

**ADVANEX INC.**  
**Flash Report(Consolidated Basis) --Summary**  
**Results for fiscal year ended March 31, 2021**



May 14, 2021

Company name: ADVANEX INC.

Code number: 5998

Representative: Seiya Kato, CEO & President

Inquiries: Tetsuya Yoshihara, Executive Officer & CFO

Date of the General Meeting of the Shareholders: June 29, 2021

Expected date of payment for dividends: June 30, 2021

Filing date of securities report: June 29, 2021

Supplementary explanation material for financial results

Holding of presentation meeting for financial results

Stock listings: Tokyo Stock Exchange

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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	%
2021	19,539	(8.2)	176	(32.4)	359	91.6	634	-
2020	21,280	1.5	260	291.6	187	169.8	(593)	-

Note: Comprehensive income(millions of yen): Mar. 2021: 1,368 -% Mar.2020: (962) -%

	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	%	%	%
2021	154.95	154.31	11.3	1.6	0.9
2020	(144.89)	-	(10.8)	0.8	1.2

Reference : Gain (Loss) on investment by equity method: Year ended March 31, 2021:--- ¥(0) million

Year ended March 31, 2020: --- ¥(0) million

### (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
2021	23,706	6,324	26.6	1,537.54
2020	22,125	4,998	22.4	1,213.19

(Reference) Total shareholders' equity: March 31, 2021: ¥6,300 million, March 31, 2020: ¥4,964 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
2021	1,494	237	(753)	3,093
2020	1,281	(2,281)	183	1,971

### 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
2020	---	---	---	10.00	10.00
2021	---	---	---	10.00	10.00
2022 (Forecast)	---	--	---	10.00	10.00

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	%	%
2020	40		0.7
2021	40	6.5	0.7
2022 (Forecast)		41.0	

### 3. Forecasts for the Fiscal Year Ended March 31, 2021

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	20,500	4.9	300	70.3	200	(44.3)

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Fiscal year	100	(84.2)	24.42

#### 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: No
  - 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):

2021: 4,153,370 shares      2020: 4,153,370 shares

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

2021: 55,446 shares      2020: 60,862 shares

Average Number of outstanding at term-end:

2021: 4,095,059 shares      2019: 4,093,136 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	%
2021	8,883	(8.4)	102	2.9	412	37.4	322	70.8
2020	9,698	5.8	99	---	300	(44.3)	188	69.0

	Net income per share	Net income per share after dilution
	Yen	Yen
2021	78.70	78.38
2020	46.11	45.85

#### (2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2021	16,043	2,128	13.1	513.43
2020	15,763	1,842	11.5	441.95

(Reference) Total shareholders' equity: March 31, 2021 ¥2,103 million, March 31, 2020: ¥1,808 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.

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## 1. Overview of Business Performance and Financial Position

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

Looking at the economic environment during the fiscal year under review, in the April-June quarter, consumer spending worsened significantly due to the impact of the outbreak of the new Corona Virus, which required self-restraint in various countries around the world, including restrictions on immigration and restrictions on exiting. Since July, there have been some signs of recovery in China and other countries as a result of deregulation of economic activities and fiscal stimulus measures in major countries. However, there is a strong sense of uncertainty, partly due to the global expansion of infectious diseases caused by variant viruses and the risk of a shortage of supplies of semiconductors and resins.

Under such circumstances, net sales for the fiscal year under review decreased 8.2% year on year to ¥19,539 million, and operating income decreased 32.4% year on year to ¥176 million. On the other hand, ordinary income increased 91.6% year on year to ¥359 million, due to government subsidies and foreign exchange gains. Net income attributable to owners of the parent was 634 million yen (compared to a loss of 593 million yen in the previous fiscal year) due to the recording of a gain on sales of non-current assets from the sale of the California factory of a U.S. subsidiary.

Results by business segment are as follows.

#### [Japan]

Net sales decreased 6.2% year on year to ¥8,061 million, due largely to a decline in demand for office automation equipment. Segment income increased 21.8% to ¥115 million, reflecting the success of efforts to reduce fixed costs.

#### [Americas]

Net sales decreased 14.6% year on year to 2,188 million yen, and segment loss was 527 million yen (compared with a loss of 360 million yen in the previous fiscal year). This was mainly due to a decrease in demand for automobiles and a period in which the Mexican factory was closed under the direction of the Mexican government.

#### [Europe]

Net sales decreased 12.1% year on year to 1,936 million yen due to a decrease in demand for standardized products. Segment income decreased 26.1% to ¥179 million, mainly due to an increase in maintenance costs at the Czech factory.

#### [Asia]

Net sales decreased 7.1% year on year to ¥7,352 million, due largely to a decline in demand for automobiles and office automation equipment. Segment income increased 43.0% to ¥410 million due to the success of efforts to reduce fixed costs.

## (2) Overview of Financial Position

### 1. Assets

Total assets at the end of the fiscal year under review increased 1,580 million yen from the end of the previous fiscal year, to 23.706 billion yen.

Total current assets increased ¥1,577 million to ¥12,143 million. The main factors were increases of 1,122 million yen in cash and deposits and 549 million yen in notes and accounts receivable-trade. Total non-current assets increased by ¥3 million to ¥11,562 million. Although tangible fixed assets decreased by 7 million yen and intangible fixed assets decreased by 26 million yen, investments and other assets increased by 36 million yen.

### 2. Liabilities

In the Liabilities section, total liabilities were 17,381 million yen, an increase of 254 million yen from the end of the previous fiscal year.

The main factors were increases of 385 million yen in notes and accounts payable-trade, 2 speculation of 39 million yen in current liabilities and others, and 219 million yen in lease obligations, despite a decrease of 571 million yen in loans payable.

### 3. Net assets

In net assets, total net assets were 6,324 million yen, an increase of 1,326 million yen from the end of the previous fiscal year. The main factors were a 634 million yen increase in net income attributable to owners of the parent, a 601 million yen increase in shareholders' equity, and a 620 million yen increase in foreign currency translation adjustments.

As a result, the equity ratio was 26.6% (22.4% at the end of the previous fiscal year).

## (3) The status of Cash flows

The balance of cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review was 3,093 million yen, an increase of 1,121 million yen from the end of the previous fiscal year. Cash flows for each category and factors affecting cash flows are as follows.

### 1. Cash flow from operating activities

Net cash provided by operating activities increased ¥1,494 million (net cash provided by operating activities was ¥1,281 million in the previous fiscal year). This was mainly attributable to an increase in funds retained by 1,215 million yen due to depreciation expenses.

Net cash used in investing activities increased 237 million yen due to investing activities (net cash used in investing activities was 2,281 million yen in the previous fiscal year). Major factors included ¥949 million in purchase of property, plant and equipment and ¥1,260 million in proceeds from

sales of property, plant and equipment.

## 2. Cash flow from investing activities

Net cash used in investing activities increased 237 million yen due to investing activities (net cash used in investing activities was 2,281 million yen in the previous fiscal year). Major factors included ¥949 million in purchase of property, plant and equipment and ¥1,260 million in proceeds from sales of property, plant and equipment.

## 3. Cash flow from financing activities

Net cash used in financing activities amounted to ¥753 million, compared with net cash provided by financing activities of ¥183 million in the previous fiscal year. This was mainly due to a decrease in interest-bearing debt.

## (4) Outlook for the coming fiscal year

Global economic trends are gradually resuming economic activities while curbing the spread of the Covid-19. However, the outlook for the global economy remains unpredictable due to the possibility of a second wave.

The forecast for the fiscal year ended March 31, 2021 has not been determined due to the difficulty of rationally calculating the impact of the spread of Covid-19 at the present stage. We will disclose our earnings forecasts as soon as it becomes possible to do so.

## 2. Basic Rational Regarding Selection of Accounting Standards

Vaccines have shown signs of an end to infectious diseases in developed countries. However, in addition to the emergence of variants and delays in vaccination in emerging countries, there are risk factors such as soaring raw materials prices and a shortage of supplies, and we expect the situation to continue to be unpredictable.

Against this backdrop, the outlook for the next fiscal year is for net sales to increase 4.9% year on year to ¥20.5 billion, operating income to increase 70.3% to ¥300 million, ordinary income to decrease 44.3% to ¥200 million, and profit attributable to owners of parent to decrease 84.2% to ¥100 million.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash and time deposits	3,899,489	2,777,032
Trade notes and accounts receivable	4,720,132	4,170,246
Finished goods	1,250,147	1,371,370
Work in process	697,541	676,406
Raw materials and stored items	937,769	880,321
Other current assets	683,769	704,258
Allowance for doubtful accounts	(44,512)	(13,399)
Total current assets	12,143,659	10,566,235
Fixed assets:		
Tangible fixed assets		
Buildings and structures	9,020,744	9,401,973
Accumulated depreciation	(5,169,455)	(5,254,095)
Buildings and structures, net	3,851,288	4,147,878
Machinery and equipment	14,369,672	13,478,665
Accumulated depreciation	(10,660,624)	(9,783,916)
Machinery and equipment, net	3,709,048	3,694,749
Land	997,270	1,270,191
Leased assets	1,316,144	967,161
Accumulated depreciation	(282,379)	(138,079)
Leased assets, net	1,033,764	829,082
Construction in progress	838,041	540,739
Others	2,365,113	2,137,273
Accumulated depreciation	(1,935,279)	(1,753,251)
Other, net	429,834	384,022
Total tangible fixed assets	10,859,246	10,866,663
Intangible fixed assets		
Software	12,537	28,270
Goodwill	6,100	7,073
Leased assets	30,289	39,584
Others	13,384	13,384
Total intangible fixed assets	62,311	88,312
Investments and other assets		
Investment in securities	45,834	7,740
Deferred income tax	1,586	1,408
Real estate for investment	470,692	467,807
Accumulated depreciation	(104,620)	(99,592)



	As of March 31, 2021	As of March 31, 2020
Real estate for investment, net	366,072	368,215
Others	231,272	230,687
Allowance for doubtful accounts	(3,878)	(3,878)
Total investments and other assets	640,887	604,173
Total fixed assets	11,562,445	11,559,150
Total assets	23,706,104	22,125,385
<b>LIABILITIES</b>		
Current liabilities:		
Trade notes and accounts payable	3,287,463	2,901,538
Short-term borrowings	1,714,510	2,429,580
Long-term borrowings due within one year	2,905,859	2,979,445
Lease obligations	168,697	115,244
Accrued income taxes	166,841	101,056
Allowance for bonus	151,075	193,547
Provision for product warranties	77,637	67,993
Other current liabilities	1,318,307	1,078,547
Total current liabilities	9,790,391	9,866,951
Long-term liabilities:		
Long-term borrowings	5,117,115	4,900,191
Lease obligations	933,352	767,746
Deferred tax liabilities	254,450	237,350
Asset retirement obligations	52,275	51,348
Liabilities for Retirement Benefits	1,207,178	1,295,934
Other long-term liabilities	26,394	7,511
Total long-term liabilities	7,590,767	7,260,083
Total liabilities	17,381,158	17,127,035
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	250,000	250,000
Retained earnings	5,202,682	4,610,760
Treasury stock	(96,212)	(105,954)
Total shareholders' equity	6,356,470	5,754,805
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	5,091	(797)
Foreign exchange adjustment	(85,333)	(705,409)
Accumulated adjustment for Retirement Benefits	24,483	(83,608)
Total accumulated other comprehensive income	(55,759)	(789,815)
Subscription rights to shares	24,235	33,360
Total net assets	6,324,946	4,998,350

	As of March 31, 2021	As of March 31, 2020
Total liabilities and net assets	23,706,104	22,125,385

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

(Thousands of yen)

	Year ended March 31, 2021	Year ended March 31, 2020
Net sales	19,539,638	21,280,358
Cost of sales	15,138,345	16,344,103
Gross income	4,401,293	4,936,254
Selling, general and administrative expenses		
Delivery	607,521	645,113
Salary	1,831,260	1,996,034
Reserves for bonuses allowance	31,144	43,272
Retirement payments	-	387
Retirement benefit expenses	90,170	97,202
Depreciation and amortization	98,656	133,219
Others	1,566,396	1,760,511
Total selling, general and administrative expenses	4,225,149	4,675,742
Operating income	176,143	260,511
Non-operating income		
Interests	27,317	26,198
Dividends	29	3,828
Rental fees	65,304	55,330
Foreign exchange gains	171,256	-
Dividend income of insurance	784	4,039
Subsidy income	14,221	13,871
Subsidy income 2	123,193	13,135
Others	47,990	22,218
Total non-operating income	450,099	138,622
Non-operating expenses		
Interests	190,754	129,751
Foreign exchange losses	-	19,242
Compensation expenses	26,092	3,165
Rent cost of real estate	14,223	3,284
Others	36,000	56,188
Total non-operating expenses	267,070	211,631
Ordinary income or loss	359,173	187,502

	Year ended March 31, 2021	Year ended March 31, 2020
Extraordinary income		
Gain on sales of noncurrent assets	879,877	8,307
Gain on sales of securities	-	19
Total extraordinary income	879,877	8,326
Extraordinary loss		
Loss on sales of noncurrent assets	894	490
Loss on disposal of noncurrent assets	9,310	2,833
Loss on valuation of investment securities	-	6,843
Impairment loss	50,927	-
Settlement package	79,627	-
Restructuring loss	148,354	-
Loss on litigation	43,510	68,835
Coronavirus infection-related loss	40,507	-
Special retirement expense	-	65,121
Foreign exchange losses	-	424,548
Other	10,617	984
Total extraordinary loss	383,748	569,657
Income or Loss before income taxes and minority Interests	855,301	(373,827)
Income, local and enterprise taxes	223,583	191,230
Adjustment for income taxes	(2,813)	28,008
Total income taxes	220,769	219,238
Loss before minority interests	634,531	(593,066)
Net income or loss	634,531	(593,066)

## (Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Year ended March 31, 2021	Year ended March 31, 2020
Loss before minority interests	634,531	(593,066)
Other comprehensive income		
Valuation difference on available-for-sale securities	5,889	31
Foreign currency translation adjustment	620,075	(360,738)
Remeasurements of defined benefit plans	108,091	(8,895)
Accumulated other comprehensive income	734,056	(369,603)
Comprehensive income	1,368,588	(962,670)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,368,588	(962,670)

## (3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from operating activities		
Income(Loss) before income taxes and minority interests	855,301	(373,827)
Depreciation and amortization	1,215,263	1,239,507
Impairment loss	50,927	-
Amortization of goodwill	1,050	1,095
Increase (decrease) in allowance for doubtful accounts	28,302	6,515
Increase (decrease) in allowance for bonuses	(51,346)	(11,241)
Increase (decrease) in liabilities for Retirement Benefits	2,346	(1,617)
Interest and dividends receivable	(27,347)	(30,027)
Interest payable	190,743	129,751
Foreign exchange losses (gains)	(121,007)	357,675
(Gain) loss on sale of fixed assets	(878,982)	(7,817)
(Gain) loss on disposal of fixed assets	9,310	2,833
Loss (gain) on sales of investment securities	-	6,824
Decrease (increase) in notes and accounts receivable-trade	(626,081)	155,625
Decrease (increase) in inventories	192,856	123,647
Increase (decrease) in notes and accounts payable	550,930	(3,807)
Others	550,286	(67,566)
Subtotal	1,942,553	1,514,067
Proceeds from interest and dividend receivable	2,070	30,702
Payment of interests	(222,802)	(96,180)
Payment of income taxes	(226,978)	(167,283)
Net cash provided by operating activities	1,494,842	1,281,307

(Thousands of yen)

	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(949,303)	(2,328,346)
Proceeds from sales of tangible fixed assets	1,260,788	68,616
Payments on purchase of intangible fixed assets	(2,113)	(1,739)
Proceeds from sales of intangible assets	1,164	118
Payments on purchase of investment securities	(29,957)	(900)
Proceeds from sales of securities	-	46,323
Payments on paying in time deposits	(181,851)	(338,512)
Proceeds from withdrawal of time deposits	226,399	351,770
Other expenses	(89,108)	(10,560)
Others incomes	1,036	2,246
Net cash used in investing activities	237,054	(2,224,485)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(314,793)	31,930
Proceeds from long-term borrowings	3,369,739	3,661,820
Repayments on long-term borrowings	(3,648,703)	(3,352,964)
Purchase of treasury stocks	(1,203)	(2,447)
Cash dividends paid	(47,515)	(123,089)
Proceeds from disposal of treasury shares	6	52
Others	(111,344)	(31,398)
Net cash used in financing activities	(753,815)	183,901
Effect of exchange rate changes on cash and cash equivalents	143,697	(89,200)
Net increase (decrease) in cash and cash equivalents	1,121,779	(905,732)
Cash and cash equivalents at the beginning of year	1,971,289	2,864,283
Increase (decrease) in cash and cash equivalents resulting from change of account period of consolidation	-	12,738
Cash and cash equivalents at the end of year	3,093,069	1,971,289

#### (4) Segment Information

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

Year ended March 31, 2021

(Thousands of yen)

	Japan	Americas	Europe	Ajia	Total
Net sales:					
Net sales to third parties	8,061,773	2,188,725	1,936,894	7,352,245	19,539,638
Intra-group net sales and transfers	821,641	412	78,366	224,364	1,124,784
Total sales	8,883,415	2,189,137	2,015,260	7,576,609	20,664,422
Segment income (loss)	115,592	(527,636)	179,229	410,539	177,724
Segment assets	16,047,525	3,643,942	2,381,760	9,317,453	31,390,681
Segment liability	14,010,548	3,429,811	673,768	2,663,197	20,777,327
Others					
Depreciation	474,177	181,369	140,037	421,732	1,217,316
amortization of goodwill	-	1,050	-	-	1,050
Net increase in tangible and intangible fixed assets	361,751	351,293	165,304	241,606	1,119,956

Year ended March 31, 2020

(Thousands of yen)

	Japan	Americas	Europe	Ajia	Total
Net sales:					
Net sales to third parties	8,598,504	2,563,514	2,202,899	7,915,440	21,280,358
Intra-group net sales and transfers	1,099,527	—	86,407	257,251	1,443,186
Total sales	9,698,031	2,563,514	2,289,306	8,172,691	22,723,544
Segment income (loss)	94,877	(360,562)	242,473	286,086	262,874
Segment assets	15,773,869	3,386,860	2,159,648	8,326,205	29,646,584
Segment liability	14,103,209	4,049,140	635,654	2,285,277	21,091,281
Others					
Depreciation	457,111	167,166	134,381	460,933	1,219,592
Amortization of goodwill	-	1,095	-	-	1,095
Net increase in tangible and intangible fixed assets	833,343	512,111	374,414	367,451	2,087,320



#### 4. Non-Consolidated Financial Statements

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

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2020
<b>ASSETS</b>		
Current assets		
Cash and deposits	1,130,437	504,843
Notes receivable-trade	95,051	69,913
Accounts receivable-trade	2,408,176	2,330,414
Merchandise and finished goods	429,011	404,733
Work in process	273,462	289,200
Raw materials and supplies	264,288	292,387
Prepaid expenses	35,720	37,719
Accounts receivable-other	189,949	217,526
Current portion of long-term loans receivable from subsidiaries and affiliates	1,111,975	345,897
other assets	164,551	58,296
Total Current assets	6,102,624	4,550,932
Noncurrent assets		
Property, plant and equipment		
Buildings	6,831,305	6,869,569
Accumulated depreciation	(4,024,988)	(3,868,271)
Buildings, net	2,806,317	3,001,297
Structures	279,019	279,019
Accumulated depreciation	(124,958)	(106,398)
Structures, net	154,061	172,620
Machinery and equipment	4,977,788	4,917,094
Accumulated depreciation	(4,238,429)	(4,108,179)
Machinery and equipment, net	739,358	808,914
Vehicles	10,121	11,891
Accumulated depreciation	(10,121)	(11,891)
Vehicles, net	0	0
Tools, furniture and fixtures	1,017,746	940,150
Accumulated depreciation	(918,081)	(831,291)
Tools, furniture and fixtures, net	99,665	108,858
Land	629,313	629,313
Lease assets	426,196	200,092
Accumulated depreciation	(85,410)	(32,941)
Lease assets, net	340,786	167,150
Construction in progress	134,422	184,348
Total Property, plant and equipment	4,903,924	5,072,505

Intangible assets		
Software	4,639	12,877
Lease asset	30,289	39,584
Telephone subscription right	12,757	12,757
Total Intangible assets	47,686	65,219
Investments and other assets		
Investment securities	45,834	7,740
Stocks of subsidiaries and affiliates	3,599,693	2,871,178
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	332,130	2,386,596
Long-term prepaid expenses	16,328	10,666
Real estate for investment	286,999	286,999
Lease and guarantee deposits	58,836	59,630
Other	2,515	11
Allowance for doubtful accounts	(245)	(194,629)
Total Investments and other assets	4,989,072	6,075,174
Total Noncurrent assets	9,940,683	11,212,899
Total Net assets	16,043,307	15,763,832
Liabilities		
Current liabilities		
Notes payable-trade	152,136	79,921
Accounts payable-trade	1,898,364	1,867,179
Short-term loans payable	2,591,059	2,576,424
Current portion of long-term loans payable	2,769,930	2,972,556
Accounts payable-other	110,804	104,886
Lease obligations	67,215	36,389
Accrued expenses	340,091	259,029
Income taxes payable	31,663	26,159
Deposits received	11,587	7,303
Provision for bonuses	38,689	80,698
Notes payable-facilities	3,498	3,907
Other	176,232	3,690
Total current liabilities	8,191,273	8,018,146
Noncurrent liabilities		

Long-term loans payable	4,291,535	4,632,297
Provision for retirement benefits	1,059,878	1,052,682
Long-term accounts payable-other	21,898	7,511
Lease obligations	310,247	172,982
Deferred tax liabilities	2,247	163
Asset retirement obligations	38,000	37,999
Total noncurrent liabilities	5,723,807	5,903,637
Total liabilities	13,915,080	13,921,783
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	945,112	665,440
Total retained earnings	945,112	665,440
Treasury stock	(96,212)	(105,954)
Total shareholders' equity	2,098,900	1,809,486
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,091	(797)
Total Valuation and translation adjustments	5,091	(797)
Subscription rights to shares	24,235	33,360
Total net assets	2,128,227	1,842,048
Total liabilities and net assets	16,043,307	15,763,832

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

(Thousands of yen)

	Year ended March 31, 2021	Year ended March 31, 2020
Net sales	8,883,415	9,698,031
Cost of sales		
Beginning finished goods	404,733	408,832
Cost of products manufactured	6,816,540	7,442,122
Total	7,221,274	7,850,954
Ending finished goods	429,011	404,733
Cost of finished goods sold	6,792,263	7,446,220
Total cost of sales	6,792,263	7,446,220
Gross profit	2,091,151	2,251,811
Selling, general and administrative expenses		
Commission fee	113,144	101,071
Shipment expenses	442,775	488,529
Advertising expenses	4,616	2,461
Promotion expenses	3,903	14,653
Entertainment expenses	6,654	17,099
Directors' compensations	112,495	140,292
Employees' salaries and allowances	682,479	659,349
Provision for bonuses	12,608	26,885
Provision for retirement benefits	62,658	60,594
Legal welfare expenses	116,453	114,579
Welfare expenses	21,429	20,935
Other salaries	10,605	10,656
Provision of allowance for doubtful accounts	1,189	2,392
Traveling and transportation expenses	19,459	81,202
Communication expenses	24,005	25,832
Insurance expenses	18,734	22,698
Rent expenses	86,186	86,310
Office supplies expenses	11,214	18,861
Repair expenses	18,166	18,289
Taxes and dues	44,606	12,662
Education and training expenses	1,988	4,464
Research and development expenses	72,220	93,517
Depreciation	25,281	44,082
Miscellaneous expenses	75,443	84,473
Total selling, general and administrative expenses	1,988,323	2,151,897
Operating income (loss)	102,828	99,913

Non-operating income		
Interest income	62,605	63,758
Dividends income	289,444	275,449
Rent income	9,029	9,029
Subsidy income	14,221	13,871
Subsidy income 2	57,155	1,950
Reversal of allowance for doubtful accounts	-	120
Miscellaneous income	26,276	13,425
Total non-operating income	458,733	377,604
Non-operating expenses		
Depreciation	3,409	3,409
Interest expenses	111,498	71,783
Foreign exchange losses	10,857	57,778
Compensation expenses	3,944	3,165
Commission fee	-	15,000
Miscellaneous loss	19,527	26,209
Total non-operating expenses	149,236	177,347
Ordinary income	412,325	300,171
Extraordinary income		
Gain on sales of noncurrent assets	1,166	-
Gain on sales of investment securities	-	19
Total extraordinary income	1,166	19
Extraordinary loss		
Loss on disposal of non-current assets	0	640
Loss on valuation of investment securities	-	6,843
Loss on litigation	7,831	51,099
Impairment loss	50,927	-
Total extraordinary loss	58,759	58,583
Income before income taxes	354,732	241,606
Income taxes-current	32,614	53,046
Income taxes-deferred	(163)	(163)
Total income taxes	32,451	52,883
Net income	322,281	188,723