



3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Adjusted EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	45,000	1.4	1,800	(32.0)	–	–	–	–	–	–	–

Note: Revision to financial results forecast most recently announced: No

Reference: Adjusted EBITDA = EBITDA (Operating profit + Amortization of goodwill and Depreciation) + Subsidy income + Stock-related remuneration + Inventory step-up effect.

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2023	117,060,465 shares	As of December 31, 2022	113,105,455 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	20,605 shares	As of December 31, 2022	20,571 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2023	116,048,534 shares	Six months ended June 30, 2022	111,204,435 shares
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\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of financial results forecast, and other special matters

The forward-looking statements, including the earnings forecasts, shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual results may differ substantially due to various factors.

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	9,954	16,298
Notes and accounts receivable - trade	3,842	3,249
Merchandise and finished goods	2,811	2,407
Work in process	470	419
Raw materials and supplies	1,340	1,365
Other	1,337	886
Allowance for doubtful accounts	(62)	(66)
Total current assets	19,694	24,560
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,565	6,588
Machinery, equipment and vehicles	3,520	3,479
Tools, furniture and fixtures	898	918
Land	2,068	2,062
Leased assets	101	101
Construction in progress	7	1
Accumulated depreciation	(7,313)	(7,380)
Total property, plant and equipment	5,848	5,771
Intangible assets		
Goodwill	12,485	12,062
Customer-related assets	16,173	15,482
Other	1,363	1,226
Total intangible assets	30,022	28,770
Investments and other assets		
Investment securities	679	697
Guarantee deposits	329	359
Deferred tax assets	715	675
Other	108	120
Allowance for doubtful accounts	(123)	(138)
Total investments and other assets	1,710	1,714
Total non-current assets	37,581	36,257
Total assets	57,275	60,817

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,423	1,103
Short-term borrowings	2,708	2,508
Accounts payable - other	4,062	3,495
Contract liabilities	1,487	1,514
Lease liabilities	9	9
Income taxes payable	994	645
Provision for bonuses	229	126
Other	1,360	871
<b>Total current liabilities</b>	<b>12,276</b>	<b>10,275</b>
<b>Non-current liabilities</b>		
Convertible-bond-type bonds with share acquisition rights	–	4,800
Long-term borrowings	19,496	18,119
Lease liabilities	7	2
Provision for retirement benefits for directors (and other officers)	4	4
Retirement benefit liability	370	375
Asset retirement obligations	429	425
Deferred tax liabilities	5,329	5,071
Other	7	6
<b>Total non-current liabilities</b>	<b>25,645</b>	<b>28,806</b>
<b>Total liabilities</b>	<b>37,921</b>	<b>39,081</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	13,985	15,831
Capital surplus	13,316	15,162
Retained earnings	(8,309)	(9,223)
Treasury shares	(34)	(34)
<b>Total shareholders' equity</b>	<b>18,957</b>	<b>21,735</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	0	2
Deferred gains or losses on hedges	–	(1)
Foreign currency translation adjustment	(39)	(10)
Remeasurements of defined benefit plans	5	4
<b>Total accumulated other comprehensive income</b>	<b>(34)</b>	<b>(4)</b>
Share acquisition rights	427	1
Non-controlling interests	2	3
<b>Total net assets</b>	<b>19,353</b>	<b>21,735</b>
<b>Total liabilities and net assets</b>	<b>57,275</b>	<b>60,817</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	21,584	22,805
Cost of sales	6,417	7,023
Gross profit	15,166	15,781
Selling, general and administrative expenses	16,589	16,541
Operating loss	(1,422)	(760)
Non-operating income		
Interest income	0	1
Foreign exchange gains	82	63
Subsidy income	688	303
Commission income	17	17
Surrender value of insurance policies	255	–
Share of profit of entities accounted for using equity method	35	–
Other	49	61
Total non-operating income	1,130	448
Non-operating expenses		
Interest on bonds	–	0
Interest expenses	275	241
Share of loss of entities accounted for using equity method	–	8
Share issuance costs	–	37
Other	29	38
Total non-operating expenses	305	327
Ordinary loss	(597)	(639)
Extraordinary income		
Gain on reversal of share acquisition rights	0	1
Gain on sale of non-current assets	3	33
Total extraordinary income	3	34
Extraordinary losses		
Loss on sale of non-current assets	0	7
Loss on valuation of investment securities	–	5
Total extraordinary losses	0	13
Loss before income taxes	(595)	(618)
Income taxes - current	714	511
Income taxes - refund	(102)	–
Income taxes - deferred	(745)	(217)
Total income taxes	(133)	294
Loss	(462)	(913)
Profit attributable to non-controlling interests	3	0
Loss attributable to owners of parent	(465)	(914)

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Loss	(462)	(913)
Other comprehensive income		
Valuation difference on available-for-sale securities	2	2
Deferred gains or losses on hedges	(0)	(1)
Foreign currency translation adjustment	(25)	25
Remeasurements of defined benefit plans, net of tax	(0)	(1)
Share of other comprehensive income of entities accounted for using equity method	4	4
Total other comprehensive income	(19)	29
Comprehensive income	(481)	(884)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(485)	(884)
Comprehensive income attributable to non-controlling interests	3	0

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Loss before income taxes	(595)	(618)
Depreciation	1,169	1,255
Amortization of goodwill	405	423
Share-based payment expenses	57	59
Loss (gain) on valuation of investment securities	–	5
Loss (gain) on sale of property, plant and equipment	(2)	(25)
Increase (decrease) in allowance for doubtful accounts	(10)	19
Increase (decrease) in provision for bonuses	(75)	(103)
Increase (decrease) in provision for retirement benefits and retirement benefits for directors (and other officers)	(19)	3
Increase (decrease) in provision for business restructuring	(31)	–
Interest and dividend income	(0)	(1)
Subsidy income	(688)	(303)
Gain on reversal of share acquisition rights	(0)	(1)
Interest expenses	275	242
Foreign exchange losses (gains)	(3)	0
Share issuance costs	–	37
Share of loss (profit) of entities accounted for using equity method	(35)	8
Decrease (increase) in trade receivables	277	577
Decrease (increase) in inventories	1,010	425
Increase (decrease) in trade payables	(107)	(321)
Increase (decrease) in accounts payable - other	(45)	(606)
Decrease/increase in consumption taxes receivable/payable	183	142
Other, net	(401)	(41)
Subtotal	1,361	1,178
Interest and dividends received	0	1
Interest paid	(280)	(242)
Subsidies received	288	291
Income taxes refund	108	138
Income taxes paid	(418)	(867)
Net cash provided by (used in) operating activities	1,059	500
Cash flows from investing activities		
Decrease (increase) in time deposits	(120)	(0)
Purchase of property, plant and equipment	(203)	(226)
Proceeds from sale of property, plant and equipment	6	104
Purchase of intangible assets	(95)	(163)
Purchase of investment securities	(67)	(25)
Short-term loan advances	(48)	(5)
Proceeds from refund of guarantee deposits	4	5
Payments of guarantee deposits	(6)	(35)
Payments for asset retirement obligations	–	(5)
Net cash provided by (used in) investing activities	(531)	(351)

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	232	(183)
Proceeds from long-term borrowings	–	100
Repayments of long-term borrowings	(1,308)	(1,481)
Proceeds from issuance of bonds with share acquisition rights	–	4,800
Proceeds from issuance of share acquisition rights	–	1
Proceeds from issuance of shares	–	2,962
Purchase of treasury shares	–	(0)
Repayments of lease liabilities	(4)	(4)
Dividends paid to non-controlling interests	(5)	–
Net cash provided by (used in) financing activities	(1,085)	6,195
Effect of exchange rate change on cash and cash equivalents	8	0
Net increase (decrease) in cash and cash equivalents	(549)	6,344
Cash and cash equivalents at beginning of period	9,820	9,814
Cash and cash equivalents at end of period	9,271	16,158