

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2022
(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 December 31, 2022	24,262,227 shares	As of March 31, 2022	24,262,227 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	209,376 shares	As of March 31, 2022	314,336 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2022	24,006,269 shares	Nine months ended December 31, 2021	24,142,740 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	11,038	9,300
Notes and accounts receivable - trade	15,825	15,153
Electronically recorded monetary claims - operating	4,441	5,194
Accounts receivable-leasing business and maintenance business	2,497	2,618
Investments in leases	21,936	23,811
Merchandise and finished goods	8,173	9,854
Work in process	869	1,005
Raw materials and supplies	1,442	1,951
Prepaid expenses	2,407	2,915
Other	3,218	5,055
Allowance for doubtful accounts	(44)	(46)
Total current assets	71,806	76,813
Non-current assets		
Property, plant and equipment		
Assets for lease	136,375	139,001
Accumulated depreciation-lease business assets	(75,494)	(79,497)
Lease Assets Net	60,881	59,503
Land	10,835	10,832
Other	29,126	29,810
Accumulated depreciation	(14,913)	(15,766)
Other, net	14,212	14,043
Total property, plant and equipment	85,930	84,380
Intangible assets		
Goodwill	947	762
Other	445	696
Total intangible assets	1,392	1,458
Investments and other assets		
Investment securities	4,690	4,507
Long-term prepaid expenses	1,685	1,595
Deferred tax assets	1,089	863
Other	1,967	1,909
Allowance for doubtful accounts	(117)	(81)
Total investments and other assets	9,316	8,793
Total non-current assets	96,638	94,632
Deferred assets	61	47
Total assets	168,507	171,493

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,542	12,643
Electronically recorded obligations - operating	4,488	5,217
Short-term borrowings	4,350	4,300
Commercial papers	3,500	4,000
Current portion of bonds payable	260	5,260
Current portion of long-term borrowings	20,042	20,761
Lease liabilities	12	9
Income taxes payable	2,578	965
Advances received-leasing business and maintenance business	491	494
Provision for bonuses	944	340
Reserve for quality assurance	9	8
Other	2,409	2,295
Total current liabilities	52,629	56,296
Non-current liabilities		
Bonds payable	16,490	11,360
Long-term borrowings	52,386	53,390
Lease liabilities	7	4
Retirement benefit liability	1,999	2,018
Provision for retirement benefits for directors (and other officers)	220	194
Asset retirement obligations	489	517
Other	610	651
Total non-current liabilities	72,204	68,136
Total liabilities	124,834	124,432
Net assets		
Shareholders' equity		
Share capital	2,529	2,529
Capital surplus	1,805	1,805
Retained earnings	38,201	41,740
Treasury shares	(368)	(245)
Total shareholders' equity	42,166	45,829
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,338	1,228
Deferred gains or losses on hedges	16	(29)
Foreign currency translation adjustment	72	26
Remeasurements of defined benefit plans	(20)	(17)
Total accumulated other comprehensive income	1,407	1,207
Share acquisition rights	98	23
Total net assets	43,673	47,060
Total liabilities and net assets	168,507	171,493

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	90,735	94,992
Cost of sales	70,449	73,869
Gross profit	20,286	21,122
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	767	863
Salaries, allowances and bonuses	5,249	5,462
Provision for bonuses	288	299
Retirement benefit expenses	214	224
Provision for retirement benefits for directors (and other officers)	22	23
Provision of allowance for doubtful accounts	(1)	(15)
Provision for quality assurance	3	(1)
Amortization of goodwill	185	185
Other	6,432	6,855
Total selling, general and administrative expenses	13,162	13,898
Operating profit	7,124	7,224
Non-operating income		
Dividend income	77	96
Purchase discounts	45	42
Foreign exchange gains	6	105
Other	70	101
Total non-operating income	199	344
Non-operating expenses		
Interest expenses	46	54
Commission expenses	17	16
Other	27	34
Total non-operating expenses	91	105
Ordinary profit	7,232	7,463
Extraordinary income		
Gain on sale of non-current assets	2	3
Gain on sale of investment securities	2	1
Gain on bargain purchase	259	–
Total extraordinary income	264	5
Extraordinary losses		
Loss on sale and retirement of non-current assets	55	47
Loss on sale of investment securities	0	3
Loss on valuation of investment securities	49	47
Loss on disaster	–	40
Total extraordinary losses	105	138
Profit before income taxes	7,391	7,329
Income taxes - current	2,567	2,334
Income taxes - deferred	(27)	287
Total income taxes	2,540	2,621
Profit	4,850	4,707
Profit attributable to owners of parent	4,850	4,707

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	4,850	4,707
Other comprehensive income		
Valuation difference on available-for-sale securities	(204)	(110)
Deferred gains or losses on hedges	(1)	(46)
Foreign currency translation adjustment	32	(45)
Remeasurements of defined benefit plans, net of tax	1	2
Total other comprehensive income	(171)	(200)
Comprehensive income	4,679	4,507
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,679	4,507