

Translation

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## Summary of Non-Consolidated Financial Results for the Year Ended December 31, 2022 (Based on Japanese GAAP)

February 14, 2023

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 of ordinary general meeting of shareholders: March 30, 2023  
 Scheduled date to file Securities Report: March 30, 2023  
 Scheduled date to commence dividend payments: March 31, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of 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 year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

#### (1) Non-consolidated operating results

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	%
Year ended December 31, 2022	13,172	(7.8)	1,105	(44.5)	1,396	(36.4)	1,017	(35.8)
Year ended December 31, 2021	14,289	14.4	1,991	40.7	2,195	40.5	1,584	39.4

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2022	99.08	98.92	7.4	7.0	8.4
Year ended December 31, 2021	153.03	152.39	12.4	11.3	13.9

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	19,976	13,926	69.6	1,350.02
As of December 31, 2021	19,968	13,456	67.2	1,293.71

#### (3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2022	228	(915)	(866)	5,673
Year ended December 31, 2021	1,799	(458)	(71)	7,189

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2021	–	0.00	–	50.00	50.00	518	32.7	4.1
Year ended December 31, 2022	–	0.00	–	60.00	60.00	624	60.7	4.5
Year ending December 31, 2023 (Forecast)	–	0.00	–	60.00	60.00		76.9	

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

Percentages indicate year-on-year changes

	Net sales		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	(1.3)	950	(14.0)	1,100	(21.2)	800	(21.3)	77.94

4. Notes

(1) 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

(2) Number of issued shares (common shares)

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

As of December 31, 2022	10,478,710 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 December 31, 2022	180,247 shares	As of December 31, 2021	72,019 shares
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Average number of shares during the period

Year ended December 31, 2022	10,264,607 shares	Year ended December 31, 2021	10,353,661 shares
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**Non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	7,815,177	6,365,019
Notes receivable - trade	1,177,512	1,018,837
Electronically recorded monetary claims - operating	1,310,824	1,442,664
Accounts receivable - trade	2,356,203	2,019,544
Contract assets	–	1,330,097
Securities	499	586
Merchandise and finished goods	1,513,461	1,179,158
Work in process	709,156	673,923
Raw materials and supplies	483,907	640,807
Prepaid expenses	26,315	31,762
Other	6,367	43,538
Allowance for doubtful accounts	(4,511)	(122)
Total current assets	15,394,914	14,745,817
Non-current assets		
Property, plant and equipment		
Buildings	2,804,831	3,313,123
Accumulated depreciation	(1,439,270)	(1,513,476)
Buildings, net	1,365,561	1,799,646
Structures	120,495	182,884
Accumulated depreciation	(67,859)	(76,084)
Structures, net	52,636	106,800
Machinery and equipment	356,608	456,991
Accumulated depreciation	(261,974)	(284,390)
Machinery and equipment, net	94,633	172,600
Vehicles	10,841	11,293
Accumulated depreciation	(5,210)	(7,247)
Vehicles, net	5,630	4,045
Tools, furniture and fixtures	405,523	412,177
Accumulated depreciation	(346,687)	(369,223)
Tools, furniture and fixtures, net	58,835	42,953
Land	2,226,684	2,226,684
Construction in progress	76,307	10,799
Total property, plant and equipment	3,880,289	4,363,531
Intangible assets		
Software	81,679	62,148
Leased assets	331	–
Other	3,471	3,776
Total intangible assets	85,482	65,925

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Investments and other assets		
Investment securities	91,534	301,683
Investments in capital of subsidiaries and associates	134,741	134,741
Distressed receivables	11,640	117
Long-term prepaid expenses	20,064	13,906
Deferred tax assets	318,159	303,566
Other	42,922	47,231
Allowance for doubtful accounts	(11,640)	(117)
Total investments and other assets	607,423	801,130
Total non-current assets	4,573,195	5,230,586
Total assets	19,968,110	19,976,404
Liabilities		
Current liabilities		
Notes payable - trade	577,431	586,525
Electronically recorded obligations - operating	2,247,096	2,465,637
Accounts payable - trade	489,282	439,226
Short-term borrowings	280,000	280,000
Current portion of bonds payable	100,000	–
Current portion of long-term borrowings	74,256	69,790
Lease liabilities	2,913	2,555
Accounts payable - other	510,120	496,218
Accrued expenses	275,468	267,992
Income taxes payable	427,318	125,064
Advances received	177,541	115,119
Deposits received	105,205	94,649
Provision for bonuses	115,449	111,697
Provision for loss on orders received	4,949	7,067
Provision for product warranties	9,083	13,148
Other	8,347	8,450
Total current liabilities	5,404,464	5,083,142
Non-current liabilities		
Long-term borrowings	410,785	304,575
Lease liabilities	6,467	3,911
Provision for retirement benefits	659,423	614,031
Provision for loss on guarantees	–	16,176
Asset retirement obligations	14,712	16,028
Other	15,920	11,940
Total non-current liabilities	1,107,307	966,662
Total liabilities	6,511,771	6,049,805

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	2,084,215	2,099,181
Capital surplus		
Legal capital surplus	2,091,567	2,106,530
Other capital surplus	35,694	38,704
Total capital surplus	2,127,262	2,145,235
Retained earnings		
Legal retained earnings	132,600	132,600
Other retained earnings		
General reserve	303,000	303,000
Retained earnings brought forward	8,822,657	9,399,789
Total retained earnings	9,258,257	9,835,389
Treasury shares	(47,235)	(185,261)
Total shareholders' equity	13,422,499	13,894,544
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,832	8,552
Total valuation and translation adjustments	3,832	8,552
Share acquisition rights	30,006	23,501
Total net assets	13,456,338	13,926,598
Total liabilities and net assets	19,968,110	19,976,404

## Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales		
Net sales of finished goods	14,058,843	12,929,888
Net sales of goods	230,272	242,643
Total net sales	14,289,116	13,172,532
Cost of sales		
Beginning finished goods inventory	821,641	1,238,796
Beginning merchandise inventory	18,524	12,537
Cost of products manufactured	10,599,388	9,675,612
Cost of purchased goods	170,044	191,078
Total	11,609,598	11,118,026
Ending finished goods inventory	1,500,923	1,168,901
Ending merchandise inventory	12,537	10,257
Total cost of sales	10,096,136	9,938,867
Reversal For Loss On Order	4,109	9,046
Provision For Loss On Order	4,949	7,067
Gross profit	4,192,138	3,235,644
Selling, general and administrative expenses		
Freight Charge	635,624	501,150
Travel and transportation expenses	60,942	73,457
Remuneration for directors (and other officers)	104,678	86,413
Salaries and allowances	540,936	546,378
Bonuses	176,575	153,266
Provision for bonuses	31,281	29,792
Retirement benefit expenses	34,475	29,211
Provision for product warranties	(37,761)	4,065
Provision of allowance for doubtful accounts	(18,485)	(15,912)
Legal welfare expenses	122,294	118,607
Depreciation	33,398	31,478
Rent expenses	34,389	38,628
Research and development expenses	119,527	133,297
Other	363,025	400,527
Total selling, general and administrative expenses	2,200,902	2,130,361
Operating profit	1,991,236	1,105,282
Non-operating income		
Interest income	106	524
Dividend income	158,555	265,457
Foreign exchange gains	24,056	32,749
Other	31,063	37,737
Total non-operating income	213,782	336,468

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Non-operating expenses		
Interest expenses	2,448	1,962
Interest on bonds	300	75
Provision for loss on guarantees	–	16,176
Share issuance costs	39	–
Foreign withholding tax	4,828	17,568
Other	1,513	9,306
Total non-operating expenses	9,129	45,088
Ordinary profit	2,195,888	1,396,661
Extraordinary income		
Gain on sale of investment securities	26,971	–
Gain on reversal of share acquisition rights	–	2,765
Total extraordinary income	26,971	2,765
Extraordinary losses		
Loss on valuation of membership	4,420	–
Total extraordinary losses	4,420	–
Profit before income taxes	2,218,439	1,399,427
Income taxes - current	611,724	404,723
Income taxes - deferred	22,338	(22,349)
Total income taxes	634,063	382,373
Profit	1,584,376	1,017,053

## Non-consolidated statements of changes in equity

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	
						General reserve	Retained earnings brought forward
Balance at beginning of period	2,056,919	2,064,277	33,973	2,098,251	132,600	303,000	7,579,097
Cumulative effects of changes in accounting policies							
Restated balance	2,056,919	2,064,277	33,973	2,098,251	132,600	303,000	7,579,097
Changes during period							
Issuance of new shares	27,296	27,289		27,289			
Dividends of surplus							(340,817)
Profit							1,584,376
Disposal of treasury shares			1,720	1,720			
Net changes in items other than shareholders' equity							
Total changes during period	27,296	27,289	1,720	29,010	–	–	1,243,559
Balance at end of period	2,084,215	2,091,567	35,694	2,127,262	132,600	303,000	8,822,657

	Shareholders' equity			Valuation and translation adjustments		Share acquisition rights	Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
	Total retained earnings						
Balance at beginning of period	8,014,697	(49,841)	12,120,026	10,453	10,453	34,060	12,164,540
Cumulative effects of changes in accounting policies							
Restated balance	8,014,697	(49,841)	12,120,026	10,453	10,453	34,060	12,164,540
Changes during period							
Issuance of new shares			54,586				54,586
Dividends of surplus	(340,817)		(340,817)				(340,817)
Profit	1,584,376		1,584,376				1,584,376
Disposal of treasury shares		2,606	4,326				4,326
Net changes in items other than shareholders' equity				(6,620)	(6,620)	(4,054)	(10,674)
Total changes during period	1,243,559	2,606	1,302,472	(6,620)	(6,620)	(4,054)	1,291,797
Balance at end of period	9,258,257	(47,235)	13,422,499	3,832	3,832	30,006	13,456,338

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	
						General reserve	Retained earnings brought forward
Balance at beginning of period	2,084,215	2,091,567	35,694	2,127,262	132,600	303,000	8,822,657
Cumulative effects of changes in accounting policies							78,987
Restated balance	2,084,215	2,091,567	35,694	2,127,262	132,600	303,000	8,901,645
Changes during period							
Issuance of new shares - exercise of share acquisition rights	3,942	3,938		3,938			
Issuance of new shares- Restricted Stock	11,024	11,024		11,024			
Dividends of surplus							(518,909)
Profit							1,017,053
Purchase of treasury shares							
Disposal of treasury shares			3,010	3,010			
Net changes in items other than shareholders' equity							
Total changes during period	14,966	14,962	3,010	17,973	-	-	498,144
Balance at end of period	2,099,181	2,106,530	38,704	2,145,235	132,600	303,000	9,399,789

	Shareholders' equity			Valuation and translation adjustments		Share acquisition rights	Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
	Total retained earnings						
Balance at beginning of period	9,258,257	(47,235)	13,422,499	3,832	3,832	30,006	13,456,338
Cumulative effects of changes in accounting policies	78,987		78,987				78,987
Restated balance	9,337,245	(47,235)	13,501,487	3,832	3,832	30,006	13,535,326
Changes during period							
Issuance of new shares - exercise of share acquisition rights			7,880				7,880
Issuance of new shares- Restricted Stock			22,048				22,048
Dividends of surplus	(518,909)		(518,909)				(518,909)
Profit	1,017,053		1,017,053				1,017,053
Purchase of treasury shares		(186,612)	(186,612)				(186,612)
Disposal of treasury shares		48,586	51,596				51,596
Net changes in items other than shareholders' equity				4,719	4,719	(6,504)	(1,784)
Total changes during period	498,144	(138,026)	393,057	4,719	4,719	(6,504)	391,272
Balance at end of period	9,835,389	(185,261)	13,894,544	8,552	8,552	23,501	13,926,598

## Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,218,439	1,399,427
Depreciation	141,458	157,385
Increase (decrease) in allowance for doubtful accounts	(19,619)	(15,912)
Increase (decrease) in provision for bonuses	6,927	(3,752)
Increase (decrease) in provision for retirement benefits	(42,096)	(45,391)
Increase (decrease) in provision for loss on orders received	840	(1,979)
Increase (decrease) in provision for product warranties	(42,159)	4,065
Increase (decrease) in provision for loss on guarantees	–	16,176
Loss (gain) on sale of investment securities	(26,971)	–
Interest and dividend income	(158,662)	(265,981)
Interest expenses on borrowings and bonds	2,748	2,037
Foreign exchange losses (gains)	(25,846)	(30,363)
Decrease (increase) in trade receivables	1,110,674	–
Decrease (increase) in accounts receivable - trade, and contract assets	–	(432,734)
Decrease (increase) in inventories	(608,194)	(203,286)
Increase (decrease) in trade payables	(333,350)	177,578
Increase (decrease) in accounts payable - other	(16,752)	2,700
Increase (decrease) in accrued expenses	(5,889)	(7,449)
Increase (decrease) in advances received	30	(62,421)
Other, net	33,364	(32,408)
Subtotal	2,234,944	657,688
Interest and dividends received	158,669	265,850
Interest paid	(2,796)	(2,045)
Income taxes paid	(591,036)	(693,472)
Net cash provided by (used in) operating activities	1,799,781	228,020
Cash flows from investing activities		
Payments into time deposits	(671,274)	(741,050)
Proceeds from withdrawal of time deposits	671,256	671,275
Purchase of investment securities	–	(203,600)
Proceeds from sale of investment securities	50,632	–
Purchase of property, plant and equipment	(443,365)	(629,674)
Purchase of intangible assets	(788)	(7,403)
Purchase of membership	(8,700)	–
Payments for investments in capital of subsidiaries and associates	(54,960)	–
Other, net	(1,746)	(4,790)
Net cash provided by (used in) investing activities	(458,945)	(915,244)

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	380,000	370,000
Repayments of short-term borrowings	(400,000)	(370,000)
Proceeds from long-term borrowings	337,000	–
Repayments of long-term borrowings	(59,262)	(110,676)
Redemption of bonds	–	(100,000)
Dividends paid	(337,663)	(518,015)
Proceeds from issuance of shares	9,860	6,066
Purchase of treasury shares	(25)	(186,612)
Proceeds from disposal of treasury shares	3,280	45,341
Other, net	(4,704)	(2,913)
Net cash provided by (used in) financing activities	(71,514)	(866,810)
Effect of exchange rate change on cash and cash equivalents	25,846	37,603
Net increase (decrease) in cash and cash equivalents	1,295,167	(1,516,431)
Cash and cash equivalents at beginning of period	5,894,750	7,189,917
Cash and cash equivalents at end of period	7,189,917	5,673,486