



**Consolidated Financial Results for the Fiscal Year Ended June 30, 2023**  
[Japanese GAAP]

August 10, 2023

Company name: JTEC Corporation  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 3446  
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 Scheduled date of the general annual meeting of shareholders: September 28, 2023  
 Scheduled date of commencing dividend payments: None  
 Scheduled date of filing annual securities report: September 29, 2023  
 Availability of supplementary briefing materials on financial results: Not available  
 Financial results briefing session: Scheduled (for institutional investors and analysts)

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

**1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (July 1, 2022 to June 30, 2023)**

**(1) Consolidated Operating Results**

(Percentages indicate rates of year-on-year change)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2023	1,908	65.8	306	—	364	—	238	—
June 30, 2022	1,150	—	(71)	—	(26)	—	(32)	—

(Note) Comprehensive income: For the fiscal year ended June 30, 2023: ¥238 million [—%]  
 For the fiscal year ended June 30, 2022: ¥(32) million [—%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit margin
	Yen	Yen	%	%	%
June 30, 2023	40.58	—	10.1	10.9	16.1
June 30, 2022	(5.48)	—	(1.4)	(0.8)	(6.2)

(Reference) Gain (loss) on equity-method investments: For the fiscal year ended June 30, 2023: —  
 For the fiscal year ended June 30, 2022: —

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	3,465	2,478	71.5	422.15
As of June 30, 2022	3,227	2,227	69.0	379.91

(Reference) Shareholders' equity: As of June 30, 2023: ¥2,478 million  
 As of June 30, 2022: ¥2,227 million

**(3) Consolidated Cash Flows**

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2023	210	(84)	(75)	783
June 30, 2022	284	(132)	(273)	732

**2. Dividends**

Fiscal year ended	Annual dividends					Total dividends	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
June 30, 2022	—	0.00	—	0.00	0.00	—	—	—

Fiscal year ended June 30, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending June 30, 2024 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2024 (July 1, 2023 to June 30, 2024)

(Percentages indicate rates of year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	640	21.8	(125)	—	(127)	—	(93)	—	(15.86)
Full year	2,630	37.8	540	76.1	557	53.1	358	50.4	61.02

Notes:

(1) Changes in specific subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

Newly included: None

Excluded: None

(2) 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: Yes

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(Note) For details, please refer to “3. Consolidated Financial Statements and Primary Notes (5) Notes to the Consolidated Financial Statements (Changes in accounting policies)” on page 12 of the attached materials.

(3) Total number of issued shares (common stock)

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

June 30, 2023: 5,873,000 shares

June 30, 2022: 5,864,000 shares

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

June 30, 2023: 940 shares

June 30, 2022: 148 shares

3) Average number of shares outstanding during the period:

Fiscal year ended June 30, 2023: 5,869,616 shares

Fiscal year ended June 30, 2022: 5,860,225 shares

\* The financial statements are outside the scope of reviews by certified public accountants and auditing firms.

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

(Notes on forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and are not intended to be construed as assurance that they will be accomplished in the future. Actual results may differ significantly from the forecasts due to a wide range of factors. Please see page 4 of the attached materials, “1. Overview of Operating Results, etc. (4) Outlook ” for information regarding assumptions made when formulating earnings projections and matters to note when using these projections.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Business Results

During the fiscal year ending June 30, 2023, restrictions on movement put in place due to the pandemic were eased around the world, and the Japanese economy also largely returned to normal as restrictions on economic and social activities that had been in place over a long period were lifted in line with the reclassification of COVID-19 from Class II to a Class V disease under the Infectious Diseases Control Law.

However, uncertainties for the global economy increased due to changes in lifestyles during the pandemic and rising wages due to labor shortages, global inflation triggered by rising prices of resources and foods and other items following Russia's invasion of Ukraine and uncertainties for economies as a result of monetary policies aimed at curbing inflation.

Against this backdrop, JTEC Corporation strove to reinforce our business foundation and increase corporate value by leveraging our proprietary technologies across three businesses, namely the Optical segment, the Life Science & Equipment Development segment, and the Other segment (including ESCO, Ltd).

As a result, in the fiscal year ended June 30, 2023, we recorded net sales of ¥1,908,375 thousand (up 65.8% YoY), an operating profit of ¥306,672 thousand (versus an operating loss of ¥71,221 thousand the previous year), an ordinary profit of ¥364,257 thousand (a loss of ¥26,981 thousand), and a profit attributable to owners of parent of ¥238,189 thousand (a loss of ¥32,127 thousand).

Results by segment were as follows.

(Optical segment)

During the consolidated fiscal year ending June 30, 2023, activities that were suspended during the pandemic were gradually lifted and shipments during the period increased more than in previous years. During the fourth quarter, despite some changes to delivery schedules following requests for specification changes for high-precision products, earnings were mainly driven by sales in Japan (Super Photon ring-8 (SPring-8), the SPring-8 Angstrom Compact free electron Laser (SACLA), and Nano Terasu institutions), China (Institute of High Energy Physics (IHEP), and Shanghai Synchrotron Radiation Facility (SSRF)), the United States (Advanced Photon Source (APS) and Linac Coherent Light Source (LCLS)), and Europe (European Synchrotron Radiation Facility (ESRF) and the European X-Ray Free-Electron Laser Facility (Eu-XFEL)).

Although some countries still retain restrictions on travel from Japan such as the suspension of visa exemptions for short-term stays, synchrotron radiation facilities and X-ray free electron laser facilities in Japan and overseas are running with normal operations. Construction of next-generation synchrotron radiation facility Nano Terasu in Japan, as well as upgrades and new construction of facilities in China, Europe and the US are progressing smoothly.

As a result, the order environment has turned positive, especially in China where synchrotron radiation facilities and X-ray free electron facilities are being established or upgraded in major cities. As well as receiving continued orders from HEPS (a next-generation synchrotron radiation facility in Beijing) and SHINE (X-ray free electron facility in Shanghai), we have received multiple inquiries from related facilities in Hefei and Shenzhen, which are planning to open. Furthermore, in line with an increased focus on cutting-edge research on energy and semiconductors in Europe, demand for high-precision mirrors is rising, even among mid-sized synchrotron radiation facilities in Spain, Italy, and France. We are starting to see smooth progress from the market development strategies we are making.

In addition to domestic users, we have resumed in-person sales activities overseas by traveling to meet users in countries other than China. Although we have not yet resumed sales activities to China, we have been able to conduct business negotiations with local researchers visiting Japan and we continue to aggressively pursue business activities in various fields.

Optical related conferences have shifted from online to being held in-person. Through participation at various conferences, we have secured opportunities to promote our mirror business to researchers at various universities and synchrotron radiation facilities.

In addition, we have started to develop non-mirror products such as high-precision lens processing by leveraging our surface texturing technology and worked to secure earnings opportunities.

As a result, sales in the optical segment in the period totaled ¥1,195,387 thousand (up 53.3% YoY) and profit was ¥501,175 thousand (+104.2%).

(LS & Equipment Development segment)

In the life science and equipment development segment, we promoted commercialization, securing orders and sales activities for equipment featuring nano surface processing technologies, (Catalyst-Referred Etching (CARE): Plasma Assisted Polishing (PAP): Plasma Chemical Vaporization Machining (PCVM)), mainly for various semiconductor materials, which we have positioned as a new business field. In the fourth quarter, we received one PCVM and two PAP orders, sales of which were booked following equipment acceptance inspections.

As one pillar of our new business, we have been promoting development and commercialization of equipment featuring our surface processing and polishing technologies. We believe the orders and equipment acceptance inspections during the period are the result of high customer evaluation of our technology.

We had a booth at the Semicon Japan 2022 event at the end of the second quarter and as a result, received requests for test machining from several companies. As well as taking booths at trade exhibitions and improving our sales development capabilities by holding our own seminars, we aimed to promote product development through commercialization and advancement of surface processing technologies for various semiconductor materials through expanding sales channels and concluding joint development with major companies.

In the life science equipment business, sales of our equipment such as MakCell and CellPet3D-iPS, as well as custom made equipment following orders by major pharmaceutical companies contributed.

We also booked sales following verification tests for developed products required for high-end light sources at SPring-8, control boards for test printing machines for gravure printing (GP-10), and consumables for water coolants and mononuclear separation equipment.

As a result, sales in the segment totaled ¥324,885 thousand (up 23.7% YoY) and segment profit was ¥1,533 thousand (-73.5%).

(Other segment)

The Other segment corresponds to subsidiary ESCO, Ltd. ESCO's sales are divided into three areas: equipment sales (thermal desorption spectrometry [TDS] equipment), equipment maintenance, and contract analysis services. We recorded sales for five projects (in South Korea, Taiwan, and Japan) in the mainstay equipment sales business, where order size is large and earnings rose sharply compared to the previous year. Installation work is essential for equipment sales because our products are built to order. However, restrictions brought in during the pandemic on travel to South Korea and Taiwan, where major users are located, were eased, which allowed us to travel to carry out installation work and record sales.

As a result, sales in the Other segment during the period under review were ¥388,102 thousand (up 257.6% YoY) and segment profit was ¥86,699 thousand (a loss of ¥60,973 thousand).

## (2) Overview of Financial Condition

(Assets)

As of June 30, 2023, current assets amounted to ¥1,677,316 thousand, up ¥375,920 thousand from the level on June 30, 2022. This was mainly due to an increase of ¥328,388 thousand in accounts receivable. Non-current assets totaled ¥1,787,703 thousand, declining by ¥137,933 thousand compared to June 30, 2022. This was mainly due to a decrease of ¥45,943 thousand in intangible assets due to goodwill amortization and a decrease of ¥60,055 thousand in deferred tax assets compared to June 30, 2022.

As a result, total assets were ¥3,465,019 thousand, up ¥237,986 thousand from their level on June 30, 2022.

(Liabilities)

Current liabilities came to ¥451,434 thousand, up ¥65,780 thousand from the level on June 30, 2022. This was mainly due to a decrease of ¥77,003 thousand in contract liabilities, offset by an increase of ¥55,686 thousand in accounts payable, an increase of ¥32,450 thousand in other (accrued expenses) and an increase of ¥47,204 thousand in income taxes payable. Non-current liabilities were ¥534,676 thousand, a decrease of ¥78,985 thousand compared to June 30, 2022. This was due primarily to a ¥75,456 thousand decrease in long-term borrowings, as scheduled repayments continued.

As a result, total liabilities were ¥986,110 thousand, down ¥13,204 thousand from their level on June 30, 2022.

(Net assets)

Total net assets amounted to ¥2,478,908 thousand, up ¥251,191 thousand from the level on June 30, 2022. This was due primarily to the recording of a profit attributable to owners of parent of ¥238,189 thousand.

### (3) Overview of Cash Flows

Cash and cash equivalents (“cash”) amounted to ¥783,128 thousand as of June 30, 2023, up ¥50,803 thousand compared with June 30, 2022. The cash flows affecting this figure are outlined below.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥210,359 thousand, compared to ¥284,185 thousand in the previous fiscal year. This was mainly because trade receivables increased by ¥328,043 thousand and contract liabilities decreased by ¥75,955 thousand, while profit before income tax was ¥361,571 thousand, goodwill amortization was ¥42,382 thousand and trade payables increased by ¥55,686 thousand.

(Cash flows from investing activities)

Net cash used in investing activities was ¥84,742 thousand (versus ¥132,592 thousand in the previous fiscal year). This was mainly due to cash used such as ¥77,958 thousand spent on the purchase of tangible fixed assets.

(Cash flows from financing activities)

Net cash used in financing activities was ¥75,504 thousand (versus ¥273,583 thousand the previous fiscal year). This was mainly due to ¥75,456 thousand in repayments of long-term borrowings.

### (4) Outlook

In the optical segment, although some countries still have restrictions in place for travel from Japan, research activities are normalizing at facilities in Japan and overseas, . Therefore, construction plans have resumed for new synchrotron radiation facilities and X-ray free electron laser facilities, which had been delayed, as well as plans to upgrade existing facilities to fourth-generation standards and research activities have resumed at various facilities. In addition, we have received inquiries about high-precision mirrors from both large synchrotron radiation facilities and mid-sized synchrotron radiation facilities around the world as demand increases further.

Synchrotron radiation is useful for basic research, applied research and industrial use necessary for technological development across a wide range of fields such as biotechnology, nanotechnology, and IT. Construction of new synchrotron radiation facilities and upgrades to fourth-generation standards are underway as countries around the world look to develop their own industries. The ultra-high precision mirrors produced using our proprietary technology are widely used in synchrotron radiation facilities around the world. The market is expected to expand further in future and we will continue to contribute to the development of society through providing products to our customers, while expanding earnings through the supply of products that brings together the best of our technologies.

By leveraging the knowledge and technology related to optical elements accumulated through our business development activities, we will construct a new business pillar that does not hinge on mirror products, centered on optical element products expected to be used in the semiconductor industry.

In the LS & Equipment Development segment, we will focus on sales of large-scale automated cell culture systems, MakCell®, a simplified automated cell culture system, and Cellfloat®, a product based on our proprietary rotational 3D floating cell culture technology. At the same time, we have been promoting the development of commercial applications of our own surface processing/polishing technologies and equipment. During the fiscal year, we were able to achieve some success in the development of new businesses, leading to actual sales of machines related to development of semiconductor business such as PCVM equipment and PAP equipment (both test machines).

In addition to these two systems, we are aiming to expand into semiconductor production equipment, semiconductor device manufacturers and basic research and development fields by focusing on nano-surface processing technology equipment (CARE), and next-generation polishing equipment. This focus on our semiconductor business should bolster our technological base and help support medium- to long-term growth.

The life sciences business environment in recent years is no exception to the pan-industry need to improve working conditions through normalization of long working hours, with research institutions increasingly showing a willingness to bring in automated cell culture equipment. At the Tokyo Medical and Dental University in November 2022, intestinal tissue was successfully generated from iPSC-derived human intestinal organoids (HIOs) using CellPet 3D-iPS®, based on our proprietary rotational 3D floating cell culture technology Cellfloat®. There are major expectations for use in regenerative medicine. We have been receiving inquiries from both domestic users and also from overseas. By expanding the breadth of target markets and linking customer needs to development of new products related to cell culture, we also aim to expand products available. We aim to contribute to healthy development of humankind and society by encouraging growth in the life science domain.

With regards to TDS equipment, the main product of subsidiary ESCO in the Other segment, the market is expected to expand not only in the semiconductor and LCD industries, but also in various fields such as steel, electrical machinery, automobiles, and quartz crystal units. We will focus on winning new customers by developing and marketing new equipment to expand earnings.

Based on the above, for the consolidated fiscal year ending June 30, 2024, we expect net sales of ¥2,630 million, operating profit of ¥540 million, ordinary profit of ¥557 million, and profit attributable to owners of parent of ¥358 million.

The above forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts because of a wide range of factors.

## 2. Basic Views on Selection of Accounting Standards

The Group's policy is to prepare financial statements in accordance with Japanese GAAP for the time being in order to ensure comparability between consolidated financial statements for different fiscal years and companies, and in consideration of the burden required to create a system for preparing financial statements.

In future, we will monitor trends regarding adoption of the International Financial Reporting Standards (IFRS) and make efforts to develop a system to appropriately respond to the trend.

3. Consolidated Financial Statements and Primary Notes  
 (1) Consolidated Balance Sheet

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	732,324	783,128
Electronic receivables–trade	1,881	1,536
Accounts receivable–trade	248,641	577,029
Merchandise and finished goods	41,427	33,652
Work in process	172,143	173,008
Raw materials and supplies	42,360	66,643
Other	62,617	45,545
Allowance for doubtful accounts	-	(3,228)
<b>Total current assets</b>	<b>1,301,395</b>	<b>1,677,316</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	760,380	749,218
Machinery, equipment and vehicles (net)	220,294	208,999
Land	340,429	340,429
Construction in progress	32,285	20,487
Other (net)	9,628	9,802
<b>Total property, plant and equipment</b>	<b>1,363,019</b>	<b>1,328,938</b>
Intangible assets		
Goodwill	392,042	349,659
Other	11,279	7,719
<b>Total intangible assets</b>	<b>403,322</b>	<b>357,379</b>
Investments and other assets		
Investment securities	20,000	17,233
Deferred tax assets	126,761	66,706
Other	12,533	17,445
<b>Total investments and other assets</b>	<b>159,295</b>	<b>101,385</b>
<b>Total non-current assets</b>	<b>1,925,636</b>	<b>1,787,703</b>
<b>Total assets</b>	<b>3,227,032</b>	<b>3,465,019</b>



(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	49,955	105,642
Current portion of long-term borrowings	75,456	75,456
Income taxes payable	16,290	63,494
Contract liabilities	167,850	91,895
Provision for bonuses	21,689	22,675
Provision for loss on orders received	40	-
Other	54,371	92,270
Total current liabilities	385,654	451,434
Non-current liabilities		
Long-term borrowings		
Provision for retirement benefits for directors (and other officers)	597,419	521,963
Retirement benefit liability	4,912	1,650
Other	1,990	2,199
Total non-current liabilities	9,339	8,864
Total non-current liabilities	613,661	534,676
Total liabilities	999,315	986,110
<b>Net assets</b>		
Shareholders' equity		
Share capital	822,246	828,771
Capital surplus	782,246	788,771
Retained earnings	623,727	861,917
Treasury shares	(502)	(550)
Total shareholders' equity	2,227,717	2,478,908
Total net assets	2,227,717	2,478,908
<b>Total liabilities and net assets</b>	<b>3,227,032</b>	<b>3,465,019</b>

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

## Consolidated Statement of Income

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net sales	1,150,981	1,908,375
Cost of sales	451,074	743,507
Gross profit	699,906	1,164,868
Selling, general and administrative expenses	771,128	858,196
Operating income (loss)	(71,221)	306,672
Non-operating income		
interest income	5	6
Dividends received	1	3
Subsidy income	45,166	58,383
Foreign exchange gains	2,633	612
Other	353	7,253
Total non-operating income	48,159	66,259
Non-operating expenses		
interest expense	3,899	3,923
Loss on investment partnership	-	3,593
Other	19	1,156
Total non-operating expenses	3,919	8,673
Ordinary income (loss)	(26,981)	364,257
Extraordinary income		
Gain on sales of fixed assets	-	299
Total extraordinary income	-	299
Extraordinary loss		
Loss on disposal of fixed assets	442	182
Loss on sale of investment securities	20	-
Impairment loss	578	2,803
Total extraordinary loss	1,041	2,986
Income (loss) before income taxes and minority interests	(28,022)	361,571
Income taxes-current	11,318	63,326
Income taxes-deferred	(7,213)	60,055
Total income taxes	4,104	123,381
Net income (loss)	(32,127)	238,189
Net income attributable to noncontrolling interests	-	-
Net income (loss) attributable to owners of the parent	(32,127)	238,189

## Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Profit (loss)	(32,127)	238,189
Comprehensive income	(32,127)	238,189
Comprehensive income attributable to:		
Owners of the parent	(32,127)	238,189
Non-controlling interests	-	-

### (3) Consolidated Statement of Changes in Equity

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	821,241	781,241	655,854	(365)	2,257,971	2,257,971
Changes during period						
Issuance of new shares-exercise of share acquisition rights	1,005	1,005			2,010	2,010
Profit (loss) attributable to owners of parent			(32,127)		(32,127)	(32,127)
Purchase of treasury shares				(137)	(137)	(137)
Total changes during period	1,005	1,005	(32,127)	(137)	(30,254)	(30,254)
Balance at end of period	822,246	782,246	623,727	(502)	2,227,717	2,227,717

Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	822,246	782,246	623,727	(502)	2,227,717	2,227,717
Changes during period						
Issuance of new shares-exercise of share acquisition rights	6,525	6,525			13,050	13,050
Profit (loss) attributable to owners of parent			238,189		238,189	238,189
Purchase of treasury shares				(48)	(48)	(48)
Total changes during period	6,525	6,525	238,189	(48)	251,191	251,191
Balance at end of period	828,771	788,771	861,917	(550)	2,478,908	2,478,908

## (4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(28,022)	361,571
Depreciation	99,804	102,770
Impairment losses	578	2,803
Amortization of goodwill	31,787	42,382
Increase (decrease) in provision for loss on orders received	40	(40)
Increase (decrease) in provision for doubtful debts	-	3,228
Increase (decrease) in provision for bonuses	6,231	986
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,893	(3,262)
Increase (decrease) in retirement benefit liability	(201)	208
Loss (gain) on investment partnership	-	3,593
Interest and dividend income	(6)	(9)
Loss (gain) on sale of investment securities	20	-
Interest expenses	3,899	3,923
Subsidy income	(45,166)	(58,383)
Loss on disposal of fixed assets	442	182
Decrease (increase) in trade receivables	160,343	(328,043)
Decrease (increase) in inventories	(108,870)	(17,373)
Decrease (increase) in prepaid expenses	9,616	9,659
Increase (decrease) in trade payables	31,396	55,686
Increase (decrease) in accrued expenses	(33,292)	32,450
Increase (decrease) in advances received	(36,112)	-
Increase (decrease) in contract liabilities	167,850	(75,955)
Other	(20,957)	22,341
Subtotal	241,275	158,720
Interest and dividend income	6	9
Interest paid	(3,942)	(3,909)
Income taxes paid	(2,560)	(14,126)
Income taxes refund	4,239	12,781
Subsidies received	45,166	56,883
Net cash provided by (used in) operating activities	284,185	210,359
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(112,873)	(77,958)
Purchase of intangible assets	(150)	(4,450)
Purchase of investment securities	(20,000)	-
Proceeds from sale of investment securities	1,104	-
Other	(673)	(2,334)
Net cash provided by (used in) investing activities	(132,592)	(84,742)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(200,000)	-
Repayments of long-term borrowings	(75,456)	(75,456)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,010	-
Other	(137)	(48)
Net cash provided by (used in) financing activities	(273,583)	(75,504)
Effect of exchange rate change on cash and cash equivalents	6,614	691
Net increase (decrease) in cash and cash equivalents	(115,376)	50,803
Cash and cash equivalents at beginning of period	847,701	732,324
Cash and cash equivalents at end of period	732,324	783,128

## (5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company began applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31; June 17, 2021; hereinafter the "Fair Value Measurement Standard") and related implementation guidance at the beginning of the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Accounting Standard for Financial Instruments, the Company will apply the new accounting policy prescribed in the Fair Value Measurement Standard prospectively. There is no impact on the consolidated financial statements.

(Change in Accounting Standard for Valuation of Inventory Assets.)

The Company changed its inventory valuation method at the beginning of the current period from carrying products based on the specific cost method to stating at costs based on the moving average method. There is no impact on the consolidated financial statements.

The reasoning for this change in valuation is to enable accurate profit management through prompt understanding of inventory in the LS and equipment development business, and to calculate profit/loss for the appropriate period due to rising input prices.

The impact from this change is minimal and historical figures are not retroactively adjusted.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

Method of determining reportable segments

The Group's reportable segments are the components of the Company for which separate financial information is available. These components are subject to periodic review by the Board of Directors, which determines the distribution of management resources and evaluates performance.

The Group consists of three reportable segments with different products and services: the Optical segment, the LS & Equipment Development segment, and the Other segment.

The Optical segment manufactures and processes X-ray nano focusing mirrors for synchrotron radiation facilities. The LS & Equipment Development segment manufactures automated equipment, such as biotechnology-related equipment, including automated cell culture systems and drug discovery automated screening systems for iPS cells, etc. The Other segment corresponds to ESCO, Ltd., which manufactures thermal desorption spectrometry (TDS) equipment.

2. Information on the method of calculating sales, profits or losses, assets, and other items by reportable segment

The accounting method for reported business segments is in accordance with the accounting policies used to prepare the financial statements.

3. Information on amounts of sales, profits or losses, assets, and other items by reportable segment

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amount stated in the consolidated financial statements (Note 3)
	Optical	LS & Equipment Development	Other	Total		
Net sales						
Sales to external customers	779,892	262,552	108,537	1,150,981	—	1,150,981
Total	779,892	262,552	108,537	1,150,981	—	1,150,981
Segment profit (loss)	245,422	5,795	(60,973)	190,244	(261,466)	(71,221)
Segment assets	917,698	93,374	748,626	1,759,699	1,467,333	3,227,032
Other items						
Depreciation	71,517	—	581	72,099	27,705	99,804
Amortization of goodwill	—	—	31,787	31,787	—	31,787
Increase in property, plant and equipment and intangible assets (Note 2)	100,205	—	1,285	101,490	508	101,999

(Notes)

1. "Adjustments" are company-wide expenses, depreciation for administrative departments, etc., and property, plant and equipment and intangible assets for administrative departments, etc., not attributable to reportable segments.
2. Increase in property, plant and equipment and intangible assets does not include increase in construction in progress.
3. Segment profit (loss) is adjusted to operating loss in the consolidated financial statements.

Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amount stated in the consolidated financial statements (Note 3)
	Optical	LS & Equipment Development	Other	Total		
Net sales						
Sales to external customers	1,195,387	324,885	388,102	1,908,375	—	1,908,375
Total	1,195,387	324,885	388,102	1,908,375	—	1,908,375
Segment profit (loss)	501,175	1,533	86,696	589,404	(282,732)	306,672
Segment assets	1,000,160	256,958	820,418	2,077,537	1,387,481	3,465,019
Other items						
Depreciation	74,854	—	1,010	75,864	26,905	102,770
Amortization of goodwill	—	—	42,382	42,382	—	42,382
Increase in property, plant and equipment and intangible assets (Note 2)	72,776	2,803	885	76,465	3,231	79,697

(Notes)

1. "Adjustments" are company-wide expenses, depreciation for administrative departments, etc., and property, plant and equipment and intangible assets for administrative departments, etc., not attributable to reportable segments.
2. Increase in property, plant and equipment and intangible assets does not include increase in construction in progress.
3. Segment profit (loss) is adjusted to operating loss in the consolidated financial statements.

[Related information]

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

1. Information by product and service

This information is omitted because the same information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	Asia	Europe	Americas	Total
671,096	141,000	146,332	192,552	1,150,981

(Notes) 1. Based on location of sales, classified by country or region

2. Sales in the Americas include ¥154,135 thousand in the United States, which accounts for more than 10% of consolidated sales

(2) Property, plant and equipment

Not applicable since we have no property, plant and equipment outside Japan.

3. Information by major customer

(Thousands of yen)

Customer name	Net sales	Name of related segment
RIKEN, Japan	230,565	Optical



Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)

1. Information by product and service

This information is omitted because the same information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	Asia	Europe	Americas	Total
904,996	554,089	214,663	234,626	1,908,375

(Notes) 1. Based on location of sales, divided into countries or regions

2. Sales in Asia and the Americas include ¥309,547 thousand in China and ¥225,493 thousand in the United States, which accounts for more than 10% of consolidated sales

(2) Property, plant and equipment

Not applicable since we have no property, plant and equipment outside Japan.

3. Information by the major customer

(Thousands of yen)

Customer name	Net sales	Name of related segment
Advanced Photon Source Argonne National Laboratory	216,097	Optical
RIKEN, Japan	209,631	Optical

[Information on impairment losses on non-current assets by reportable segment]

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Optical	LS & Equipment Development	Other	Total	Elimination and corporate	Amount stated in the consolidated financial statements
Impairment losses	—	578	—	578	—	578

[Information on impairment losses on non-current assets by reportable segment]

Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Optical	LS & Equipment Development	Other	Total	Elimination and corporate	Amount stated in the consolidated financial statements
Impairment losses	—	2,803	—	2,803	—	2,803

[Information on amortization of goodwill and unamortized balance by reportable segment]

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Optical	LS & Equipment Development	Other	Total	Elimination and corporate	Amount stated in the consolidated financial statements
Amortization during the year	—	—	31,787	—	—	31,787
Unamortized balance during the year	—	—	392,042	—	—	392,042

Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Optical	LS & Equipment Development	Other	Total	Elimination and corporate	Amount stated in the consolidated financial statements
Amortization during the year	—	—	42,382	42,382	—	42,382
Unamortized balance during the year	—	—	349,659	349,659	—	349,659

[Information on gain from negative goodwill by reportable segment]

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

There is no relevant information.

Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)

There is no relevant information.

(Per share information)

	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Net assets per share	¥379.91	¥422.15
Net income (loss) per share	(¥5.48)	¥40.58
Net income per share (after dilution)	¥—	¥—

(Notes)

1. Net income per share after dilution for the previous fiscal year is not shown in the table above, as a net loss per share was booked although there are potentially dilutive shares
2. Net income per share after dilution for this year is not shown as there are no potentially dilutive shares
3. The basis of calculation for basic net income (loss) per share is as follows:

	Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Net income (loss) per share		
Net income (loss) attributable to owners of the parent (thousands of yen)	(32,127)	238,189
Amount not attributable to common shareholders (thousands of yen)	-	-
Net income (loss) attributable to shareholders of the parent company related to common stock ('000 yen)	(32,127)	238,189
Average number of shares of common stock during the period (no. of shares)	5,860,225	5,869,616

(Material subsequent events)

There is no relevant information.