parties	8,593,837	2,536,401	2,046,654	8,545,574	21,722,466
Intra-group net sales and transfers	1,159,930	6,745	106,108	156,716	1,429,501
Total sales	9,753,767	2,543,147	2,152,763	8,702,290	23,151,968
Segment income (loss)	273,140	(611,551)	52,617	442,602	156,809
Segment assets	17,311,372	4,583,619	2,473,115	10,973,803	35,341,911
Segment liability	14,646,953	5,394,926	655,154	3,364,904	24,061,938
Others					
Depreciation	477,427	229,301	164,061	424,154	1,294,945
Amortization of goodwill	-	558	-	-	558
Net increase in tangible and intangible fixed assets	434,709	1,104,403	158,134	421,522	2,118,768

#### 4. Non-Consolidated Financial Statements

##### (1) Condensed Non-Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2022
<b>ASSETS</b>		
Current assets		
Cash and deposits	504,099	371,340
Notes receivable-trade	89,147	103,611
Accounts receivable-trade	2,067,420	2,293,746
Merchandise and finished goods	371,431	407,591
Work in process	322,630	348,885
Raw materials and supplies	390,608	419,721
Prepaid expenses	39,341	42,174
Accounts receivable-other	129,885	233,304
Current portion of long-term loans receivable from subsidiaries and affiliates	2,391,759	2,861,982
other assets	196,418	152,015
Total Current assets	6,502,744	7,234,374
Noncurrent assets		
Property, plant and equipment		
Buildings	6,883,843	6,831,310
Accumulated depreciation	(4,327,630)	(4,177,634)
Buildings, net	2,556,213	2,653,675
Structures	279,019	279,019
Accumulated depreciation	(161,857)	(143,517)
Structures, net	117,162	135,502
Machinery and equipment	5,095,252	4,957,298
Accumulated depreciation	(4,335,631)	(4,249,390)
Machinery and equipment, net	759,621	707,907
Vehicles	10,121	10,121
Accumulated depreciation	(10,121)	(10,121)
Vehicles, net	0	0
Tools, furniture and fixtures	1,078,256	1,069,898
Accumulated depreciation	(1,005,883)	(968,417)
Tools, furniture and fixtures, net	72,372	101,481
Land	818,296	643,113
Lease assets	817,463	645,111
Accumulated depreciation	(271,439)	(164,870)
Lease assets, net	546,024	480,241
Construction in progress	75,378	123,901
Total Property, plant and equipment	4,945,068	4,845,824



Intangible assets		
Software	27,321	5,038
Software in progress	39,015	25,945
Lease asset	11,699	20,994
Telephone subscription right	13,384	13,384
Total Intangible assets	91,419	65,362
Investments and other assets		
Investment securities	101,901	149,078
Stocks of subsidiaries and affiliates	2,881,178	3,609,693
Investments in capital	50	50
Investments in capital of subsidiaries and affiliates	646,684	646,684
Claims provable in bankruptcy, claims provable in rehabilitation and other	245	245
Long-term loans receivable from subsidiaries and affiliates	2,729,132	367,170
Long-term prepaid expenses	7,035	11,447
Deferred tax asset	81,782	109,517
Real estate for investment	286,999	286,999
Lease and guarantee deposits	48,358	58,335
Other	29,960	29,960
Allowance for doubtful accounts	(999,348)	(245)
Total Investments and other assets	5,813,981	5,268,937
Total Noncurrent assets	10,850,469	10,180,123
Total Net assets	17,353,214	17,414,498
Liabilities		
Current liabilities		
Notes payable-trade	3,173	32,616
Accounts payable-trade	1,930,825	2,093,363
Short-term loans payable	5,183,363	2,592,114
Current portion of long-term loans payable	2,980,266	2,942,349
Accounts payable-other	112,557	108,667
Lease obligations	124,709	99,099
Accrued expenses	349,759	425,851
Income taxes payable	24,920	75,705
Contract liability		1,480
Deposits received	13,329	22,255
Provision for bonuses	-	132,170
Notes payable-facilities	15,840	2,828

Other	51,813	4,718
Total current liabilities	10,790,556	8,533,219
Noncurrent liabilities		
Long-term loans payable	3,594,729	4,628,148
Provision for retirement benefits	937,387	973,208
Long-term accounts payable-other	101,434	46,763
Lease obligations	447,522	412,988
Asset retirement obligations	38,000	38,000
Total noncurrent liabilities	5,119,074	6,099,108
Total liabilities	15,909,631	14,632,328
Net assets		
Shareholders' equity		
Capital stock	1,000,000	1,000,000
Capital surplus		
Legal capital surplus	250,000	250,000
Total capital surplus	250,000	250,000
Retained earnings		
Other retained earnings		
Retained earnings brought forward	274,222	1,575,620
Total retained earnings	274,222	1,575,620
Treasury stock	(78,557)	(77,765)
Total shareholders' equity	1,445,664	2,747,854
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(10,676)	25,720
Total Valuation and translation adjustments	(10,676)	25,720
Subscription rights to shares	8,594	8,594
Total net assets	1,443,582	2,782,170
Total liabilities and net assets	17,353,214	17,414,498

## (2) Condensed Non-Consolidated Statements of Income

(Thousands of yen)

	Year ended March 31, 2023	Year ended March 31, 2022
Net sales	9,769,289	9,753,767
Cost of sales		
Beginning finished goods	407,591	429,011
Cost of products manufactured	7,510,961	7,403,161
Total	7,918,553	7,832,173
Ending finished goods	371,431	407,591
Cost of finished goods sold	7,547,121	7,424,581
Total cost of sales	7,547,121	7,424,581
Gross profit	2,222,168	2,329,185
Selling, general and administrative expenses		
Commission fee	175,129	151,394
Shipment expenses	407,775	461,937
Advertising expenses	6,598	8,280
Promotion expenses	6,214	3,177
Entertainment expenses	7,186	4,032
Directors' compensations	140,063	126,583
Employees' salaries and allowances	632,741	668,508
Provision for bonuses	-	41,634
Provision for retirement benefits	46,857	43,540
Legal welfare expenses	111,595	120,414
Welfare expenses	26,741	21,338
Other salaries	31,436	6,057
Traveling and transportation expenses	46,501	27,711
Communication expenses	20,660	23,062
Insurance expenses	18,098	20,102
Rent expenses	87,176	85,910
Office supplies expenses	11,954	12,067
Repair expenses	18,896	18,959
Taxes and dues	47,768	46,523
Education and training expenses	9,159	8,737
Research and development expenses	81,528	68,113
Depreciation	20,176	16,661
Miscellaneous expenses	92,857	72,576
Total selling, general and administrative expenses	2,047,117	2,057,327
Operating income (loss)	175,050	271,858

Non-operating income		
Interest income	67,989	53,476
Dividends income	259,725	245,149
Rent income	10,085	9,029
Foreign exchange gains	224,004	229,844
Subsidy income	14,023	14,259
Subsidy income 2	8,296	9,391
Miscellaneous income	26,061	18,140
Total non-operating income	610,186	579,291
Non-operating expenses		
Depreciation	-	-
Interest expenses	186,232	126,632
Compensation expenses	7,610	5,022
Miscellaneous loss	14,299	15,525
Total non-operating expenses	208,142	147,179
Ordinary income	577,095	703,970
Extraordinary income		
Gain on sales of noncurrent assets	3,014	1,607
Gain on extinguishment of tie-in shares	-	2,988
Total extraordinary income	3,014	4,595
Extraordinary loss		
Loss on disposal of non-current assets	-	140
Loss on disposal of non-current assets	1,621	7,850
Loss on valuation of stocks of subsidiaries and	728,514	-
Loss on litigation	-	39,544
Provision of allowance for doubtful accounts	999,102	-
Total extraordinary loss	1,729,238	47,534
Income before income taxes	(1,149,129)	661,031
Income taxes-current	72,069	104,387
Income taxes-deferred	39,115	(120,914)
Total income taxes	111,184	(16,527)
Net income	(1,260,314)	677,558