KYOKUTO

Annual Report 2023

Year ended March 31, 2023

CONTENTS

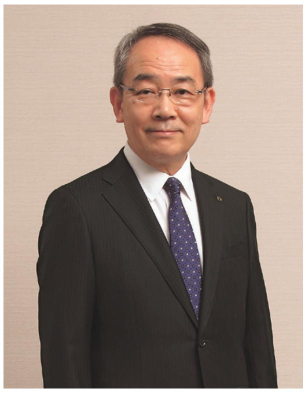
Kyokuto Kaihatsu Kogyo Co., Ltd.

1. Operational Results

(1) Analysis of Operational Results

<Summary of Operational Results for the Consolidated Fiscal Year ended March 31, 2023>

In the fiscal year under review, the Japanese economy showed a gradual recovery trend in its activities due to the lifting of movement restrictions and easing of various measures imposed under the COVID-19 pandemic. However, the economic environment remained unstable and difficult due to rising prices caused by soaring raw material and energy prices, the continued shortage of semiconductors, an economic downturn caused by global monetary tightening among other factors, the prolonged Russia-Ukraine crisis and other present and future risk factors seen here and there.



Representative Director,
President, CEO
Tatsuya Nunohara

Under these circumstances, our Group strived to implement various measures, including helping to resolve social issues and pursuing value, and strengthening its profit structure by improving productivity. We did so as we moved forward with the first year of our new three-year medium-term management plan, 2022–24 “Creating The Future As One” (April 1, 2022, to March 31, 2025), which provides the first step toward the realization of our long-term management vision “Kyokuto Kaihatsu 2030” in the fiscal year ending March 2031 (FY2030).

With a view to improving capital efficiency and increasing corporate value, we significantly enhanced shareholder dividends while purchasing treasury shares. As a result, the total return ratio is expected to be approximately 125%. We also took steps such as cancelling treasury shares, utilizing interest-bearing debt, and expanding our stock compensation system for officers and employees.

As a result of keenly focusing on our overseas business, SATRAC in India performed well. In Indonesia, sales and profits of local Group companies were favorable and overseas business contributed significantly to the Group’s overall business performance.

In terms of capital investment, we proceeded with the plan to construct the Group’s research and development site (Technical Center). The purpose of this project is to strengthen our R&D structure so that we can accommodate social changes toward carbon neutrality, including enhancing research and development of new technologies such as the IoT and AI, establishing a collaborative structure within the Group, accelerating the development of new products, and improving product quality.

In addition, we actively pursued activities aimed at increasing corporate value, which included investing in a new trailer plant of our subsidiary NIPPON TREX, service-designated plants in the Kyushu region through M&A, and upgrading aimed at strengthening directly managed service centers.

As a result, in the current consolidated fiscal year, net sales decreased by 3,820 million yen (3.3%) compared with the preceding consolidated fiscal year to 113,089 million yen. Operating income decreased by 5,982 million yen (85.8%) to 991million yen, and the current net income attributable to owners of the parent decreased by 10,693 million yen (74.9%) to 3,580 million yen.

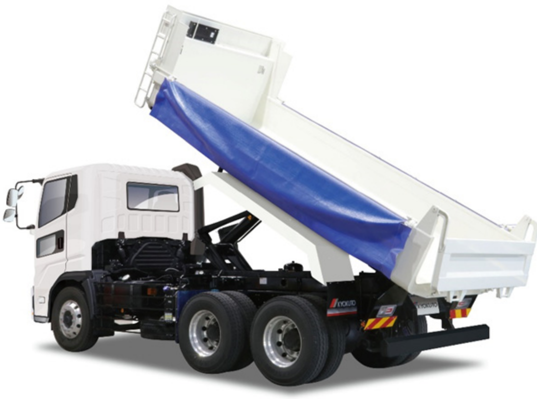
We would like to present the summary of business on a consolidated basis by segment in comparison with the preceding fiscal year.

i) Specialty Truck Segment

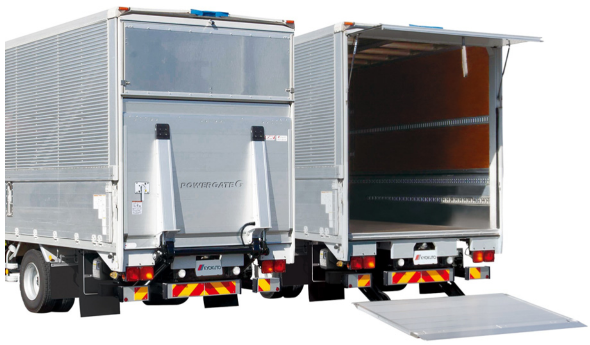
Although domestic orders remained firm, both sales and profits were significantly affected by surging raw material and energy prices, as well as by the stagnation in production due to a limited supply of truck chassis in Japan caused by semiconductor shortages. On top of revising product prices, the Group worked to strengthen and streamline production through capital investment, etc. as described above. We also promoted activities to strengthen our stock-type business such as services and maintenance.

Furthermore, we launched a refuse truck equipped with a new type of load cell (measuring device) in July 2022 and a tailgate lifter with a maximum allowable lift load of 1,500 kg, an increase of 500 kg from the current product, in January 2023. Subsequently in February 2023, we developed a new type of dump truck equipped with a measuring device that achieves ultra-high precision and accurate measurement of load capacity. Through these efforts, we strengthened our product lineup in line with user needs and promoted research and development of new technologies such as the IoT and AI for the future.

Net sales in the Specialty Truck Segment decreased by 2,124 million yen (2.2%) to 96,477 million yen. Segment profit decreased by 5,037 million yen to loss of 555 million yen.



New dump truck with weighing device



New tailgate lifter

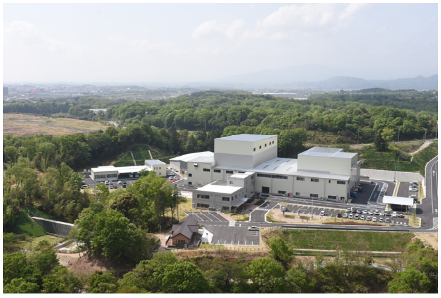
New refuse truck with weighing device

ii) Environmental Equipment and Systems Segment

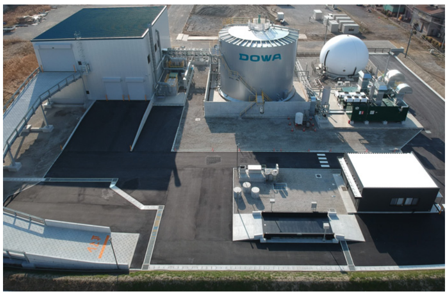
In terms of plant construction, we strived to attract orders for new projects while proceeding with the construction of properties for which orders have been received. New orders received included an order from Kitahiroshima City, Hokkaido in June 2022 for the construction of a combustible waste relay facility, an order from the Kamiina Wide Area Union in Nagano Prefecture in February 2023 for core improvement and operation of a clean center, and an order from Nishinomiya City, Hyogo Prefecture in March 2023 for the construction and operation of a crushing and sorting facility.

At the same time, we focused on the stock-type business such as maintenance and entrusted operation.

Net sales in the Environmental Equipment and Systems Segment decreased by 1,320 million yen (11.3%) to 10,327 million yen. Segment profit decreased by 329 million yen (15.7%) to 1,768 million yen.



Recycle center in Tsu



Biogas plant in Okayama

iii) Parking and Other Operations Segment

Rental income significantly decreased as a result of selling real estate for rent in the previous period with a view to concentrating management resources and improving capital efficiency.

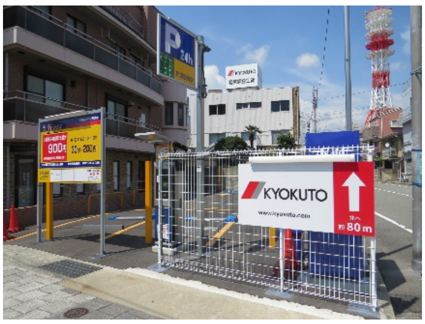
On the other hand, in the parking business, both sales and profits were strong.

For multistory parking systems, the Group focused on the stock-type business, such as upgrading and maintenance, along with actively attracting orders for new properties.

In the area of coin-operated parking, we worked to secure sales and profit as operating rates gradually improved from the impact of COVID-19.

Net sales in the Parking and Other Operations Segment decreased by 365 million yen (5.0%) to 6,895 million yen. Segment profit decreased by 486 million yen (42.6%) to 656 million yen.

(* As of April 1, 2022, the segment name of the Real Estate Rental Segment has been changed to the Parking and Other Operations Segment.)



Toll parking (Coin-operated)

Multi-story parking equipment

<Forecast of Operations for the Next Consolidated Fiscal Year ending March 31, 2023>

The Japanese economy showed a gradual recovery trend in its activities due to the lifting of movement restrictions and easing of various measures imposed under the COVID-19 pandemic. Going forward, we expect economic activities to shift toward further normalization in the post-COVID environment.

The Group has established a basic policy for COVID-19 as "Giving top priority to the safety of customers, local communities, and Group employees while ensuring balance with business continuation." Through the implementation of various measures, the Group has striven to reduce the risk of infection.As a result, all infected persons (employees who tested positive) had mild symptoms, and there was hardly any impact on business activities. The Group implemented the following measures.

1. Implemented teleworking/staggered work hours and allowed commuting by personal car.
2. Promoted digitization to continue business amid stay-at-home requests using video conferencing and online meetings.
3. Plants and service bases continued to run normally while implementing sufficient infection-control measures.

For the Group's mainstay Specialty Truck Segment, the Group has a backlog of orders of approximately 80 billion yen (as of March-end 2023) which is equivalent to over nine months' worth of consolidated net sales of the Specialty Truck Segment. And No major problems occurred in plants' production activities.

The Environmental Equipment and Systems Segment was operating normally without any delay, etc. in construction work due to the nature of public works that are essential to people's daily lives. The operating rate has been high also for entrusted operation, etc. There was almost no impact on business performance in the segment.

In the Real Estate Rental Segment, both sales and profit improved in the coin-operated parking as operating rates gradually improved from the impact of COVID-19.

Under these circumstances, in the second year of our medium-term management plan 2022–24 "Creating The Future As One" (3-year plan; April 1, 2022, to March 31, 2025), which was formulated as the first step toward realizing the long-term management vision "Kyokuto Kaihatsu 2030" with a view toward the fiscal year ending March 2031 (FY2030), the Group will continue to work toward achieving the plan. We will strive to build a solid foundation through strengthening synergies in the Group and actively investing in growth. We have also set concrete numerical targets and policies. Meanwhile, we will pay close attention to the current and future economic conditions and other trends and respond flexibly such as by considering and implementing policy revisions, etc. as needed.

Please refer to "(2) Mid-to-Long Term Management Strategy" in "2. Management Policy" for the revisions.

Furthermore, we will continue aiming to increase corporate value through aggressive capital investment going forward. This includes putting in place a research and development site (Technical Center) aimed at strengthening the R&D structure that can accommodate changes in society toward carbon neutrality, based primarily on research and development of new technologies such as the IoT and AI. We will also establish a collaborative structure within the Group, accelerate development of new products, and enhance product quality while establishing a new plant for trailer production at our subsidiary NIPPON TREX, and pursuing a plan to make large-scale capital investment for the future to strengthen the core business.

(2) Analysis on Financial Conditions

i) Situations of Assets, Liabilities and Net Worth

In the current consolidated fiscal year, total assets increased by 3,806million yen (2.5%) from the end of the preceding fiscal year to 158,156 million yen.

Current assets decreased by 2,802 million yen (2.9%) to 93,474 million yen, due to decreases in cash and deposits, etc.

Non-current assets (property, plant and equipment, intangible assets and investments and other assets) increased by 8,461 million yen (21.3%) to 64,681 million yen, due to acquisition of lands, etc.

Regarding liabilities, current liabilities decreased by 3,847 million yen (11.4%) to 29,838 million yen due to decreases in notes and accounts payable, etc. Non-current liabilities increased by 8,701 million yen (113.7%) to 16,353 million yen due to increases in corporate bonds and long-term loans payable, etc.

Total net assets decreased by 1,047 million yen (0.9%) to 111,964 million yen due to the dividend payment, etc.

As a result, the capital adequacy ratio stood at 70.5% as of the end of the current fiscal year (73.0% at the end of the preceding fiscal year) due to the significant increase in shareholder dividends as a flexible policy to strengthen capital efficiency, as well as the acquisition of treasury stock and the use of interest-bearing debt, etc.

ii) Cash Flow Situation

Consolidated cash and cash equivalents at the end of period decreased by 5,184 million yen (13.9%) compared with the end of the preceding fiscal year to 32,064 million yen. Cash flow by activity type is summarized as follows:

Cash Flow from Operating Activities

Net cash used by operating activities amounted to 3,416 million yen (a decrease of 10,283 million yen compared with the preceding fiscal year). This was because of decreasing of net profit before tax, etc.

Cash Flow from Investing Activities

Net cash used by investing activities amounted to 6,823 million yen (an decrease of 17,485 million yen compared with the preceding fiscal year). This was because of acquisition of non-current assets, etc.

Cash Flow from Financing Activities
Net cash provided by financing activities amounted to 5,121 million yen (an increase of 6,677 million yen compared with the preceding fiscal year). This was because of long-term loan and Issuance of corporate bonds, etc.

(3) Principal policy for return of profits to shareholders and payment of dividends for the current year and next year

The Group regards the return of profits to shareholders as one of the most important management policies. We will take into account future business development, economic conditions, and other factors, while striving to improve our business performance and financial position, and work to meet the expectations of shareholders.
In order to achieve sustainable growth and increase the corporate value of the Company, we will focus on achieving both high-level and stable dividends to shareholders. We will implement shareholder returns continuously and incrementally with a higher dividend payout ratio in mind, while taking into account performance trends.
As for our policy for returning profits to shareholders in the medium-term management plan (fiscal year ending March 2023 to March 2025), we have set the highest priority on increasing corporate value and enhancing capital efficiency.
In order to further enhance returns to shareholders while restraining excessive accumulation of equity capital, the Company has decided to continue paying a minimum annual dividend per share of 54 yen and to increase the total return ratio combined with the acquisition of treasury shares to 100% during the term of this medium-term management plan. (Our initial target was to achieve a total return ratio of 50% in the final fiscal year of the plan.)

Based on the above basic policy, The Meeting of Shareholders on June 27th, 2023 resolved and passed to pay a dividend of 27 yen per share at the end of March 2023 as originally proposed by management, making its annual dividend 54 yen per share including an interim dividend, the same amount as in the preceding fiscal year.

Regarding the dividend for the fiscal year ending March 2024, the Company plans to increase the amount by 4 yen per share from the preceding period to 58 yen (including an interim dividend of 29 yen), and the dividend payout ratio is expected to be approximately 100%.

2. Management Policy

(1) Basic Management Policy of the Company

The management philosophy of the Kyokuto Kaihatsu Group is "Value technology and trust, make concerted efforts to develop the company, and widely contribute to the society."

Our ultimate goal in the management policy is to implement corporate policy recognizing a social role and responsibility as a public company in a strong relationship with various stakeholders such as customers, business partners, shareholders, employees, and local societies. In addition, by providing safe, effective and high quality products and services through our fair and sound business activities, the Kyokuto Kaihatsu Group seeks to bring about greater contribution to our society and maximize corporate value.

With this management policy, we devote ourselves to three major business domains including Specialty Truck, Environmental Equipment and Systems, and Parking and Other Operations.

As of April 1, 2022, the segment name of the Real Estate Rental Segment has been changed to the Parking and Other Operations Segment.

(2) Mid-to-Long Term Management Strategy

Under the long-term management vision "Kyokuto Kaihatsu 2030" that looks toward 2030 and this medium-term management plan 2022–24 "Creating The Future As One" (3-year plan; April 1, 2022 – March 31, 2025), which signifies the first step toward realizing the long-term management vision, the Group is pursuing priority strategies toward growth of the Group based on the following policies.

As part of the addition and revision of the medium-term management plan, we will revise the target of consolidated operating income margin from 9% or more to 7% or more due to the deterioration of economic conditions and markets from the beginning of the plan.

We also decided to disclose ROE in our medium-term management plan. In view of current market trends, ROE for the final year of the medium-term management plan (fiscal year ending March 2025) is expected to be 6%.

The Company has decided to increase the total return ratio to 100% during the term of this medium-term management plan. (Our initial target was to achieve a total return ratio of 50% in the final fiscal year.)

The Group's ROE target is 10% as set in its long-term management vision. We will continue to strengthen capital efficiency and further increase corporate value.

In order to promote management that is conscious of the cost of capital, the Company has decided to disclose the weighted average cost of capital (WACC) from now on. Based on careful examination including the assessment of external experts, the Company's WACC is estimated to be approximately 6% (of which, cost of shareholders' equity is about 7%).

【Long-term Management Vision "Kyokuto Kaihatsu 2030"】

The Group's long-term management vision is to be "a global comprehensive infrastructure manufacturer that contributes to the realization and development of a sustainable society."

(1) Sustainability vision

- CO_2 emission reduction rate ：minus 38%
  * Basic unit compared with FY2013 for Kyokuto Kaihatsu Kogyo, NIPPON TREX, and Kyokuto Kaihatsu Parking.
- Recycling rate ：Maintain at 99.0% or higher

(2) Consolidated financial performance vision

- Net sales : 200 billion JPY
- Operating income margin : 10% or more
- ROE :10%

【Medium-Term Management Plan 2022–24 "Creating The Future As One"】

In this medium-term management plan, formulated as the first step of the long-term management vision, we set out four basic policies and will resolutely carry out the plan in an aim to establish a comprehensive foundation for the Kyokuto Kaihatsu Group. In addition, in order to improve corporate value, we will implement strategies that take into consideration the balance between "active investment in growth" and "return to society and stakeholders" by utilizing the funds and interest-bearing debt obtained through our business activities to date.

1. Basic policies

(1) Contributing to solving social issues and pursuing value provision
(2)Improving productivity and strengthening income structure
(3)Building a strong business foundation that supports sustainable growth and reform
(4)Optimally distributing cash flow aimed at improving corporate value

2. Sustainability targets (fiscal year ending March 2025)

- CO2 emission reduction rate : minus 10% or more

* Basic unit compared with FY2020 for Kyokuto Kaihatsu Kogyo, NIPPON TREX, and Kyokuto Kaihatsu Parking.

- Recycling rate : Maintain at 99.0% or higher

3. Consolidated financial performance targets (fiscal year ending March 2025)

- Consolidated net sales : Over 140 billion JPY (including new M&A growth)
- Consolidated operating income margin : 7% or more (Initial target: 9% or more)

*The Company has made the above revision due to the deterioration in economic conditions and markets from the initial state.

- ROE : 6% (Newly disclosed from now on)

*The Group's target is 10%, as stated in "(2) Consolidated financial performance vision" of the Long-Term Management Vision "Kyokuto Kaihatsu 2030," but in view of current market trends, the target is expected to be as indicated above for the final year of this medium-term management plan.

4. Financial policies

- Strategic investment : Over 30 billion JPY for growth investment and approx. (Result for the fiscal year ended March 2023 :11.8 billion JPY) 10 billion JPY for new M&A investment over the three Years

・ Shareholder returns : Total payout ratio: 100%
(During the period of this plan),
*The Company decided to raise the target for total return ratio in the final fiscal year of the plan from the initial target of 50% as indicated above.
Lower limits of annual dividend per share: 54 JPY
+ flexible purchase of treasury shares

5. Capital cost (End of March 2023)
・ WACC : Estimated to be approximately 6%
(Of which, cost of stockholders' equity : estimated to be approximately 7%)

(3) Targeted management index

In the long-term management vision "Kyokuto Kaihatsu 2030," our consolidated financial performance targets are net sales of 200 billion yen or more, operating income margin of 10% or more, and ROE of 10%.

In addition, for the term ending March 2025, the last fiscal year of the medium-term management plan 2022–24 "Creating The Future As One" (3-year plan; April 1, 2022 to March 31, 2025), our consolidated financial performance targets are net sales of 140 billion yen or more and operating income margin of 7% or more.

CONSOLIDATED BALANCE SHEETS
At March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	2023	2022	2023
Current assets:			
Cash and deposits (Notes 7 & 8)	¥ 19,331	¥ 25,815	$ 144,759
Short-term securities (Notes 7 & 8)	14,301	11,500	107,089
Trade notes receivable (Note 8 & 16)	4,475	6,647	33,513
Trade accounts receivable (Note 8 & 16)	22,107	23,078	165,547
Contract assets (Note 16)	1,715	495	12,845
Electronically recorded monetary claims - operating (Note 8 & 16)	8,417	8,300	63,028
Merchandise & finished goods	1,371	2,462	10,267
Work in process	8,453	6,946	63,295
Raw materials & supplies	11,460	9,816	85,815
Other current assets (Note 8)	1,899	1,273	14,220
Allowance for doubtful accounts	(54)	(55)	(402)
Total current assets	93,475	96,277	699,976
Property, plant and equipment (Note 9):			
Land	27,553	22,001	206,326
Buildings and structures	34,800	32,245	260,597
Machinery, equipment and vehicles	21,264	20,707	159,237
Construction in progress	2,224	933	16,656
Other	6,098	5,649	45,661
Total	91,939	81,535	688,477
Accumulated depreciation	(43,705)	(41,763)	(327,282)
Net property, plant and equipment	48,234	39,772	361,195
Intangible assets			
Goodwill (Note 17)	684	771	5,125
Customer-related assets	422	450	3,160
Other	1,190	1,223	8,912
Total	2,296	2,444	17,197
Investments and other assets:			
Investment securities (Notes 3 & 8)	12,546	14,023	93,950
Deferred tax assets (Note 13)	343	281	2,568
Long-term loans receivable (Note 8)	420	456	3,147
Other assets	1,737	1,994	13,006
Allowance for doubtful accounts (Note 8)	(895)	(897)	(6,702)
Total investments and other assets	14,151	15,857	105,969
Total non-current assets	64,681	58,073	484,361
Total	¥ 158,156	¥ 154,350	$ 1,184,337

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen 2023	Millions of yen 2022	Thousands of U.S. dollars (Note 1) 2023
Current liabilities:			
Short-term bank loans (Note 4)	¥ 902	¥ 965	$ 6,755
Current portion of long-term bank loans (Notes 4 & 8)	25	28	192
Trade notes and accounts payable	9,619	14,756	72,026
Electronically recorded obligations - operating	9,292	8,458	69,580
Accrued expenses	4,649	4,594	34,816
Income taxes payable	1,484	1,129	11,112
Other current liabilities (Note 4 & 16)	3,867	3,756	28,961
Total current liabilities	29,838	33,686	223,442
Non-current liabilities:			
Bonds payable (Notes 4 & 8)	2,800	-	20,968
Long-term bank loans (Notes 4 & 8)	7,341	242	54,969
Net defined benefit liabilities (Note 5)	98	186	736
Liabilities for directors' retirement benefits	107	144	802
Deferred tax liabilities (Note 13)	4,815	5,862	36,053
Other non-current liabilities (Notes 4 & 8)	1,193	1,219	8,936
Total non-current liabilities	16,354	7,653	122,464
Total liabilities	46,192	41,339	345,906
Net assets:			
Shareholders' equity:			
Share capital (Note 11):			
Authorized-170,950,672 shares			
Issued-42,737,668 shares in 2022			
40,150,000 shares in 2023	11,900	11,900	89,111
Capital surplus (Note 11)	11,679	11,839	87,457
Retained earnings	85,362	86,435	639,228
Treasury stock, at cost (Note 11):			
2,849,820 shares in 2022			
1,825,291 shares in 2023	(1,801)	(2,081)	(13,490)
Total shareholders' equity	107,140	108,093	802,306
Accumulated other comprehensive income (Note 14):			
Unrealized gain on available-for-sale securities	4,403	4,598	32,967
Foreign currency translation adjustments	96	59	719
Remeasurements of defined benefit plans	(101)	(64)	(754)
Total accumulated other comprehensive income	4,398	4,593	32,932
Non-controlling interests	426	325	3,193
Total net assets	111,964	113,011	838,431
Total	¥ 158,156	¥ 154,350	$ 1,184,337

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Net sales (Note 16)	¥ 113,089	¥ 116,910	$ 846,856
Cost of sales (Note 15)	97,082	95,742	726,987
Gross profit	16,007	21,168	119,869
Selling, general and administrative expenses (Note 12)	15,016	14,194	112,445
Operating income	991	6,974	7,424
Other income (expenses):			
Interest and dividend income	343	327	2,572
Interest expense	(42)	(41)	(318)
Gain (loss) on sales of investment securities, net	968	13	7,249
Gain (loss) on sales or disposition of property and equipment, net	3,162	13,167	23,679
Share of profit (loss) of entities accounted for using equity method	(5)	95	(40)
Foreign exchange gain (loss)	(161)	173	(1,204)
Other-net	(5)	(36)	(38)
Other income -net	4,260	13,698	31,900
Income before income taxes and non-controlling interests	5,251	20,672	39,324
Income taxes (Note 13):			
Current	2,576	2,771	19,289
Deferred	(994)	3,635	(7,443)
Total income taxes	1,582	6,406	11,846
Net income	3,669	14,266	27,478
Net income (loss) attributable to non-controlling interests	88	(8)	663
Net income attributable to owners of the parent	¥ 3,581	¥ 14,274	$ 26,815

	Yen		U.S. dollars (Note 1)
	2023	2022	2023
Amounts per shares:			
Basic net income	¥ 90.91	¥ 358.35	$ 0.68
Diluted net income	-	-	-
Cash dividends applicable to earnings of the year	54.00	54.00	0.40

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Net income	¥ 3,669	¥ 14,266	$ 27,478
Other comprehensive income (Note 14):			
Unrealized gain on available-for-sale securities	(196)	(333)	(1,466)
Foreign currency translation adjustments	26	(18)	190
Remeasurements of defined benefit plans	(36)	107	(271)
Share of other comprehensive income in affiliates accounted for by the equity method	24	52	178
Total other comprehensive income	(182)	(192)	(1,369)
Comprehensive income	¥ 3,487	¥ 14,074	$ 26,109
Total comprehensive income attributable to:			
Owners of the parent	3,385	14,053	25,350
Non-controlling interests	102	21	759

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended March 31, 2023 and 2022

Millions of yen

		Shareholders' equity					Accumulated other comprehensive income					
		Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance, March 31, 2021	¥	11,900	11,821	73,997	(2,249)	95,469	4,931	53	(170)	4,814	304	100,587
Cumulative effects of changes in accounting policies				1		1						1
Restated balance, March 31, 2021		11,900	11,821	73,998	(2,249)	95,470	4,931	53	(170)	4,814	304	100,588
Purchases of treasury stock					(0)	(0)						(0)
Disposal of treasury stock			18		168	186						186
Net income attributable to owners of the parent				14,274		14,274						14,274
Appropriation												
Cash dividends paid				(1,837)		(1,837)						(1,837)
Other net changes in the year							(333)	6	106	(221)	21	(200)
Balance, March 31, 2022	¥	11,900	11,839	86,435	(2,081)	108,093	4,598	59	(64)	4,593	325	113,011
Purchases of treasury stock					(2,380)	(2,380)						(2,380)
Disposal of treasury stock			44		160	204						204
Cancellation of treasury stock			(204)	(2,296)	2,500	-						-
Net income attributable to owners of the parent				3,581		3,581						3,581
Appropriation												
Cash dividends paid				(2,358)		(2,358)						(2,358)
Other net changes in the year							(195)	37	(37)	(195)	101	(94)
Balance, March 31, 2023	¥	11,900	11,679	85,362	(1,801)	107,140	4,403	96	(101)	4,398	426	111,964

Thousands of U.S. dollars

		Shareholders' equity					Accumulated other comprehensive income					
		Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance, March 31, 2022	$	89,111	88,656	647,262	(15,587)	809,442	34,433	442	(478)	34,397	2,434	846,273
Purchases of treasury stock					(17,820)	(17,820)						(17,820)
Disposal of treasury stock			325		1,198	1,523						1,523
Cancellation of treasury stock			(1,524)	(17,195)	18,719	-						-
Net income attributable to owners of the parent				26,815		26,815						26,815
Appropriation												
Cash dividends paid				(17,654)		(17,654)						(17,654)
Other net changes in the year							(1,466)	277	(276)	(1,465)	759	(706)
Balance, March 31, 2023	$	89,111	87,457	639,228	(13,490)	802,306	32,967	719	(754)	32,932	3,193	838,431

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Operating activities:			
Income before income taxes and non-controlling interests	¥ 5,251	¥ 20,672	$ 39,324
Depreciation and amortization	2,884	2,909	21,594
Amortization of goodwill	95	85	708
Loss (gain) on sales of investment securities, net	(968)	(13)	(7,249)
Share of loss (profit) of entities accounted for using equity method	5	(95)	40
Loss (gain) on sales or disposition of property and equipment, net	(3,239)	(13,190)	(24,254)
Interest and dividend income	(343)	(327)	(2,572)
Interest expenses	42	41	318
Decrease (increase) in trade notes and accounts receivable	1,803	4,536	13,504
Decrease (increase) in inventories	(2,041)	(2,172)	(15,286)
Increase (decrease) in trade notes and accounts payable	(4,243)	(2,015)	(31,771)
Increase (decrease) in net defined benefit liabilities	(142)	(2)	(1,062)
Increase (decrease) in allowance for doubtful accounts	(3)	4	(24)
Increase (decrease) in allowance for others	(133)	(70)	(996)
Increase (decrease) in consumption taxes payable	(424)	(325)	(3,174)
Other, net	(144)	159	(1,078)
Sub total	(1,600)	10,197	(11,978)
Interest and dividend income received	400	349	2,996
Interest expenses paid	(42)	(41)	(316)
Income taxes paid	(2,175)	(3,638)	(16,287)
Net cash provided by operating activities	(3,417)	6,867	(25,585)
Investing activities:			
Purchases of securities and investments	(1,590)	(6)	(11,907)
Proceeds from sales of securities and investments	2,209	197	16,541
Proceeds from maturity of securities and investments	-	600	-
Purchases of property, plant and equipment	(11,422)	(5,633)	(85,529)
Proceeds from sales of property, plant and equipment	3,934	15,463	29,459
Net decrease (increase) in short-term loans receivable	10	-	75
Payments of long-term loans receivable	(5)	-	(37)
Proceeds from collection of long-term loans receivable	41	42	307
Other,net	(1)	(1)	(8)
Net cash used in investing activities	(6,824)	10,662	(51,099)
Financing activities:			
Net increase (decrease) in short-term bank loans	(72)	216	(541)
Proceeds from long-term bank loans	7,200	165	53,916
Repayment of long-term bank loans	(103)	(201)	(772)
Proceeds from issuance of bonds	2,800	-	20,968
Payment of finance lease obligations	(55)	(52)	(410)
Purchases of treasury stock	(2,380)	(0)	(17,820)
Proceeds from sales of treasury stock	88	154	657
Dividends paid	(2,356)	(1,837)	(17,643)
Net cash used in financing activities	5,122	(1,555)	38,355
Foreign currency translation adjustments on cash and cash equivalents	(66)	35	(497)
Net increase (decrease) in cash and cash equivalents	(5,185)	16,009	(38,826)
Cash and cash equivalents at beginning of year	37,249	21,240	278,934
Cash and cash equivalents at end of year (Note 7)	¥ 32,064	¥ 37,249	$ 240,108

The accompanying notes are an integral part of these statements.

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Kyokuto Kaihatsu Kogyo Co., Ltd. (the "Company") and its consolidated subsidiaries (collectively the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan.

In addition, the notes to consolidated financial statements include additional information which is not required under generally accepted accounting principles and practices in Japan.

The financial statements presented herein are expressed in Japanese yen and, solely for the convenience of the readers, have been translated into U.S. dollars at the rate of ¥133.54=US$1, the approximate exchange rate on March 31, 2023. These translations should not be construed as representations that the Japanese yen amounts actually are, have been or could be converted into U.S. dollar amounts.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its 11 significant subsidiaries. Investments in 5 nonconsolidated subsidiaries and 1 affiliated company are accounted for by the equity method.
Under the concept of control or significant influence, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies which the Group has the ability to exercise significant influence (affiliated companies) are accounted for by the equity method.

On March 31, 2023, 6 subsidiaries are excluded from scope of consolidation. As to these, investments in 5 nonconsolidated subsidiaries other than Eco Facility Nishinomiya Co., Ltd. are accounted for by the equity method. These companies are not material in terms of total assets, net sales, net income and retained earnings and do not have any significant impact on the consolidated financial statements.
Among the consolidated subsidiaries, the balance sheet date for Kyokuto Kaihatsu (Kunshan) Machinery Co., Ltd., and PT. Kyokuto Indomobil Manufacturing Indonesia is December 31. They are consolidated using the financial statements as of their balance sheet date. Significant inter-company transactions between their balance sheet date and consolidated balance sheet date are adjusted for consolidation.
Furthermore, the balance sheet date for Kyokuto Special Automobile Trading (Shanghai) Co., Ltd. under the equity method is different from the consolidated balance sheet date, but no adjustments were made.
All significant inter-company balances and transactions have been eliminated in the consolidated financial statements. All material unrealized gains resulting from inter-company transactions have been eliminated.
Assets and liabilities of the consolidated subsidiaries at the time of investment are all valued at fair value. The goodwill is being amortized on a straight-line basis over estimated useful lives or 5 years in situations in which the useful lives cannot be estimated. However, insignificant goodwill is charged to expenses when incurred.

(b) Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value. All of cash equivalents mature or become due within three months from the date of acquisition.

(c) Short-term Securities and Investment Securities

The Group classifies their securities which have readily determinable fair values as held-to-maturity debt securities, available-for-sale securities, depending on management's intent.

(Held-to-maturity debt securities)
Held-to-maturity debt securities are stated at amortized cost.

(Available-for-sale securities)

Securities other than shares that do not have a market value are stated at fair value, with unrealized gains or losses, net of applicable taxes, and reported in accumulated other comprehensive income. The cost of available-for-sale securities sold is determined based on the moving average method.

Shares that do not have a market value are stated at cost determined by the moving average method.

(d) Inventories

Merchandises are stated at cost determined by the specific identification method, or if lower, the net realizable value.

Raw materials, finished goods and work in process are stated at cost determined by the periodic average method, or if lower, the net realizable value.

Supplies are stated at cost determined by the last purchase cost method, or if lower, the net realizable value.

(e) Depreciation

Depreciation is principally computed under the straight-line method, using rates based on the estimated useful lives of the assets (except for lease assets). The useful lives are principally ranging from 7 to 60 years for buildings and structures, and 4 to 17 years for machinery, equipment and vehicles.

Amortization of intangible assets is computed by the straight-line method.

(f) Retirement Benefits

Net defined benefit liabilities are recorded for employees' pension and severance payments based on the projected benefit obligations and the fair value of plan assets at the balance sheet date.

In calculating the projected retirement obligations, the straight-line attribution is applied for allocation of projected benefits to the periods until the end of the current fiscal year.

Actuarial gains or losses are amortized by declining-balance method over stated years that do not exceed the average remaining service period of the employees (10 years) beginning with the year following the year which incurred.

(g) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided against potential losses on collections at an amount determined using a historical bad debt loss ratio and an amount individually estimated on the collectability of receivables that are expected to be uncollectible due to bad financial condition or insolvency of the debtor.

(h) Asset Retirement Obligations

Asset retirement obligations are defined as a statutory or similar obligation with regard to the removal of tangible fixed assets and are incurred when tangible fixed assets are acquired, constructed, developed or used in an ordinary way. The asset retirement obligation is recognized as the sum of the discounted cash flow required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made.

(i) Revenue Recognition

In terms of revenue from contracts with customers of the Group, the contents of the main performance obligations and the usual timing of satisfaction of performance obligations (at the usual timing of revenue recognition) are as follows.
In the domestic sales of merchandise or finished goods, the period for which the control of merchandise or finished goods is transferred to the customers after shipping is usual, the revenue is recognized at the shipping applied to the alternative treatment provided in Paragraph 98 of ”Implementation Guidance on Accounting Standard for Revenue Recognition” .

・Specialty truck business
In “Specialty truck business”, the Group operates the manufactures and sales of the specialty trucks such as dump tracks and tailgate lifters, and also, the after-sales services such as the sales of the related components or inspection and maintenance.
In terms of sales of finished goods and components, revenue is recognized at the time of shipping. In terms of providing the inspection and maintenance, “Maintenance pack contract” is entered into with customer, and the transaction price is allocated to contents of inspection in the contract, so revenue is recognized over a certain period based on the implementation of inspection.

Payment terms are decided based on contracts with customers, the considerations of transaction are mostly received within 3 months after delivery, and do not include a significant financing component.

・Environmental equipment and systems business

In "Environmental equipment and systems business", the Group operates the construction of recycling facilities such as bulky garbage facilities and recycling centers, and also, the after-sales services such as the sales of the related components or inspection and maintenance. In addition, some consolidated subsidiaries operate the business of providing the service, working and management related to these facilities and equipment.

In terms of construction contracts, the performance obligation satisfies for a certain period. So, revenue is recognized based on the measure of progress towards the complete satisfaction of the performance obligation, exclude the contracts of short construction period. The method used to estimate the progress towards the satisfaction of the performance obligation is the input method based on the ratio of the actual costs to the total estimated costs. In terms of sales of recycling facilities and related components, revenue is recognized at the time of shipping to customers. In terms of service such as inspection, maintenance, working and management, revenue is recognized over time based on the occasion of each service under comprehensive maintenance contracts or working consignment contracts.

Payment terms are decided based on contracts with customers, the considerations of transaction are received for several times depending on the progress of construction. So, they do not include a significant financing component.

(j) Allowance for Losses on Construction Contracts

Estimated losses on construction contracts are charged to income in the period in which they are identified.

(k) Leases

Finance lease transactions, except for immaterial or short-term finance lease transactions which are accounted for as operating leases, are capitalized to recognize lease assets and lease obligations in the balance sheet. Such capitalized lease assets are depreciated by the straight-line method over the lease terms assuming no residual value.

(l) Income Taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amount and tax bases of assets and liabilities, and operating loss carry-forwards.

(m) Derivatives

All derivatives, except for certain foreign exchange forward contracts and interest rate swap contracts described below, are stated at fair value. If derivative financial instruments are used as hedges and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from a change in the market value of the derivative financial instruments until the related gains or losses on the hedged items are recognized. Accounts payable hedged by foreign exchange contracts which meet certain hedging criteria are translated at their contracted rates. Interest rate swaps which meet certain hedging criteria are accounted for as if the interest rate applied to the swaps had originally applied to the underlying debt.

(n) Per Share Information

Basic net income per share is computed based on net income available to common stockholders and the weighted average number of shares of common stock outstanding during each period. The average numbers of shares used in the computations are 39,390 and 39,832 thousand shares for 2023 and 2022, respectively.
Diluted net income per share is not disclosed because the Company had no potentially dilutive shares outstanding at these balance sheet dates.
Cash dividends per share shown in the statements of income are the amounts applicable to the respective years.

(o) Significant Accounting Estimates

(Goodwill and Customer-related assets)

(i) Amount recorded in the consolidated financial statements for the fiscal year

	Millions of yen		*Thousands of U.S. dollars*
	2023	2022	2023
Goodwill	¥ 684	¥ 771	$ 5,125
Customer-related assets	¥ 422	¥ 450	$ 3,160

(ii) Information concerning significant accounting estimates for identifiable items

Goodwill and Customer-related assets of the newly consolidated subsidiary are amortized under the straight-line method, using rates based on the estimated useful lives of assets, below. The recognition and measurement of Goodwill and Customer-related assets are based on estimates or assumptions set using some factors such as future cash flow and discount rates. However, when these assumptions may be affected by changes in uncertain future economic conditions, the impairment losses related these assets may be recognized in the future.

Estimated useful lives	Years
Goodwill	10
Customer-related assets	16

(Impairment losses of Property, plant and equipment)

(i) Amount recorded in the consolidated financial statements for the fiscal year

There is not applicable for the fiscal year.

(ii) Information concerning significant accounting estimates for identifiable items

The impairment losses of the assets which have indication of impairment were not recognized since the estimated future cash flow calculated under the business plans of each segment exceeds carrying amount of the assets. The assets which have indication of impairment are below. However, when the business plan will be needed the review or update since affection of future market environment, the impairment losses of the assets may be recognized in the future.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Specialty truck	¥ 9,037	¥ 555	$ 67,674
Environmental equipment and systems	645	647	4,831
Parking and other operations	139	—	1,042
Total	¥ 9,821	¥ 1,202	$ 73,547

(p) Changes in accounting policies

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)
The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Implementation Guidance") from the beginning of the fiscal year ended March 31, 2023, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Implementation Guidance in accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance. This does not affect the consolidated financial statements.

(q) Accounting Standards issued but not yet applied

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No.27, October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25, October 28, 2022)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No.28, October 28, 2022)

(i) Overview
In the course of deliberations on the transfer of the practical guidelines on tax effect accounting by Japanese Institute of Certified Public Accountants to Accounting Standards Board of Japan (ASBJ), the results of the deliberations on the following two issues that were decided to be reviewed after the publication of "Partial Amendments to Accounting Standard for Tax Effect Accounting", etc. (ASBJ Statement No.28) in February 2018 were published.

・the classification of income taxes in the case where other comprehensive income is taxed

・the treatment of tax effects related to the sale of shares in subsidiaries and affiliates when the
group taxation regime is applied

(ii) Scheduled date of application
To be applied from the beginning of the fiscal year ending March 31, 2025.

(iii) Effects of application of these standards etc.
The effects of the application of the aforementioned standards and guidance on the Company's consolidated financial statements are currently under the assessment.

(r) Additional information

(Accounting estimates of the impacts of the COVID-19 infection)
The Company believes that it is difficult to predict how the impacts of the COVID-19 infection will spread or when they will converge. However, we make the accounting estimates based on the assumption which the impact on financial position and operating results of the Group will continue for a certain period in the fiscal year ending March 31, 2024 based on external information available at this time.

(Granting Company Stock to Employees through a Trust)
The board of directors held on November 11, 2020 resolved to introduce a "Trust-type Employee Stockholding Incentive Plan [E-Ship®]"(hereinafter; "this Plan"). The objective is to incentivize all employees to improve the Company's corporate value in the medium-to-long term, enhance employee benefits, and encourage growth of the Company constantly through employee's motivation to work by equity participation as a shareholder. The Company is accounting for this Plan in according with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015).
As well, this Plan terminated in September, 2022.

(1) Incentive plan overview

This Plan is available to all employees who belong to the Kyokuto Kaihatsu Employee Shareholding Association (hereinafter; "ESA"). Under this Plan, the Company establishes a trust, called the "Kyokuto Kaihatsu Employee Shareholding Association Exclusive Trust" (hereinafter; "the Employee Shareholding Association Trust") through a trust bank. The Employee Shareholding Association Trust will estimate the number of shares that the Employee Shareholding Association is likely to acquire over the 3 years after the establishment of the trust, and will accept this amount in advance through third-party allotment from the Company. The fund will be borrowed from financial institutions. The Employee Shareholding Association Trust will then continuously sell shares to the Shareholding Association, and if an amount equivalent to net gain on sale of the shares has accumulated in the Employee Shareholding Association Trust at the end of the trust period, the said amount will be distributed as residual assets to the members of the Employee Shareholding Association who meet the beneficiary eligibility criteria. Note that the Company will guarantee loans taken to accept the shares and thus will repay any outstanding portion of the loans, if an amount equivalent to loss on sale of shares has accumulated in the Employee Shareholding Association Trust at the end of the trust period due to a drop in the market price of the Company's shares.

(2) Residual Company shares held in the Employee Shareholding Association Trust

Any residual shares of the Company held in the Employee Shareholding Association Trust have been recorded at the Employee Shareholding Association Trust's book value (excluding incidental expenses) as treasury stock under Net assets in the accompanying consolidated balance sheets. At March 31, 2023, its treasury stock was not applicable because of termination of this Plan during this fiscal year. The book value of the treasury stock at March 31, 2022 was ¥ 87 million (62,300 shares).

(3) Book value of debt recorded through the application of the total amount method

At March 31, 2023, debt was not applicable because of termination of this Plan during this fiscal year. The book value of debt recorded at March 31, 2022 was ¥ 76 million.

(Disposal of treasury stock as Restricted Stock Compensation Plan)
The Company resolved, at the meeting of board of directors held on June 28, 2022, to dispose treasury stock as follows, and the payment has been completed on July 21, 2022.

1. Outline of the disposal

(1) Payment date	July 21, 2022
(2) Class and number of shares to be disposed	21,200 shares (common stock) of the Company
(3) Disposal price	¥ 1,434 ($ 10.74) per share
(4) Total value of the disposal	¥ 30,400,800 ($ 227,653)
(5) Allottees and number thereof, number of shares to be disposed	- Directors of the Company (excluding outside directors) 5 persons and 8,200 shares - Executive Officers who do not hold concurrent position as Director of the Company 10 persons and 7,000 shares - Directors of the domestic subsidiaries 12 persons and 4,600 shares - Executive Officers who do not hold concurrent position as Director of the domestic subsidiaries 7 persons and 1,400 shares
(6) Others	The Company filed the Securities Registration Statement in accordance with the Financial Instruments and Exchange Act regarding the disposal of treasury stock.

2. Purposes and reasons of the disposal
The Company resolved, at the meeting of board of directors held on May 13, 2021, to introduce a restricted stock compensation plan (hereinafter; the "Plan") for the Directors of the Company (excluding outside directors) (hereinafter; the "Eligible Directors"), Executive Officers who do not hold concurrent position as Director of the Company, Directors of the domestic subsidiaries, and Executive Officers who do not hold concurrent position as Director of the domestic subsidiaries (hereinafter; the "Eligible Directors, etc.") in order to provide an incentive for the Eligible Directors, etc. to improve sustainably the Company's corporate value and in order to further promote shared values with shareholders, as a new

remuneration plan. And more, at the 86th General Meeting of Shareholders held on June 25, 2021, regarding the Plan, it was approved by the shareholders that the total amount within ¥ 50 million should provide to the Eligible Directors as monetary compensation to acquire the Restricted Stock by way of contribution assets, the Company would issue or dispose the common stock within 50 thousand shares, and the period of the restriction to transfer would be 3 years, etc.

(Disposal of treasury stock as restricted stock incentive for Employee Shareholding Association)
The Company resolved, at the meeting of board of directors held on November 10, 2022, to introduce the restricted stock incentive plan for Employee Stockholding Association (hereinafter; the "Plan") and to dispose of treasury stock as restricted stock (hereinafter; the "Treasury Stock Disposal" or "Disposal") for Kyokuto Kaihatsu Employee Shareholding Association (hereinafter; the "ESA") based on the Plan. And also, the Company disposed of treasury stock as follows:

1. Outline of the disposal

(1) Payment date	February 1, 2023
(2) Class and number of Shares to be disposed	61,640 shares (common stock) of the Company
(3) Disposal price	¥ 1,382 ($ 10.35) per share
(4) Total value of the disposal	¥ 85,186,480 ($ 637,910)
(5) Method of disposal (Scheduled allottee)	Third party allotment （Kyokuto Kaihatsu Employee Shareholding Association 61,640 shares）
(6) Others	The treasury stock disposal was subject to effectuation of Securities Registration Statement in accordance with the Financial Instruments and Exchange Act.

2. Purposes and reasons of the disposal

The Company resolved to introduce the Plan, and under the Plan, the Company provided among employees in the Company who were members of ESA and who have agreed to the Plan (hereinafter; the "Eligible Employees") with opportunities for acquiring the restricted stock (the common stock of the Company) to be issued or disposed of by the Company through the ESA, as a measure to enhance the welfare of the Eligible Employees, ESAs to support property accumulation of the Eligible Employees, as well as to provide them an incentive to sustainably improve the Company's corporate value and in order to further promote shared values with shareholders.

3. Securities

The following were a summary of available-for-sale securities at March 31, 2023 and 2022:

Millions of yen

	Available-for-sale securities			
March 31, 2023	Cost	Gross unrealized gains	Gross unrealized losses	Book Value (Estimated fair value)
Market value available:				
Equity securities	¥ 4,130	¥ 6,446	¥ (92)	¥ 10,484
Other securities	227	—	(10)	217
Subtotal	¥ 4,357	¥ 6,446	¥ (102)	¥ 10,701
Market value not available:				1,845
Total				¥ 12,546

Millions of yen

March 31, 2022	Available-for-sale securities Cost	Gross unrealized gains	Gross unrealized losses	Book Value (Estimated fair value)
Market value available:				
Equity securities	¥ 5,362	¥ 6,798	¥ (162)	¥ 11,998
Other securities	227	―	(6)	221
Subtotal	¥ 5,589	¥ 6,798	¥ (168)	¥ 12,219
Market value not available:				1,804
Total				¥ 14,023

Thousands of U.S. dollars

March 31, 2023	Available-for-sale securities Cost	Gross unrealized gains	Gross unrealized losses	Book Value (Estimated fair value)
Market value available:				
Equity securities	$ 30,924	$ 48,272	$ (691)	$ 78,505
Other securities	1,702	―	(77)	1,625
Subtotal	$ 32,626	$ 48,272	$ (768)	$ 80,130
Market value not available:				13,820
Total				$ 93,950

No impairment losses were recorded during the fiscal year ended March 31, 2023 and 2022.

4. Short-term Bank Loans and Long-term Debts

The annual average interest rates applicable to short-term bank loans at March 31, 2023 and 2022 were 0.38% and 0.74%, respectively.

Long-term debts at March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Bonds payable	¥ 2,800	—	$ 20,968
Long-term bank loans	7,366	¥ 270	55,161
Lease obligations	100	143	750
Total	¥ 10,266	¥ 413	$ 76,879

Aggregate annual maturities of long-term debts subsequent to March 31, 2023 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2024	¥ 64	$ 481
2025	28	214
2026	20	148
2027	13	96
2028 and thereafter	10,141	75,940
Total	¥ 10,266	$ 76,879

Long-term bank loans for Trust-type Employee Stockholding Incentive Plan [E-Ship®] (¥ 76 million) at March 31, 2022 was redeemed because of termination of its Plan during the fiscal year ended March 31, 2023.

To set up a commitment line by multiple finance institutions, the Company renewed an agreement with a syndicate of 6 banks for the fiscal years ended March 31, 2022, and during the fiscal year ended March 31, 2023, these agreements were expired.
The unexecuted balance of lending commitments of the Company at March 31, 2022 was as follows:

	Millions of yen	
	2023	2022
Total lending commitments	—	¥ 5,000
Less amounts currently executed	—	—
Unexecuted balance	—	¥ 5,000

5. Retirement Benefits

The Company, a domestic subsidiary and 2 foreign subsidiaries have defined benefit corporate pension plans and lump-sum retirement benefit plans. Other domestic subsidiaries join the Smaller Enterprise Retirement Allowance Mutual Aid Scheme which is a kind of defined contribution plans.

The changes in defined benefit obligations for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	2022	2023
Benefit obligations at beginning of year	¥ 8,217	¥ 8,261	$ 61,536
Service cost	527	540	3,950
Interest cost	34	23	252
Actuarial gains or losses	(153)	(56)	(1,147)
Retirement benefits paid	(502)	(554)	(3,760)
Translation adjustments	1	3	10
Benefit obligations at end of year	¥ 8,124	¥ 8,217	$ 60,841

The changes in plan assets for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	2022	2023
Plan assets at beginning of year	¥ 8,031	¥ 7,921	$ 60,141
Expected return on plan assets	161	157	1,202
Actuarial gains or losses	(224)	47	(1,675)
Contributions from employers	474	408	3,551
Retirement benefits paid	(416)	(502)	(3,114)
Plan assets at end of year	¥ 8,026	¥ 8,031	$ 60,105

The reconciliation of the defined benefit obligations and plan assets to the net defined benefit liabilities recognized in the consolidated balance sheet as of March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Funded benefit obligations	¥ 8,094	¥ 8,182	$ 60,614
Plan assets at end of year	8,026	8,031	60,105
	68	151	509
Non funded benefit obligations	30	35	227
Net amount of liabilities and assets recognized in consolidated balance sheet	¥ 98	¥ 186	$ 736
Net defined benefit liabilities	¥ 98	¥ 186	$ 736
Net defined benefit assets	—	—	—
Net amount of liabilities and assets recognized in consolidated balance sheet	¥ 98	¥ 186	$ 736

The retirement benefit expenses for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Service cost	¥ 527	¥ 540	$ 3,950
Interest cost	34	23	252
Expected return on plan assets	(161)	(157)	(1,202)
Recognition of actuarial gains or losses	19	50	140
Severance and pension costs	¥ 419	¥ 456	$ 3,140

Remeasurements of defined benefit plans recognized in other comprehensive income (amount before income tax effect) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Recognized actuarial gains or losses	¥ (52)	¥ 154	$ (392)
Total	¥ (52)	¥ 154	$ (392)

Remeasurements of defined benefit plans recognized in accumulated other comprehensive income (amount before income tax effect) were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	2022	2023
Unrecognized actuarial gains or losses	¥ 145	¥ 92	$ 1,088
Total	¥ 145	¥ 92	$ 1,088

The components of plan assets as of March 31, 2023 and 2022 were as follows:

	Ratio	
	2023	2022
Bonds	56%	54%
Securities	23%	23%
General account asset	12%	16%
Other	9%	7%
Total	100%	100%

The major actuarial assumptions for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Ratio	
	2023	2022
Discount rate		
The Company and a domestic subsidiary	0.0 to 1.1%	0.0 to 0.8%
A foreign subsidiary	5.5 to 7.5%	3.6 to 7.8%
Long-term rate of return on plan assets		
The Company and a domestic subsidiary	2.0%	2.0%
A foreign subsidiary	—%	—%
Future salary increase		
The Company and a domestic subsidiary	4.4 to 8.8%	4.4 to 8.8%
A foreign subsidiary	5.0 to 8.0%	7.0 to 10.0%

Long-term rate of return on plan assets was determined by considering the current and future portfolio of plan assets and the current and future long-term performance of various assets comprise the plan assets.

The required amount of the defined contribution pension plan were ¥ 139 million ($ 1,040 thousand) and ¥ 136 million for the fiscal years ended March 31, 2023 and 2022 in the Company and other domestic subsidiaries.

6. Contingencies

At March 31, 2023 and 2022, the Group was contingently liable as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	2022	2023
As a guarantor of indebtedness of :			
Other	¥ 4	¥ 5	$ 29
As a guarantor for performance guarantee insurance of :			
Nonconsolidated subsidiary	108	—	807
Total	¥ 112	¥ 5	$ 836

7. Cash and cash equivalents

Cash and cash equivalents at March 31, 2023 and 2022 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	2022	2023
Cash and deposits	¥ 19,331	¥ 25,815	$ 144,759
Short-term securities	14,301	11,500	107,089
Securities with redemption term of over 3 months	(1,501)	—	(11,237)
Time deposits with an original maturity of over 3 months	(39)	(39)	(292)
Guarantee for issuance of a letter of credit to the bank	(28)	(27)	(211)
Cash and cash equivalents	¥ 32,064	¥ 37,249	$ 240,108

8. Financial Instruments and Related Disclosures

(1) Policy for financial instruments

The Group manages funds by utilizing short-term deposits, etc. and raises money by borrowing from financial institutions and by issuing bonds. Derivatives are used, not for speculative nor trading purpose, but to hedge the exposure to foreign exchange rate risks with the debts and credits denominated in foreign currencies and interest rate risks associated with certain interest payments on borrowings.

(2) Types of financial instruments and related risk, and risk management for financial instruments

Trade notes and accounts receivable are exposed to credit risk in relation to customers. In order to monitor credit risk, the Group manages, according to the credit management guideline of the Group, the due date and the balance of operating receivables from customers.

Investment securities consist of mainly equity securities issued by the Group's business partners and these securities are exposed to market risk. The Group periodically monitors the fair value of such equity securities, which is reported to the board meeting.

Trade notes and accounts payable have payment due dates mainly within 1 year. Trade notes and accounts payable denominated in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rate. Such risk is hedged principally by forward foreign currency contract.

Short-term bank loans are raised mainly in connection with business activities and long-term bank loan and bonds payable, which are due mainly within 5 years, are raised principally for the purpose of making capital investments. Long-term debts with variable interest rates are exposed to interest rate fluctuation risk, so the Group enters into interest rate swap transactions to manage such interest rate exposure.

Derivatives are managed in accordance with policies and procedures for risk assessment (see Note 10 "Derivatives") and also the Group enters into derivative transactions only with financially stable financial institutions to reduce institutions' credit risk.

Based on a report from the Company and consolidated subsidiaries, the Group prepares and updates its cash flow plans on a monthly basis to manage the Group's liquidity.

(3) Supplementary explanation of the estimated fair value of financial instruments

With regard to the below mentioned contract prices etc. of derivatives, the contract prices themselves do not present the market risk on the derivative transactions.

(4) Fair values of financial instruments

Summarized in the table below are the carrying amounts and the estimated fair value of financial instruments outstanding at March 31, 2023 and 2022. Financial instruments for which do not have a market value are not included in the table below.

Millions of yen

March 31, 2023	Carrying amount	Fair value	Unrecognized gain/loss
Investment securities	¥ 10,701	¥ 10,701	¥ ―
Long-term loans receivable (*1)	446		
Allowance for doubtful accounts (*2)	(177)		
	269	270	1
Long-term bank loans (*1)	(7,366)	(7,378)	(12)
Bonds payable	(2,800)	(2,810)	(10)

Millions of yen

March 31, 2022	Carrying amount	Fair value	Unrecognized gain/loss
Investment securities	¥ 12,219	¥ 12,219	¥ ―
Long-term loans receivable (*1)	482		
Allowance for doubtful accounts (*2)	(177)		
	305	307	2
Long-term bank loans (*1)	(270)	(270)	―

			Thousands of U.S. dollars
March 31, 2023	Carrying amount	Fair value	Unrecognized gain/loss
Investment securities	$ 80,130	$ 80,130	$ —
Long-term loans receivable (*1)	3,342		
Allowance for doubtful accounts (*2)	(1,325)		
	2,017	2,025	8
Long-term bank loans (*1)	(55,161)	(55,250)	(89)
Bonds payable	(20,968)	(21,040)	(72)

(*1) The carrying amounts of current portion of long-term loans receivable amounting ¥ 26 million ($ 195 thousand) and ¥ 26 million which are disclosed in "Other Current Assets" at March 31, 2023 and 2022 are included in Long-term loans receivable. The carrying amounts of current portion of long-term bank loans are included in Long-term bank loans.

(*2) The amount is the allowance for doubtful accounts with respect to long-term loans receivable individually.

(*3) The fair value of "Cash and deposits", "Short-term securities", "Trade notes receivable", "Trade accounts receivable", "Electronically recorded monetary claims – operating", "Short-term bank loans", Trade notes and accounts payable", and "Electronically recorded obligations – operating" are not disclosed because these are settled in a short period of time and their fair values are approximately the same as the book value.

Financial instruments for which do not have a market value at March 31, 2023 and 2022 consist of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2023	2022	2023
Non-listed equity securities	¥ 1,845	¥ 1,804	$13,820

The annual maturities of financial assets and investment securities with contractual maturities subsequent to March 31, 2023 and 2022 were as follows:

Millions of yen

March 31, 2023	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years
Cash and deposits	¥ 19,331	¥ —	¥ —
Trade notes receivable	4,475	—	—
Trade accounts receivable	22,107	—	—
Electronically recorded monetary claims - operating	8,417	—	—
Short-term securities	14,301	—	—
Total	¥ 68,631	¥ —	¥ —

Millions of yen

March 31, 2022	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years
Cash and deposits	¥ 25,815	¥ —	¥ —
Trade notes receivable	6,647	—	—
Trade accounts receivable	23,078	—	—
Electronically recorded monetary claims - operating	8,300	—	—
Short-term securities	11,500	—	—
Total	¥ 75,340	¥ —	¥ —

Thousands of U.S. dollars

March 31, 2023	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years
Cash and cash equivalents	$ 144,759	$ —	$ —
Trade notes receivable	33,513	—	—
Trade accounts receivable	165,547	—	—
Electronically recorded monetary claims - operating	63,028	—	—
Short-term securities	107,089	—	—
Total	$ 513,936	$ —	$ —

(5) Breakdown of financial instruments by each fair value level

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and materiality of the inputs used in the fair value calculation.

Level 1 fair value: Fair value calculated using the market price in an active market among the observable input relating to the calculating the fair value for an identical asset or liability.

Level 2 fair value: Fair value calculated using inputs among the observable input relating to the calculating the fair value, other than the Level 1 inputs.

Level 3 fair value: Fair value calculated using inputs that cannot be observed.

In cases where several inputs which have a material effect on the calculation of the fair value are used, among the levels to which the respective inputs belong, the fair value is categorized at the level with the lowest priority in the fair value calculation.

Financial instruments with the carrying amount recorded using the fair value subsequent to March 31, 2023 and 2022 were as follows:

Millions of yen

March 31, 2023	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	¥ 10,484	¥ 217	¥ —	¥ 10,701
Total	¥ 10,484	¥ 217	¥ —	¥ 10,701

Millions of yen

March 31, 2022	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	¥ 11,998	¥ 221	¥ —	¥ 12,219
Total	¥ 11,998	¥ 221	¥ —	¥ 12,219

Thousands of U.S. dollars

March 31, 2023	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	$ 78,505	$ 1,625	$ —	$ 80,130
Total	$ 78,505	$ 1,625	$ —	$ 80,130

Financial instruments other than those recorded using the fair value subsequent to March 31, 2023 and 2022 were as follows:

Millions of yen

March 31, 2023	Fair value							
	Level 1		Level 2		Level 3		Total	
Long-term loans receivable	¥	—	¥	270	¥	—	¥	270
Assets Total	¥	—	¥	270	¥	—	¥	270
Long-term bank loans	¥	—	¥	7,378	¥	—	¥	7,378
Bonds payable		—		2,810		—		2,810
Liabilities Total	¥	—	¥	10,188	¥	—	¥	10,188

Millions of yen

March 31, 2022	Fair value							
	Level 1		Level 2		Level 3		Total	
Long-term loans receivable	¥	—	¥	307	¥	—	¥	307
Assets Total	¥	—	¥	307	¥	—	¥	307
Long-term bank loans	¥	—	¥	270	¥	—	¥	270
Liabilities Total	¥	—	¥	270	¥	—	¥	270

Thousands of U.S. dollars

March 31, 2023	Fair value							
	Level 1		Level 2		Level 3		Total	
Long-term loans receivable	$	—	$	2,025	$	—	$	2,025
Assets Total	$	—	$	2,025	$	—	$	2,025
Long-term bank loans	$	—	$	55,250	$	—	$	55,250
Bonds payable		—		21,040	$	—		21,040
Liabilities Total	$	—	$	76,290	$	—	$	76,290

Explanation of the valuation methods and inputs used in calculating fair values

Investment securities

Listed shares are valued using the market price. Because listed shares are traded on active markets, their fair value is categorized as a level 1 fair value.

Bonds investment trust are measured at the quoted price obtained from counterparty financial institutions, their fair value is categorized as a level 2 fair value.

Long-term loans receivable

The fair value of long-term loans receivable is calculated using the discounted method based on estimated interest rates if similar new loan transaction is performed in the current period, their fair value is categorized as a level 2 fair value.

Long-term bank loans and Bonds payable

The fair value of long-term bank loans and bonds payable are calculated using the discounted method based on estimated interest rates if similar new borrowings are entered into in the current period, their fair value is categorized as a level 2 fair value.

Long-term bank loans for Trust-type Employee Stockholding Incentive Plan [E-Ship®] at March 31, 2022 was valued using the book value, because this was based on floating interest rates and reflect market interest rates within a short period of time, the fair value was approximately the same as the book value, their fair value was categorized as a level 2.

9. Investment Property

The company and certain subsidiaries hold some rental properties including land in Kanagawa and other areas ("investment properties"). The amounts of net income related to investment properties (rental income is recognized in operating revenue and rental expense is principally charged to operating expenses) were ¥ 537 million ($ 4,019 thousand) and ¥ 948 million for the fiscal years ended March 31, 2023 and 2022, respectively. Additionally, gain on sales of property and equipment related to certain investment property in an amount of ¥ 13,222 million was recognized in other income for the fiscal year ended March 31, 2022.

The carrying amount, changes in such balances and market prices of investment properties were as follows:

Millions of yen

Carrying amount			Fair value
April 1, 2022	Increase/ (decrease)	March 31, 2023	March 31, 2023
¥ 4,824	¥ 846	¥ 5,670	¥ 5,139

Millions of yen

Carrying amount			Fair value
April 1, 2021	Increase/ (decrease)	March 31, 2022	March 31, 2022
¥ 7,121	¥ (2,297)	¥ 4,824	¥ 4,247

Thousands of U.S. dollars

Carrying amount			Fair value
April 1, 2022	Increase/ (decrease)	March 31, 2023	March 31, 2023
$ 36,127	$ 6,335	$ 42,462	$ 38,480

(a) Carrying amount is net of accumulated depreciation and accumulated impairment losses, if any.

(b) Increase during the fiscal year ended March 31, 2023 was mainly due to the floor for tent of a parts of the group head office building in amount of ¥ 1,173 million ($ 8,787 thousand). Decrease during the fiscal year ended March 31, 2023 was mainly due to the change of use to sales branch in amount of ¥ 314 million ($ 2,348 thousand).
Increase during the fiscal year ended March 31, 2022 was mainly due to the expenditure of the guide signs of the coin parking business in amount of ¥ 40 million. Decrease during the fiscal year ended March 31, 2022 was mainly due to the sale of Mizuho Shopping Center in an amount of ¥ 2,239 million.

(c) Fair value at March 31, 2023 and 2022 were principally measured based on the real estate appraisal assessed by the external real estate appraiser. In the case that there was a certain sales price under a contract, the sales price was adopted as the fair value.

10. Derivatives

Derivative financial instruments are utilized by the Company principally to reduce interest rate risk and foreign exchange rate risk. The Company has established a control environment which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of transactions involving derivative financial instruments. The Company does not hold or issue derivative financial instruments for trading purposes.

At March 31, 2023 and 2022, the notional amounts and the estimated fair value of derivative financial instruments, for which deferred hedge accounting has been applied or has not been applied were none, respectively.

11. Shareholders' Equity

Changes in common stock and additional paid-in capital have resulted from the following:

		Millions of yen	
	Number of shares issued	Share capital	Capital surplus
Balance at March 31, 2021	42,737,668	¥ 11,900	¥ 11,821
Movement of stock during 2022	—	—	18
Balance at March 31, 2022	42,737,668	11,900	11,839
Movement of stock during 2023	(2,587,668)	—	(160)
Balance at March 31, 2023	40,150,000	¥ 11,900	¥ 11,679

	Thousands of U.S. dollars	
	Share Capital	Capital surplus
Balance at March 31, 2022	$ 89,111	$ 88,656
Movement of stock during 2023	—	(1,199)
Balance at March 31, 2023	$ 89,111	$ 87,457

Increases of capital surplus during 2022 was due to the disposal of treasury stock, decrease of capital surplus during 2023 was mainly due to cancellation of treasury stock.

The Company adopted 100 shares of common stock as “unit amount of shares”. A holder of shares representing less than one unit cannot exercise any voting rights with respect to such shares. However, the holder is entitled to receive dividends and other distributions. A holder of a fraction of a unit may at any time request the Company to purchase such shares at the prevailing market price.

The shares held by the Employee Shareholding Association (62,300 shares) was included in the number of treasury stock at March 31, 2022.

During 2023, the increase of treasury stock was due to the purchase of odd-lot shares (357 shares) and the acquisition without consideration associated with the retirement of object persons of the restricted stock compensation (22 shares), and purchase based on resolution of board of directors (1,707,900 shares). The decrease of treasury stock was due to the disposal of treasury stock as restricted stock compensation (82,840 shares) and the sales to Shareholding Association from the Employee Shareholding Association (62,300 shares),and cancellation based on resolution of board of directors (2,587,668 shares).

During 2022, the increase of treasury stock was due to the purchase of odd-lot shares (189 shares) and the acquisition without consideration associated with the retirement of object persons of the restricted stock compensation (150 shares). The decrease of treasury stock was due to the disposal of treasury stock as restricted stock compensation (20,200 shares) and the sales to Shareholding Association from the Employee Shareholding Association (109,100 shares).

12. Research and Development

Research and development expenditure which is included in "Selling, general and administrative expenses" were ¥ 1,584 million ($ 11,861 thousand) and ¥ 1,514 million for the fiscal years ended March 31, 2023 and 2022, respectively.

13. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in a statutory tax rate of approximately 30.58% for the fiscal years ended March 31, 2023 and 2022. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Deferred tax assets:			
Tax loss carry forward	¥ 465	¥ 222	$ 3,484
Allowance for doubtful accounts	292	239	2,187
Accrued Bonuses	705	705	5,278
Provision for product warranties	220	250	1,651
Provision for loss on construction contracts	275	118	2,058
Accrued corporation enterprise tax	111	117	827
Loss on valuation of inventories	140	76	1,051
Forecast of construction cost	55	69	410
Net defined benefit liabilities	28	55	213
Fixed assets – elimination of intercompany profits	200	200	1,497
Loss on impairment of long-lived assets	173	183	1,294
Loss on valuation of investment for subsidiaries and affiliates	124	124	928
Excess depreciation	402	382	3,013
Other	656	710	4,910
Deferred tax assets sub-total	3,846	3,450	28,801
Less valuation allowance relevant to tax loss carry forward	(259)	(208)	(1,938)
Less valuation allowance relevant to total deductible temporary difference	(1,051)	(1,087)	(7,873)
Valuation allowance sub-total	(1,310)	(1,295)	(9,811)
Total deferred tax assets	¥ 2,536	¥ 2,155	$ 18,990

	Millions of yen 2023	Millions of yen 2022	Thousands of U.S. dollars 2023
Deferred tax liabilities:			
Unrealized gain on investment securities	¥ (1,939)	¥ (2,034)	$ (14,523)
Reduction reserve for fixed assets	(3,536)	(1,828)	(26,482)
Special reduction reserve for fixed assets	(172)	(2,473)	(1,286)
Unrealized gain on subsidiaries' fixed assets by revaluation at the beginning of consolidation	(1,296)	(1,317)	(9,700)
Other	(65)	(84)	(484)
Total deferred tax liabilities	(7,008)	(7,736)	(52,475)
Net deferred tax assets (liabilities)	¥ (4,472)	¥ (5,581)	$ (33,485)

(Note) Tax loss carry forward and related deferred tax assets by expiration periods were as follows.

At March 31, 2023

Millions of yen

	Within 1 year	After 1 year through 2years	After 2 year through 3years	After 3 year through 4years	After 4 year through 5years	After 5 years	Total
Tax loss carry forward	64	53	18	40	87	203	465
Valuation allowance	(64)	(53)	(4)	(38)	(87)	(13)	(259)
Deferred tax assets	—	—	14	2	—	190	206

At March 31, 2022

Millions of yen

	Within 1 year	After 1 year through 2years	After 2 year through 3years	After 3 year through 4years	After 4 year through 5years	After 5 years	Total
Tax loss carry forward	6	69	66	24	38	19	222
Valuation allowance	(6)	(69)	(66)	(24)	(37)	(6)	(208)
Deferred tax assets	—	—	—	—	1	13	14

At March 31, 2023

Thousands of U.S. dollars

	Within 1 year	After 1 year through 2years	After 2 year through 3years	After 3 year through 4years	After 4 year through 5years	After 5 years	Total
Tax loss carry forward	481	398	133	301	655	1,516	3,484
Valuation allowance	(481)	(398)	(24)	(282)	(655)	(98)	(1,938)
Deferred tax assets	—	—	109	19	—	1,418	1,546

(a) Tax loss carry forward is shown as an amount multiplied by the statutory tax rate.

(b) The deferred tax assets of ¥ 206 million ($ 1,546 thousand) and ¥ 14 million were recognized for the balance of tax loss carry forward (an amount multiplied by the statutory tax rate) of ¥ 465 million ($ 3,484 thousand) and ¥ 222 million at March 31, 2023 and 2022, respectively.

Valuation allowance has not been recognized in the portion of tax loss carryforward based on judgement of recoverability through future taxable income.

The reconciliation between the statutory tax rate and the effective income tax rate for the year ended March 31, 2023 and 2022 were omitted because the difference is less than 5% of the statutory income tax rate.

14. Comprehensive Income

The components of other comprehensive income for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	2022	2023
Unrealized gain on available-for-sale securities:			
Gains (Losses) arising during the year	¥ 677	¥ (465)	$ 5,073
Reclassification adjustments for gain (loss)	(968)	(13)	(7,249)
Amount before income tax effect	(291)	(478)	(2,176)
Income tax effect	95	145	710
Total	¥ (196)	¥ (333)	$ (1,466)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 26	¥ (18)	$ 190
Reclassification adjustments for gain (loss)	—	—	—
Amount before income tax effect	26	(18)	190
Income tax effect	—	—	—
Total	¥ 26	¥ (18)	$ 190
Remeasurements of defined benefit plans:			
Gains (Losses) arising during the year	¥ (71)	¥ 104	$ (532)
Reclassification adjustments for gain (loss)	19	50	140
Amount before income tax effect	(52)	154	(392)
Income tax effect	16	(47)	121
Total	¥ (36)	¥ 107	$ (271)
Share of other comprehensive income in affiliates accounted for by equity method:			
Gains (Losses) arising during the year	¥ 24	¥ 52	$ 178
Reclassification adjustments for gain (loss)	—	—	—
Total	¥ 24	¥ 52	$ 178
Total other comprehensive income	¥ (182)	¥ (192)	$ (1,369)

15. Provision of reserve for Losses on Construction Contracts

Provision of reserve for losses on construction contracts included in Cost of Sales were ¥ 837 million ($ 6,264 thousand) and ¥ 385 million for the fiscal years ended March 31, 2023 and 2022, respectively.

16. Revenue from Contracts with Customers

(1) Disaggregation of revenue
Disaggregation of revenue is disclosed in Note 17.

(2) Basic information to understand revenue from contracts with customers
Basic information to understand revenue from contracts with customers is disclosed in Note 2(i).

(3) Contract balances

	Millions of yen		*Thousands of U.S. dollars*
	2023	2022	2023
Receivables from contracts with customers (beginning balance)	¥ 38,025	¥ 41,457	$ 284,744
Receivables from contracts with customers (ending balance)	34,999	38,025	262,088
Contract assets (beginning balance)	495	1,558	3,711
Contract assets (ending balance)	1,715	495	12,845
Contract liabilities (beginning balance)	652	386	4,880
Contract liabilities (ending balance)	369	652	2,760

Contract assets are primarily consideration for on-going construction. Contract liabilities are advances received on construction contracts in progress and sales of specialty trucks. Contract liabilities are included in other current liabilities in the accompanying consolidated balance sheets.
Of the revenue recognized during the fiscal year ended March 31, 2023, the amount included in contract liabilities at the beginning of the fiscal year was ¥ 618 million ($ 4,625 thousand), and during the year ended March, 31, 2022, it was ¥335 million.
The decrease of contract assets for the fiscal year ended March 31, 2022 was mainly due to the completion of on-going construction.

The increase of contract assets for the fiscal year ended March 31, 2023 was mainly due to the recognition of revenue from of on-going construction, and increase of construction projects.
The increase of contract liabilities for the fiscal year ended March 31, 2022 was mainly due to the increase of advances received on construction contracts in progress.
The decrease of contract liabilities for the fiscal year ended March 31, 2023 was mainly due to the transfer to revenue from advances received on construction contracts in progress.

(4) Transaction price allocated to the remaining performance obligations
The Group applies the practical expedient and the contracts whose initial expected terms are 1 year or less aren’t included in the note of transaction price allocated to the remaining performance obligations.
Performance obligations mainly relate to the manufactures and sales of specialty trucks and “Maintenance pack contract” in “Specialty truck business” and construction contracts such as construction of recycling facilities and comprehensive maintenance contracts in “Environmental equipment and systems business”.
The total amount of transaction price allocated to the remaining performance obligations by prospective satisfaction period at March 31, 2023 and 2022 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	2022	2023
Within 1 year	¥ 30,971	¥ 21,584	$ 231,923
After 1 year through 2 years	19,421	10,067	145,430
After 2 year through 3 years	6,189	4,197	46,348
After 3 years	13,454	9,717	100,748
Total	¥ 70,035	¥ 45,565	$ 524,449

In terms of transaction price related to construction contracts, the amount was allocated based on the timing of prospective completion due to uncertain ratio of the cost incurred for each year. They approximately will be completed within 4 years and revenue will be recognized.

17. Segment Information

(1) Description of reportable segments

The Group's reportable segments are those for which separately financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how resources are allocated among the Group. The Group conducts several types of businesses including specialty truck business, environmental equipment and systems and real estate rental business. The Company and its consolidated subsidiaries are engaged in each business as an independent management unit. The Group consists of three reportable segments, which are "Specialty truck" (Industry A), "Environmental equipment and systems" (Industry B) and "Parking and other operations" (Industry C). Industry A manufactures and distributes specialty trucks such as dump trucks, tailgate lifters, tank trucks, refuse trucks, trailers, etc. Industry B manufactures and distributes recycle facilities, including maintenance and consignment business. Industry C manufactures multistory parking equipment and offers operating services for toll parking.

(2) Methods of measurement for the amounts of sales, profit, assets, liabilities, and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies". Intersegment sales or transfers are based on the market prices.

(3) Information about sales, profit, assets and other items for the fiscal years ended March 31, 2023 and 2022 were as follows:

Millions of yen

2023	*Reportable segments* Industry A	Industry B	Industry C	Total	Reconciliations (Note a)	Consolidated (Note b)
Net sales:						
Goods or service transferred at a point in time	¥ 96,277	¥ 3,744	¥ 5,837	¥ 105,858	—	¥ 105,858
Goods or service transferred over time	100	6,583	—	6,683	—	6,683
Revenue from contracts with customers	96,377	10,327	5,837	112,541	—	112,541
Other revenue	65	—	483	548	—	548
External customers	96,442	10,327	6,320	113,089	—	113,089
Intersegment sales or transfers	5	—	576	581	(581)	—
Total	96,447	10,327	6,896	113,670	(581)	113,089
Segment profit	(556)	1,768	656	1,868	(877)	991
Segment assets	86,452	6,887	11,790	105,129	53,027	158,156
Other items:						
Depreciation	2,443	72	283	2,798	17	2,815
Increase in tangible and intangible fixed assets	3,281	123	456	3,860	7,945	11,805

(a) Reconciliations of segment profit in an amount of ¥ (877) million which consisted of elimination of intersegment transactions in an amount of ¥ 12 million and corporate expenses which were not allocated to each reportable segment in an amount of ¥ (889) million. Corporate expenses were mainly general administrative expenses not attributable to any other reportable segments.

Reconciliations of segment assets were surplus fund (Cash and deposits and Short-term securities), long-term investment fund (Investment securities), and head office building (Property, plant and equipment) of the Company.

(b) Segment profit was reconciled with operating income in the consolidated statements of income.

Millions of yen

2022	Reportable segments: Industry A	Industry B	Industry C	Total	Reconciliations (Note a)	Consolidated (Note b)
Net sales:						
Goods or service transferred at a point in time	¥ 98,409	¥ 3,621	¥ 5,473	¥ 107,503	—	¥ 107,503
Goods or service transferred over time	83	8,026	—	8,109	—	8,109
Revenue from contracts with customers	98,492	11,647	5,473	115,612	—	115,612
Other revenue	55	—	1,243	1,298	—	1,298
External customers	98,547	11,647	6,716	116,910	—	116,910
Intersegment sales or transfers	25	0	545	570	(570)	—
Total	98,572	11,647	7,261	117,480	(570)	116,910
Segment profit	4,481	2,098	1,143	7,722	(748)	6,974
Segment assets	83,268	8,145	11,443	102,856	51,494	154,350
Other items:						
Depreciation	2,441	74	357	2,872	1	2,873
Increase in tangible and intangible fixed assets	3,840	73	1,245	5,158	—	5,158

(a) Reconciliations of segment profit in an amount of ¥ (748) million which consisted of elimination of intersegment transactions in an amount of ¥ 12 million and corporate expenses which were not allocated to each reportable segment in an amount of ¥ (760) million. Corporate expenses were mainly general administrative expenses not attributable to any other reportable segments.

Reconciliations of segment assets were surplus fund (Cash and deposits and Short-term securities) and long-term investment fund (Investment securities) of the Company.

(b) Segment profit was reconciled with operating income in the consolidated statements of income.

Thousands of U.S. dollars

2023	Reportable segments: Industry A	Industry B	Industry C	Total	Reconciliations (Note a)	Consolidated (Note b)
Net sales:						
Goods or service transferred at a point in time	$ 720,958	$ 28,039	$ 43,706	$ 792,703	—	$ 792,703
Goods or service transferred over time	747	49,295	—	50,042	—	50,042
Revenue from contracts with customers	721,705	77,334	43,706	842,745	—	842,745
Other revenue	491	—	3,620	4,111	—	4,111
External customers	722,196	77,334	47,326	846,856	—	846,856
Intersegment sales or transfers	40	—	4,313	4,353	(4,353)	—
Total	722,236	77,334	51,639	851,209	(4,353)	846,856
Segment profit	(4,162)	13,242	4,918	13,998	(6,574)	7,424
Segment assets	647,386	51,575	88,287	787,248	397,089	1,184,337
Other items:						
Depreciation	18,294	543	2,118	20,955	128	21,083
Increase in tangible and intangible fixed assets	24,567	921	3,417	28,905	59,495	88,400

(a) Reconciliations of segment profit in an amount of $ (6,574) thousand which consisted of elimination of intersegment transactions in an amount of $ 88 thousand and corporate expenses which were not allocated to each reportable segment in an amount of $ (6,662) thousand. Corporate expenses were mainly general administrative expenses not attributable to any other reportable segments.

Reconciliations of segment assets were surplus fund (Cash and deposits and Short-term securities) and long-term investment fund (Investment securities) , and head office building (Property, plant and equipment) of the Company.

(b) Segment profit was reconciled with operating income in the consolidated statements of income.

(4) Amortization and unamortized balances of goodwill by reportable segment for the fiscal years ended March 31, 2023 and 2022 were as follows:

Millions of yen

2023	Industry A	Industry B	Industry C	Reconciliations	Consolidated
Amortization	¥ 95	¥ –	¥ –	¥ –	¥ 95
Unamortized balances	684	–	–	–	684

Millions of yen

2022	Industry A	Industry B	Industry C	Reconciliations	Consolidated
Amortization	¥ 85	¥ –	¥ –	¥ –	¥ 85
Unamortized balances	771	–	–	–	771

Thousands of U.S. dollars

2023	Industry A	Industry B	Industry C	Reconciliations	Consolidated
Amortization	$ 708	$ –	$ –	$ –	$ 708
Unamortized balances	5,125	–	–	–	5,125

18. Subsequent Event

(Appropriations of the Company's retained earnings)

The following appropriations of the Company's retained earnings in respect of the fiscal year ended March 31, 2023 were as proposed by the Board of Directors and approved by the shareholders at the annual general meeting held on June 27, 2023.

Appropriations	*Millions of yen*	*Thousands of U.S. dollars*
Cash dividends of ¥ 27 ($ 0.20) per share	¥ 1,035	$ 7,749

(Purchase of treasury stock and completion of purchase)

Based on the resolution of the meeting of the board of directors held on June 6, 2022, the Company has purchased the Treasury Stock from April 1, 2023 to April 10, 2023 below. With these purchases of treasury stock, the purchase based on its resolution has completed.

Details of purchase

(1) Class of share: Common stock of the Company

(2) Total number of shares to be repurchased: 73,800 shares

(3) Total amount: ¥ 121 million ($905 thousand)

(4) How to purchase: From the market of Tokyo Stock Exchange

(Reference information)

1. Details of the resolution of the meeting of the board of directors held on June 6, 2022 relating to the purchase of treasury stock

(1) Class of share: Common stock of the Company

(2) Total number of shares to be repurchased: Up to 2,000,000 shares

(5.0% of the total number of shares of common stock outstanding excluding treasury stock)

(3) Total amount: Up to ¥ 2,500,000,000 ($18,721 thousand)

(4) Period: From July 1, 2022 to June 30, 2023

2 The accumulated numbers and amount of treasury stock after the meeting of the board of directors (held on June 6, 2022) is described above.

(1) Total numbers of purchase 1,781,700 shares

(2) Total amount of purchase ¥ 2,500 million ($ 18,720 thousand)

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of KYOKUTO KAIHATSU KOGYO CO., LTD

Opinion

We have audited the accompanying consolidated financial statements of KYOKUTO KAIHATSU KOGYO CO., LTD and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standard generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of goodwill and Customer-related assets(Note 2 Summary of Significant Accounting Policies (o)"Significant accounting estimates goodwill and Customer-related assets"	
Description of Key Audit Matter	Auditor's Response
The Company recorded goodwill and Customer-related assets as for SATRAC of JPY 684 million and JPY 422 million in the Consolidated Financial Statements Although the goodwill is amortised in every fiscal year, the Company would determine to recognize impairment loss in case of indication of impairment, comparing the carrying amount to discounting estimated future cash flows from the unit which good will has been allocated . If the carrying amount of the unit exceeds the recoverable amount of the unit, the Company must recognize impairment loss. As stated in Note 2 to the consolidated financial statements, the key assumptions, such as estimated future cash flows and discount rate, were used for measurement of the goodwill and Customer-related assets. The Company would have to revision estimate future cash flows and discount rate	To address the key audit matters, we evaluated the design and tested the operating effectiveness of controls over the assessing the goodwill and Customer-related assets, and performed the following substantive procedures, among others: ・ Evaluated the excess earning powers in initial recognition of the goodwill and comprehended the changes in the business environment. ・ Performed comparative analyses of the operating profit against initial business plan and the historical data. ・Assessed whether the assumptions of the business plan underpinning the cash-flow projections are reasonable, inquired of CFO and inspected the related documentation

by uncertain economical changes. In addition the management's judgement is required, we determined this matter to be a key audit matter.	regarding the premise of sales amount and unit price.

Other Information

The other information comprises the information included in a disclosure document that contains audited consolidated financial statements but does not include the consolidated financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.
The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, for the risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of Japanese yen amount into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

PKF Hibiki Audit Corporation
Osaka, Japan
August 7th, 2023

Takahiro Fujita	Sayo Uno
Takahiro Fujita	Uno Sayo
Representative Partner	
Engagement Partner	Engagement Partner
Certified Public Accountant	Certified Public Accountant

CORPORATE INFORMATION

Kyokuto Kaihatsu Kogyo Co., Ltd.
Established: June 1, 1955
Paid-in Capital: 11,899,867,400 yen (March 31, 2023)
Number of Employees: consolidated 3,201; non-consolidated 1,104 (March 31, 2023)

Headquarters:
Kyokuto Group Head Office Building, 2-5-11, Awajimachi, Chuo-ku, Osaka, 541-8519, Japan
Tel.+81-6-6205-7800, Fax.+81-6-6205-7830
Tokyo Office (Overseas Business Department):
3-15-10, Higashi-shinagawa, Shinagawa-ku, Tokyo, 140-0002, Japan
Tel.+81-3-5781-9828, Fax+81-3-5781-3431

Plants:
Yokohama Plant
Occupies 96,657 ㎡
Located in Yamato, Kanagawa (Japan)
Nagoya Plant
Occupies 109,611 ㎡
Located in Komaki, Aichi (Japan)
Miki Plant
Occupies 100,728 ㎡
Located in Miki, Hyogo (Japan)
Fukuoka Plant
Occupies 43,503 ㎡
Located in Iizuka, Fukuoka (Japan)
Head Plant of NIPPON TREX Co., Ltd.
Occupies 125,285 ㎡
Located in Toyokawa, Aichi (Japan)
Otowa Plant of NIPPON TREX Co., Ltd.
Occupies 20,889 ㎡
Located in Toyokawa, Aichi (Japan)
Mito Plant of NIPPON TREX Co., Ltd.
Occupies 36,367 ㎡
Located in Toyokawa, Aichi (Japan)
Plant of KYOKUTO KAIHATSU (KUNSHAN) MACHINERY CO., LTD.
Occupies 83,140 ㎡
Located in Kunshan, Jiangsu (China)
Plant of SATRAC ENGINEERING PRIVATE LIMITED
Occupies 24,292 ㎡
Located in Nidavanda Village, Nelmangala, Bangalore (India)
Plant of PT KYOKUTO INDOMOBIL MANUFACTURING INDONESIA
Occupies 20,028 ㎡
Located in Purwakarta, Jawa Barat (Indonesia)

BOARD OF DIRECTORS AND STATUTORY AUDITORS

Tatsuya Nunohara,	Representative Director, President, CEO
Kazuhiko Harada,	Senior Managing Director, Senior Managing Executive Officer
Takeo Norimitsu,	Director, Associate Senior Executive Officer
Noboru Horimoto,	Director, Associate Senior Executive Officer
Teruyuki Kizu,	Director, Associate Senior Executive Officer
Hiroyuki Terakawa,	Outside Director
Keiko Kaneko,	Outside Director
Takanobu Tomohiro,	Outside Director
Akira Sakurai,	Standing Auditor
Hiroaki Kuriyama,	Auditor
Kuniaki Fujiwara,	Outside Corporate Auditor
Nobuhiro Asada,	Outside Corporate Auditor
Fumihiro Takasaki,	Associate Senior Executive Officer
Yukihiro Hosozawa,	Executive Officer
Shinichi Takahama,	Executive Officer
Yutaka Yoshida,	Executive Officer
Masashi Ushio,	Executive Officer
Shinsaku Chijiiwa,	Executive Officer
Tatsuya Nomura,	Executive Officer
Keisuke Iwata,	Executive Officer
Mamoru Shimizu,	Executive Officer
Koh Yamamoto,	Executive Officer
Tetsuya Ichimura,	Executive Officer
Shigeyuki Satake,	Executive Officer
Satoshi Okamoto,	Executive Officer