

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	2021 (December 31, 2021)	2022 (December 31, 2022)
Assets		
Current assets		
Cash and deposits	30,771	35,895
Notes and accounts receivable-trade	11,177	9,707
Securities	452	2,179
Merchandise and finished goods	2,204	2,652
Work in process	13,517	14,328
Raw materials and supplies	9,301	10,644
Other	12,735	13,187
Allowance for doubtful accounts	(2,416)	(787)
Total current assets	77,743	87,807
Non-current assets		
Property, plant and equipment		
Buildings and structures	312,711	385,374
Accumulated depreciation	(32,768)	(43,891)
Buildings and structures (net amount)	279,943	341,483
Machinery, equipment and vehicles	49,683	55,402
Accumulated depreciation	(27,709)	(32,248)
Machinery, equipment and vehicles (net amount)	21,973	23,154
Lease assets	65,142	61,288
Accumulated depreciation	(10,415)	(11,924)
Leased assets, net	54,727	49,363
Land	7,245	7,438
Construction in progress	58,486	6,212
Other	25,448	25,536
Accumulated depreciation	(19,469)	(20,899)
Other, net	5,979	4,636
Total property, plant and equipment	428,355	432,289
Intangible assets		
Other	1,005	1,112
Total intangible assets	1,005	1,112
Investments and other assets		
Investment securities	18,520	16,265
Long-term deposits	7,110	8,179
Long-term deposits for subsidiaries and associates	27,909	32,189
Deferred tax assets	4,188	11,047
Other	8,336	11,426
Allowance for doubtful accounts	(1,692)	(4,743)
Total investments and other assets	64,372	74,365
Total non-current assets	493,732	507,766
Deferred assets	905	603
Total assets	572,381	596,177

(Million yen)

	2021 (December 31, 2021)	2022 (December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,245	7,530
Short-term borrowings	5,750	-
Current portion of long-term borrowings	3,594	7,299
Accounts payable-other	10,212	10,002
Accrued expenses	20,238	23,074
Income taxes payable	176	46
Provision for bonuses	81	80
Other	11,759	17,732
Total current liabilities	60,058	65,765
Non-current liabilities		
Bonds payable	90,318	104,585
Long-term borrowings	9,948	4,180
Retirement benefit liability	230	367
Long-term deposits received from subsidiaries and associates	5,750	6,635
Lease obligations	62,225	57,464
Deferred tax liabilities	1,861	5,371
Other	3,069	2,491
Total non-current liabilities	173,403	181,096
Total liabilities	233,461	246,861
Net assets		
Shareholders' equity		
Share capital	98	98
Capital surplus	18,829	18,829
Retained earnings	327,426	338,932
Treasury shares	(7,317)	(7,317)
Total shareholders' equity	339,036	350,542
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26	(16)
Foreign currency translation adjustment	(282)	(1,287)
Remeasurements of defined benefit plans	81	18
Total accumulated other comprehensive income	(174)	(1,285)
Share acquisition rights	58	58
Total net assets	338,919	349,315
Total liabilities and net assets	572,381	596,177

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

(Million yen)

	2021 (January 1 to December 31, 2021)	2022 (January 1 to December 31, 2022)
Net sales	90,435	140,998
Cost of sales	43,898	62,657
Gross profit	46,536	78,340
Selling, general and administrative expenses	44,576	66,255
Operating profit	1,959	12,085
Non-operating income		
Interest income	108	128
Dividend income	7	32
Foreign exchange gains	5,625	8,228
Share of profit of entities accounted for using equity method	1,548	-
Gain on cancellation of rental contracts	-	8,550
Gain on cancellation of leases	-	2,057
Other	126	911
Total non-operating income	7,417	19,909
Non-operating expenses		
Interest expenses	4,500	5,533
Interest on bonds	6,043	8,508
Share of loss of entities accounted for using equity method	-	2,627
Commission expenses	12	10
Provision of allowance for doubtful accounts	1,056	498
Other	272	881
Total non-operating expenses	11,885	18,060
Ordinary profit (loss)	(2,508)	13,933
Extraordinary income		
Gain on sales of non-current assets	31	54
Gain on liquidation of subsidiaries and associates	-	28
Other	-	2
Total extraordinary income	31	86
Extraordinary losses		
Loss on sales and retirement of non-current assets	4,035	3,100
Loss on valuation of shares of subsidiaries and associates	117	4
Non-recurring loss	8,150	818
Losses associated with an illegal occupation	-	1,526
Other	185	119
Total extraordinary losses	12,488	5,569
Income (loss) before income taxes and others	(14,966)	8,450
Income taxes-current	169	261
Income taxes-deferred	3,916	(3,318)
Total income taxes	4,085	(3,056)
Net income (loss)	(19,052)	11,506
Net income attributable to non-controlling interests	-	-
Net income (loss) attributable to owners of parent	(19,052)	11,506

(Consolidated Statement of Comprehensive Income)

(Million yen)

	2021 (January 1 to December 31, 2021)	2022 (January 1 to December 31, 2022)
Net income (loss)	(19,052)	11,506
Other comprehensive income		
Valuation difference on available-for-sale securities	53	(42)
Foreign currency translation adjustment	348	(1,004)
Remeasurements of defined benefit plans, net of tax	(7)	(63)
Total other comprehensive income	394	(1,110)
Comprehensive income	(18,657)	10,395
(Breakdown)		
Comprehensive income attributable to owners of parent	(18,657)	10,395
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity
2021 (January 1 to December 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	98	18,829	346,478	(7,317)	358,088
Changes of items during period					
Loss attributable to owners of parent			(19,052)		(19,052)
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(19,052)	(0)	(19,052)
Balance at end of current period	98	18,829	327,426	(7,317)	339,036

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	(27)	(631)	88	(569)	58	357,577
Changes of items during period						
Loss attributable to owners of parent						(19,052)
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	53	348	(7)	394	-	394
Total changes of items during period	53	348	(7)	394	-	(18,657)
Balance at end of current period	26	(282)	81	(174)	58	338,919

2022 (January 1 to December 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	98	18,829	327,426	(7,317)	339,036
Changes of items during period					
Profit attributable to owners of parent			11,506		11,506
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	11,506	(0)	11,506
Balance at end of current period	98	18,829	338,932	(7,317)	350,542

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	26	(282)	81	(174)	58	338,919
Changes of items during period						
Profit attributable to owners of parent						11,506
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(42)	(1,004)	(63)	(1,110)	-	(1,110)
Total changes of items during period	(42)	(1,004)	(63)	(1,110)	-	10,395
Balance at end of current period	(16)	(1,287)	18	(1,285)	58	349,315

(4) Consolidated Statement of Cash Flows

(Million yen)

	2021 (January 1 to December 31, 2021)	2022 (January 1 to December 31, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes and others	(14,966)	8,450
Depreciation	18,477	18,739
Loss on valuation of shares of subsidiaries and associates	117	4
Loss (gain) on sales and retirement of non-current assets	4,003	3,045
Gain on cancellation of rental contracts	-	(8,550)
Gain on cancellation of leases	-	(2,057)
Losses associated with an illegal occupation	-	1,526
Share of loss (profit) of entities accounted for using equity method	(1,548)	2,627
Interest and dividend income	(116)	(161)
Interest expenses	4,500	5,533
Interest on bonds	6,043	8,508
Foreign exchange losses (gains)	(4,798)	(8,431)
Increase (decrease) in allowance for doubtful accounts	659	(1,390)
Decrease (increase) in trade receivables	(3,606)	1,677
Decrease (increase) in inventories	(1,070)	(2,537)
Decrease (increase) in accounts receivable-other	1	(441)
Increase (decrease) in accrued consumption taxes	(827)	1,327
Increase (decrease) in trade payables	1,520	(76)
Increase (decrease) in accounts payable-other	783	1,358
Decrease (increase) in other current assets	(617)	(239)
Increase (decrease) in other current liabilities	(660)	2,084
Increase (decrease) in other non-current liabilities	110	(745)
Other, net	400	332
Subtotal	8,408	30,586
Interest and dividend income received	114	154
Interest expenses paid	(6,321)	(8,982)
Gain on cancellation of rental contracts	-	4,636
Payments for cash outflows associated with the illegal occupation	-	(1,526)
Income taxes paid	(456)	(408)
Net cash provided by (used in) operating activities	1,745	24,461

(Million yen)

	2021 (January 1 to December 31, 2021)	2022 (January 1 to December 31, 2022)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,426)	(7,534)
Proceeds from sales of property, plant and equipment	-	34
Purchase of intangible assets	(242)	(493)
Purchase of investment securities	(218)	(9)
Proceeds from sales of investment securities	683	-
Payments of short-term loans receivable	-	(2,000)
Collection of short-term loans receivable	2,157	910
Payments of long-term loans receivable	(112)	(3)
Collection of long-term loans receivable	-	451
Other, net	(878)	(350)
Net cash provided by (used in) investing activities	(7,037)	(8,996)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(577)	(6,452)
Repayments of long-term borrowings	(2,356)	(4,179)
Proceeds from issuance of bonds	15,889	-
Redemption of bonds	(13,911)	-
Payments for sale and lease back transactions	(692)	(821)
Amount of increase and decrease of mortgage offer deposit	-	249
Other, net	(170)	(42)
Net cash provided by (used in) financing activities	(1,819)	(11,246)
Effect of exchange rate change on cash and cash equivalents	524	1,130
Net increase (decrease) in cash and cash equivalents	(6,587)	5,348
Cash and cash equivalents at beginning of period	37,133	30,546
Other net increase (decrease) in cash and cash equivalents	-	(102)
Cash and cash equivalents at end of period	30,546	35,793