

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

August 12, 2022

Company name: AIRTECH JAPAN,LTD.
 Stock exchange listing: Tokyo
 Stock code: 6291 URL <https://www.airtech.co.jp>
 Representative: President Shinya Hirasawa
 Inquiries: Vice President Naoki Watanabe TEL 03(3872)9192
 Scheduled date to file Quarterly Securities Report: August 12, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2022	6,032	(28.3)	531	(64.1)	803	(51.8)	599	(49.0)
Six months ended June 30, 2021	8,411	68.2	1,480	329.0	1,665	239.4	1,174	222.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2022	58.51		58.41	
Six months ended June 30, 2021	113.66		113.14	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	18,915	13,488	71.2	1,309.90
As of December 31, 2021	19,968	13,456	67.2	1,293.71

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2021	–	0.00	–	50.00	50.00
Year ending December 31, 2022	–	0.00			
Year ending December 31, 2022 (Forecast)			–	50.00	50.00

3. Forecast of non-consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	13,000	(9.0)	1,500	(24.7)	1,650	(24.9)	1,170	(26.2)	114.19

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of June 30, 2022	10,475,710 shares	As of December 31, 2021	10,450,200 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	197,758 shares	As of December 31, 2021	72,019 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2022	10,245,238 shares	Six months ended June 30, 2021	10,332,077 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	7,815,177	6,433,077
Notes and accounts receivable - trade	3,533,716	–
Notes and accounts receivable - trade, and contract assets	–	3,477,381
Electronically recorded monetary claims - operating	1,310,824	1,313,214
Securities	499	598
Merchandise and finished goods	1,513,461	1,276,710
Work in process	709,156	602,339
Raw materials and supplies	483,907	580,551
Other	32,683	161,504
Allowance for doubtful accounts	(4,511)	(612)
Total current assets	15,394,914	13,844,764
Non-current assets		
Property, plant and equipment		
Land	2,226,684	2,226,684
Other	1,653,605	1,980,242
Total property, plant and equipment	3,880,289	4,206,926
Intangible assets	85,482	71,808
Investments and other assets		
Other	619,064	791,761
Allowance for doubtful accounts	(11,640)	(70)
Total investments and other assets	607,423	791,690
Total non-current assets	4,573,195	5,070,426
Total assets	19,968,110	18,915,191
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,066,714	860,106
Electronically recorded obligations - operating	2,247,096	2,045,586
Short-term borrowings	280,000	280,000
Current portion of bonds payable	100,000	–
Current portion of long-term borrowings	74,256	74,256
Income taxes payable	427,318	235,819
Provision for product warranties	9,083	9,366
Provision for bonuses	115,449	113,763
Provision for loss on order received	4,949	11,371
Other	1,079,597	750,642
Total current liabilities	5,404,464	4,380,910
Non-current liabilities		
Long-term borrowings	410,785	352,927
Provision for retirement benefits	659,423	635,149
Provision for loss on guarantees	–	23,591
Other	37,099	34,134
Total non-current liabilities	1,107,307	1,045,802
Total liabilities	6,511,771	5,426,713

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	2,084,215	2,097,429
Capital surplus	2,127,262	2,141,764
Retained earnings	9,258,257	9,417,771
Treasury shares	(47,235)	(205,895)
Total shareholders' equity	13,422,499	13,451,070
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,832	12,034
Total valuation and translation adjustments	3,832	12,034
Share acquisition rights	30,006	25,372
Total net assets	13,456,338	13,488,477
Total liabilities and net assets	19,968,110	18,915,191

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	8,411,789	6,032,613
Cost of sales	5,838,383	4,474,911
Gross profit	2,573,406	1,557,701
Selling, general and administrative expenses		
Freight and packing costs	360,881	231,472
Remuneration for directors (and other officers)	41,887	37,564
Salaries	273,172	274,959
Provision of allowance for doubtful accounts	(3,459)	(15,469)
Provision for bonuses	29,149	31,063
Retirement benefit expenses	17,068	14,302
Provision for product warranties	(42,274)	283
Other	416,298	452,206
Total selling, general and administrative expenses	1,092,724	1,026,382
Operating profit	1,480,681	531,319
Non-operating income		
Interest income	55	19
Dividend income	157,400	265,457
Other	34,356	51,346
Total non-operating income	191,813	316,823
Non-operating expenses		
Interest expenses	1,236	1,713
Provision for loss on guarantees	–	23,591
Foreign withholding tax	4,828	17,568
Other	754	1,607
Total non-operating expenses	6,818	44,481
Ordinary profit	1,665,676	803,662
Extraordinary income		
Gain on reversal of share acquisition rights	–	2,765
Total extraordinary income	–	2,765
Profit before income taxes	1,665,676	806,427
Income taxes - current	460,643	212,022
Income taxes - deferred	30,704	(5,030)
Total income taxes	491,348	206,992
Profit	1,174,327	599,435

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,665,676	806,427
Depreciation	68,597	70,078
Increase (decrease) in allowance for doubtful accounts	(4,435)	(15,469)
Increase (decrease) in provision for bonuses	(1,770)	(1,686)
Increase (decrease) in provision for retirement benefits	(22,457)	(24,273)
Increase (decrease) in provision for loss on order received	3,232	2,325
Interest and dividend income	(157,456)	(265,477)
Interest expenses	1,236	1,713
Decrease (increase) in trade receivables	(38,555)	587,812
Decrease (increase) in inventories	143,600	(168,999)
Increase (decrease) in trade payables	3,113	(408,117)
Increase (decrease) in accounts payable - other	(153,106)	(200,256)
Other, net	(164,843)	(166,262)
Subtotal	1,342,829	217,816
Interest and dividends received	126,428	162,288
Interest paid	(1,333)	(1,092)
Income taxes paid	(369,571)	(393,224)
Net cash provided by (used in) operating activities	1,098,354	(14,212)
Cash flows from investing activities		
Payments into time deposits	(268,141)	(290,918)
Proceeds from withdrawal of time deposits	268,129	290,913
Purchase of property, plant and equipment	(351,012)	(366,314)
Purchase of investment securities	–	(203,600)
Other, net	(3,842)	398
Net cash provided by (used in) investing activities	(354,866)	(569,519)
Cash flows from financing activities		
Proceeds from short-term borrowings	260,000	150,000
Repayments of short-term borrowings	(260,000)	(150,000)
Proceeds from long-term borrowings	150,000	–
Repayments of long-term borrowings	(22,134)	(57,858)
Redemption of bonds	–	(100,000)
Dividends paid	(336,524)	(517,466)
Proceeds from issuance of shares	7,157	3,315
Purchase of treasury shares	(12)	(186,571)
Proceeds from disposal of treasury shares	820	24,066
Other, net	(2,352)	(1,635)
Net cash provided by (used in) financing activities	(203,046)	(836,150)
Effect of exchange rate change on cash and cash equivalents	16,353	37,877
Net increase (decrease) in cash and cash equivalents	556,794	(1,382,005)
Cash and cash equivalents at beginning of period	5,894,750	7,189,917
Cash and cash equivalents at end of period	6,451,545	5,807,912