

Translation

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**Summary of Non-Consolidated Financial Results
for the Year Ended December 31, 2020
(Based on Japanese GAAP)**

February 12, 2021

Company name: AIRTECH JAPAN,LTD.
 Stock exchange listing: Tokyo
 Stock code: 6291 URL <http://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 29, 2021
 Scheduled date to file Securities Report: March 29, 2021
 Scheduled date to commence dividend payments: March 30, 2021
 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, 2020 (from January 1, 2020 to December 31, 2020)

(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, 2020	12,487	19.6	1,414	224.7	1,562	166.8	1,136	180.4
Year ended December 31, 2019	10,442	2.5	435	1.9	585	(0.1)	405	(1.2)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2020	114.29	113.50	10.3	9.3	11.3
Year ended December 31, 2019	45.33	-	4.0	4.0	4.2

(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, 2020	18,829	12,164	64.4	1,174.55
As of December 31, 2019	14,664	10,112	68.4	1,122.13

(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, 2020	914	(761)	1,004	5,894
Year ended December 31, 2019	773	(402)	(231)	4,748

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, 2019	-	0.00	-	22.00	22.00	196	48.5	1.9
Year ended December 31, 2020	-	0.00	-	33.00	33.00	340	30.0	2.8
Year ending December 31, 2021 (Forecast)	-	0.00	-	25.00	25.00		36.1	

3. Forecast of non-consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	11,500	(7.9)	800	(43.5)	970	(37.9)	689	(39.4)	69.29

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:	No
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, 2020	10,403,500 shares	As of December 31, 2019	9,097,500 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	75,699 shares	As of December 31, 2019	154,699 shares
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Average number of shares during the period

Year ended December 31, 2020	9,944,064 shares	Year ended December 31, 2019	8,940,909 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	5,373,311	6,520,039
Notes receivable - trade	1,080,072	1,506,478
Accounts receivable - trade	2,391,667	3,242,362
Electronically recorded monetary claims - operating	767,751	1,206,374
Securities	476	452
Merchandise and finished goods	716,661	840,165
Work in process	480,666	870,751
Raw materials and supplies	314,309	387,413
Prepaid expenses	10,834	10,662
Other	8,143	13,843
Allowance for doubtful accounts	(12,774)	(8,947)
Total current assets	11,131,122	14,589,596
Non-current assets		
Property, plant and equipment		
Buildings	2,027,573	2,331,643
Accumulated depreciation	(1,338,991)	(1,375,085)
Buildings, net	688,581	956,557
Structures	72,219	75,805
Accumulated depreciation	(60,477)	(62,166)
Structures, net	11,741	13,639
Machinery and equipment	345,392	349,000
Accumulated depreciation	(222,130)	(243,586)
Machinery and equipment, net	123,261	105,413
Vehicles	9,310	8,310
Accumulated depreciation	(8,713)	(8,310)
Vehicles, net	597	0
Tools, furniture and fixtures	357,880	369,926
Accumulated depreciation	(304,608)	(331,497)
Tools, furniture and fixtures, net	53,271	38,428
Land	2,036,951	2,055,014
Construction in progress	64,742	395,703
Total property, plant and equipment	2,979,147	3,564,757
Intangible assets		
Software	62,482	109,233
Leased assets	9,617	2,321
Telephone subscription right	3,471	3,471
Total intangible assets	75,572	115,026

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Investments and other assets		
Investment securities	133,976	123,563
Investments in capital of subsidiaries and associates	20,992	79,781
Distressed receivables	42,070	26,824
Deferred tax assets	305,482	338,750
Other	18,382	18,082
Allowance for doubtful accounts	(42,070)	(26,824)
Total investments and other assets	478,833	560,177
Total non-current assets	3,533,553	4,239,962
Total assets	14,664,676	18,829,558
Liabilities		
Current liabilities		
Notes payable - trade	564,421	698,263
Electronically recorded obligations - operating	1,402,614	2,327,072
Accounts payable - trade	222,526	621,824
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	39,687	44,268
Lease obligations	11,085	4,704
Accounts payable - other	538,866	542,643
Accrued expenses	191,675	281,393
Income taxes payable	124,483	407,141
Advances received	35,822	177,510
Deposits received	80,229	106,010
Provision for bonuses	87,473	108,522
Provision for loss on order received	9,927	4,109
Provision for product warranties	26,817	51,242
Other	1,169	4,084
Total current liabilities	3,636,799	5,678,790
Non-current liabilities		
Bonds payable	100,000	100,000
Long-term borrowings	55,510	163,035
Lease obligations	14,080	9,380
Provision for retirement benefits	732,959	701,519
Asset retirement obligations	11,604	12,291
Other	1,574	—
Total non-current liabilities	915,730	986,227
Total liabilities	4,552,529	6,665,018

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Net assets		
Shareholders' equity		
Share capital	1,517,929	2,056,919
Capital surplus		
Legal capital surplus	1,525,338	2,064,277
Other capital surplus	–	33,973
Total capital surpluses	1,525,338	2,098,251
Retained earnings		
Legal retained earnings	132,600	132,600
Other retained earnings		
General reserve	303,000	303,000
Retained earnings brought forward	6,639,370	7,579,097
Total retained earnings	7,074,970	8,014,697
Treasury shares	(101,823)	(49,841)
Total shareholders' equity	10,016,414	12,120,026
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	18,542	10,453
Total valuation and translation adjustments	18,542	10,453
Share acquisition rights	77,190	34,060
Total net assets	10,112,147	12,164,540
Total liabilities and net assets	14,664,676	18,829,558

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales		
Net sales of finished goods	10,252,733	12,229,149
Net sales of goods	189,682	258,187
Total net sales	10,442,415	12,487,337
Cost of sales		
Beginning finished goods inventory	519,950	705,089
Beginning merchandise inventory	11,351	11,572
Cost of products manufactured	8,277,830	9,008,882
Cost of purchased goods	144,848	197,071
Total	8,953,981	9,922,614
Ending finished goods inventory	705,089	821,641
Ending merchandise inventory	11,572	18,524
Total cost of sales	8,237,319	9,082,448
Reversal For Loss On Order	891	9,927
Provision For Loss On Order	9,927	4,109
Gross profit	2,196,059	3,410,706
Selling, general and administrative expenses		
Freight Charge	325,655	473,248
Travel and transportation expenses	76,974	58,411
Remuneration for directors (and other officers)	115,553	116,385
Salaries and allowances	508,506	532,090
Bonuses	124,541	179,159
Provision for bonuses	22,812	30,584
Retirement benefit expenses	33,931	34,083
Provision for product warranties	(2,858)	24,425
Provision of allowance for doubtful accounts	53,643	(19,072)
Legal welfare expenses	107,715	122,081
Depreciation	14,804	14,871
Rent expenses	23,147	28,893
Research and development expenses	116,873	112,813
Other	239,048	287,949
Total selling, general and administrative expenses	1,760,350	1,995,924
Operating profit	435,708	1,414,782
Non-operating income		
Interest income	1,236	417
Dividend income	138,689	168,052
Other	16,848	15,696
Total non-operating income	156,774	184,165

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Non-operating expenses		
Interest expenses	2,054	2,281
Interest on bonds	300	300
Share issuance costs	–	12,574
Foreign exchange losses	3,709	11,991
Foreign withholding tax		9,116
Other	796	253
Total non-operating expenses	6,861	36,518
Ordinary profit	585,621	1,562,429
Extraordinary losses		
Loss on retirement of software	7,200	–
Total extraordinary losses	7,200	–
Profit before income taxes	578,421	1,562,429
Income taxes - current	176,741	456,905
Income taxes - deferred	(3,638)	(30,944)
Total income taxes	173,103	425,960
Profit	405,318	1,136,469

Non-consolidated statements of changes in equity

Fiscal year ended December 31, 2019

(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	1,517,053	1,524,463	–	1,524,463	132,600	303,000	6,412,869
Changes during period							
Issuance of new shares - exercise of share acquisition rights	876	875		875			
Dividends of surplus							(178,816)
Profit							405,318
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	876	875	–	875	–	–	226,501
Balance at end of period	1,517,929	1,525,338	0	1,525,338	132,600	303,000	6,639,370

	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	6,848,469	(101,790)	9,788,194	11,836	11,836	57,356	9,857,387
Changes during period							
Issuance of new shares - exercise of share acquisition rights			1,751				1,751
Dividends of surplus	(178,816)		(178,816)				(178,816)
Profit	405,318		405,318				405,318
Purchase of treasury shares		(32)	(32)				(32)
Net changes in items other than shareholders' equity				6,706	6,706	19,833	26,539
Total changes during period	226,501	(32)	228,219	6,706	6,706	19,833	254,759
Balance at end of period	7,074,970	(101,823)	10,016,414	18,542	18,542	77,190	10,112,147

Fiscal year ended December 31, 2020

(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	1,517,929	1,525,338	0	1,525,338	132,600	303,000	6,639,370
Changes during period							
Issuance of new shares - exercise of share acquisition rights	538,990	538,939		538,939			
Dividends of surplus							(196,741)
Profit							1,136,469
Disposal of treasury shares			33,973	33,973			
Net changes in items other than shareholders' equity							
Total changes during period	538,990	538,939	33,973	572,913	0	0	939,727
Balance at end of period	2,056,919	2,064,277	33,973	2,098,251	132,600	303,000	7,579,097

	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	7,074,970	(101,823)	10,016,414	18,542	18,542	77,190	10,112,147
Changes during period							
Issuance of new shares - exercise of share acquisition rights			1,077,929				1,077,929
Dividends of surplus	(196,741)		(196,741)				(196,741)
Profit	1,136,469		1,136,469				1,136,469
Disposal of treasury shares		51,982	85,955				85,955
Net changes in items other than shareholders' equity				(8,089)	(8,089)	(43,130)	(51,219)
Total changes during period	939,727	51,982	2,103,612	(8,089)	(8,089)	(43,130)	2,052,393
Balance at end of period	8,014,697	(49,841)	12,120,026	10,453	10,453	34,060	12,164,540

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	578,421	1,562,429
Depreciation	118,023	109,653
Increase (decrease) in allowance for doubtful accounts	50,638	(19,072)
Increase (decrease) in provision for bonuses	1,997	21,049
Increase (decrease) in provision for retirement benefits	(29,842)	(31,440)
Increase (decrease) in provision for loss on order received	9,035	(5,818)
Interest and dividend income	(139,925)	(168,469)
Interest expenses on borrowings and bonds	2,354	2,581
Foreign exchange losses (gains)	3,193	10,984
Decrease (increase) in trade receivables	518,786	(1,715,722)
Decrease (increase) in inventories	48,268	(586,693)
Increase (decrease) in trade payables	(549,244)	1,457,598
Increase (decrease) in accounts payable - other	129,658	(27,057)
Increase (decrease) in accrued expenses	(5,187)	86,577
Increase (decrease) in advances received	21,464	141,688
Other, net	(11,756)	101,993
Subtotal	745,886	940,282
Interest and dividends received	139,925	168,501
Interest paid	(2,326)	(2,568)
Income taxes paid	(109,673)	(191,878)
Net cash provided by (used in) operating activities	773,812	914,336
Cash flows from investing activities		
Payments into time deposits	(671,199)	(671,255)
Proceeds from withdrawal of time deposits	671,146	671,203
Purchase of investment securities	(14,085)	–
Purchase of property, plant and equipment	(336,332)	(643,137)
Purchase of intangible assets	(52,185)	(63,138)
Payments for investments in capital of subsidiaries and associates	–	(58,789)
Other, net	18	3,230
Net cash provided by (used in) investing activities	(402,639)	(761,886)
Cash flows from financing activities		
Proceeds from short-term borrowings	400,000	400,000
Repayments of short-term borrowings	(400,000)	(400,000)
Proceeds from long-term borrowings	–	170,000
Repayments of long-term borrowings	(41,412)	(57,894)
Dividends paid	(179,169)	(196,672)
Proceeds from issuance of shares	1,751	1,032,759
Proceeds from disposal of treasury shares	–	64,780
Other, net	(12,558)	(8,255)
Net cash provided by (used in) financing activities	(231,388)	1,004,717
Effect of exchange rate change on cash and cash equivalents	(3,266)	(10,516)
Net increase (decrease) in cash and cash equivalents	136,517	1,146,651
Cash and cash equivalents at beginning of period	4,611,581	4,748,099
Cash and cash equivalents at end of period	4,748,099	5,894,750