

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended December 31, 2023 (Based on Japanese GAAP)

February 14, 2024

Company name: AIRTECH JAPAN,LTD.
 Stock exchange listing: Tokyo
 Stock code: 6291 URL <https://www.airtech.co.jp>
 Representative: President Shinya Hirasawa
 Inquiries: Director, Administration Department Naoki Watanabe TEL 03(3872)9192
 Scheduled date of ordinary general meeting of shareholders: March 28, 2024
 Scheduled date to file Securities Report: March 28, 2024
 Scheduled date to commence dividend payments: March 29, 2024
 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, 2023 (from January 1, 2023 to December 31, 2023)

(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, 2023	13,646	3.6	707	(36.0)	1,010	(27.7)	731	(28.0)
Year ended December 31, 2022	13,172	(7.8)	1,105	(44.5)	1,396	(36.4)	1,017	(35.8)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2023	70.85	70.76	5.2	5.1	5.2
Year ended December 31, 2022	99.08	98.92	7.4	7.0	8.4

(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, 2023	19,589	14,107	72.0	1,360.01
As of December 31, 2022	19,976	13,926	69.6	1,350.02

(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, 2023	454	(774)	(675)	4,692
Year ended December 31, 2022	228	(915)	(866)	5,673

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, 2022	–	0.00	–	60.00	60.00	624	60.7	4.5
Year ended December 31, 2023	–	0.00	–	60.00	60.00	626	86.0	4.4
Year ending December 31, 2024 (Forecast)	–	0.00	–	50.00	50.00		65.6	

3. Forecast of non-consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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	13,500	(1.1)	900	27.3	1,100	8.9	800	9.3	76.27

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, 2023	10,508,450 shares	As of December 31, 2022	10,478,710 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	142,295 shares	As of December 31, 2022	180,247 shares
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Average number of shares during the period

Year ended December 31, 2023	10,329,984 shares	Year ended December 31, 2022	10,264,607 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	6,365,019	5,388,660
Notes receivable - trade	1,018,837	726,912
Electronically recorded monetary claims - operating	1,442,664	1,360,882
Accounts receivable - trade	2,019,544	2,248,443
Contract assets	1,330,097	1,246,200
Securities	586	651
Merchandise and finished goods	1,179,158	1,324,225
Work in process	673,923	568,747
Raw materials and supplies	640,807	851,361
Prepaid expenses	31,762	28,081
Other	43,538	12,644
Allowance for doubtful accounts	(122)	(1,838)
Total current assets	14,745,817	13,754,972
Non-current assets		
Property, plant and equipment		
Buildings	3,313,123	3,353,516
Accumulated depreciation	(1,513,476)	(1,599,642)
Buildings, net	1,799,646	1,753,874
Structures	182,884	182,884
Accumulated depreciation	(76,084)	(87,529)
Structures, net	106,800	95,354
Machinery and equipment	456,991	590,086
Accumulated depreciation	(284,390)	(293,038)
Machinery and equipment, net	172,600	297,048
Vehicles	11,293	12,724
Accumulated depreciation	(7,247)	(9,118)
Vehicles, net	4,045	3,606
Tools, furniture and fixtures	412,177	440,812
Accumulated depreciation	(369,223)	(389,113)
Tools, furniture and fixtures, net	42,953	51,698
Land	2,226,684	2,507,950
Construction in progress	10,799	94,325
Total property, plant and equipment	4,363,531	4,803,857
Intangible assets		
Software	62,148	40,329
Other	3,776	3,739
Total intangible assets	65,925	44,069

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Investments and other assets		
Investment securities	301,683	510,674
Investments in capital of subsidiaries and associates	134,741	134,741
Distressed receivables	117	117
Long-term prepaid expenses	13,906	12,655
Deferred tax assets	303,566	288,226
Other	47,231	40,192
Allowance for doubtful accounts	(117)	(117)
Total investments and other assets	801,130	986,489
Total non-current assets	5,230,586	5,834,416
Total assets	19,976,404	19,589,389
Liabilities		
Current liabilities		
Notes payable - trade	586,525	370,567
Electronically recorded obligations - operating	2,465,637	2,437,507
Accounts payable - trade	439,226	457,661
Short-term borrowings	280,000	280,000
Current portion of long-term borrowings	69,790	54,264
Lease liabilities	2,555	2,555
Accounts payable - other	496,218	430,352
Accrued expenses	267,992	270,889
Income taxes payable	125,064	97,000
Advances received	115,119	39,768
Deposits received	94,649	98,203
Provision for bonuses	111,697	105,371
Provision for loss on orders received	7,067	21,508
Provision for product warranties	13,148	17,184
Other	8,450	8,315
Total current liabilities	5,083,142	4,691,151
Non-current liabilities		
Long-term borrowings	304,575	203,551
Lease liabilities	3,911	1,355
Provision for retirement benefits	614,031	561,409
Provision for loss on guarantees	16,176	–
Asset retirement obligations	16,028	16,264
Other	11,940	7,960
Total non-current liabilities	966,662	790,541
Total liabilities	6,049,805	5,481,692

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	2,099,181	2,116,233
Capital surplus		
Legal capital surplus	2,106,530	2,123,572
Other capital surplus	38,704	40,854
Total capital surplus	2,145,235	2,164,427
Retained earnings		
Legal retained earnings	132,600	132,600
Other retained earnings		
General reserve	303,000	303,000
Retained earnings brought forward	9,399,789	9,506,895
Total retained earnings	9,835,389	9,942,495
Treasury shares	(185,261)	(138,116)
Total shareholders' equity	13,894,544	14,085,040
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,552	13,067
Total valuation and translation adjustments	8,552	13,067
Share acquisition rights	23,501	9,589
Total net assets	13,926,598	14,107,697
Total liabilities and net assets	19,976,404	19,589,389

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales		
Net sales of finished goods	12,929,888	13,360,832
Net sales of goods	242,643	285,815
Total net sales	13,172,532	13,646,648
Cost of sales		
Beginning finished goods inventory	1,238,796	1,168,901
Beginning merchandise inventory	12,537	10,257
Cost of products manufactured	9,675,612	10,450,663
Cost of purchased goods	191,078	234,892
Total	11,118,026	11,864,715
Ending finished goods inventory	1,168,901	1,308,614
Ending merchandise inventory	10,257	15,611
Total cost of sales	9,938,867	10,540,489
Reversal For Loss On Order	9,046	7,067
Provision For Loss On Order	7,067	21,508
Gross profit	3,235,644	3,091,717
Selling, general and administrative expenses		
Freight Charge	501,150	473,216
Travel and transportation expenses	73,457	74,807
Remuneration for directors (and other officers)	86,413	89,926
Salaries and allowances	546,378	556,374
Bonuses	153,266	147,354
Provision for bonuses	29,792	27,922
Retirement benefit expenses	29,211	33,279
Provision for product warranties	4,065	4,036
Provision of allowance for doubtful accounts	(15,912)	1,890
Legal welfare expenses	118,607	119,836
Depreciation	31,478	31,045
Rent expenses	38,628	50,119
Research and development expenses	133,297	232,168
Other	400,527	542,526
Total selling, general and administrative expenses	2,130,361	2,384,505
Operating profit	1,105,282	707,211
Non-operating income		
Interest income	524	2,223
Dividend income	265,457	245,642
Foreign exchange gains	32,749	15,601
Other	37,737	52,877
Total non-operating income	336,468	316,345

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Non-operating expenses		
Interest expenses	1,962	1,594
Interest expenses on bonds	75	–
Sales discounts	1,428	1,884
Provision for loss on guarantees	16,176	–
Foreign withholding tax	17,568	8,549
Bad debt expenses	4,600	–
Other	3,277	1,219
Total non-operating expenses	45,088	13,247
Ordinary profit	1,396,661	1,010,309
Extraordinary income		
Gain on reversal of share acquisition rights	2,765	8,309
Total extraordinary income	2,765	8,309
Profit before income taxes	1,399,427	1,018,619
Income taxes - current	404,723	273,429
Income taxes - deferred	(22,349)	13,347
Total income taxes	382,373	286,777
Profit	1,017,053	731,841

Non-consolidated statements of changes in equity

Fiscal year ended December 31, 2022

(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	2,084,215	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

Fiscal year ended December 31, 2023

(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	2,099,181	2,106,530	38,704	2,145,235	132,600	303,000	9,399,789
Changes during period							
Issuance of new shares - exercise of share acquisition rights	9,344	9,334		9,334			
Issuance of new shares- Restricted Stock	7,708	7,708		7,708			
Dividends of surplus							(624,735)
Profit							731,841
Disposal of treasury shares			2,150	2,150			
Net changes in items other than shareholders' equity							
Total changes during period	17,052	17,042	2,150	19,192	–	–	107,106
Balance at end of period	2,116,233	2,123,572	40,854	2,164,427	132,600	303,000	9,506,895

	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	9,835,389	(185,261)	13,894,544	8,552	8,552	23,501	13,926,598
Changes during period							
Issuance of new shares - exercise of share acquisition rights			18,678				18,678
Issuance of new shares- Restricted Stock			15,416				15,416
Dividends of surplus	(624,735)		(624,735)				(624,735)
Profit	731,841		731,841				731,841
Disposal of treasury shares		47,145	49,295				49,295
Net changes in items other than shareholders' equity				4,515	4,515	(13,911)	(9,396)
Total changes during period	107,106	47,145	190,495	4,515	4,515	(13,911)	181,098
Balance at end of period	9,942,495	(138,116)	14,085,040	13,067	13,067	9,589	14,107,697

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,399,427	1,018,619
Depreciation	157,385	189,097
Increase (decrease) in allowance for doubtful accounts	(15,912)	1,715
Increase (decrease) in provision for bonuses	(3,752)	(6,326)
Increase (decrease) in provision for retirement benefits	(45,391)	(52,621)
Increase (decrease) in provision for loss on orders received	(1,979)	14,441
Increase (decrease) in provision for product warranties	4,065	4,036
Increase (decrease) in provision for loss on guarantees	16,176	(16,176)
Interest and dividend income	(265,981)	(247,866)
Interest expenses on borrowings and bonds	2,037	1,594
Foreign exchange losses (gains)	(30,363)	(20,045)
Decrease (increase) in accounts receivable - trade, and contract assets	(432,734)	228,704
Decrease (increase) in inventories	(203,286)	(250,445)
Increase (decrease) in trade payables	177,578	(225,651)
Increase (decrease) in accounts payable - other	2,700	(83,600)
Increase (decrease) in accrued expenses	(7,449)	2,912
Increase (decrease) in advances received	(62,421)	(75,351)
Other, net	(32,408)	28,270
Subtotal	657,688	511,307
Interest and dividends received	265,850	247,480
Interest paid	(2,045)	(1,598)
Income taxes paid	(693,472)	(302,951)
Net cash provided by (used in) operating activities	228,020	454,237
Cash flows from investing activities		
Payments into time deposits	(741,050)	(742,435)
Proceeds from withdrawal of time deposits	671,275	742,417
Purchase of investment securities	(203,600)	(203,093)
Purchase of property, plant and equipment	(629,674)	(571,264)
Purchase of intangible assets	(7,403)	(2,226)
Other, net	(4,790)	1,840
Net cash provided by (used in) investing activities	(915,244)	(774,762)
Cash flows from financing activities		
Proceeds from short-term borrowings	370,000	370,000
Repayments of short-term borrowings	(370,000)	(370,000)
Repayments of long-term borrowings	(110,676)	(116,550)
Redemption of bonds	(100,000)	–
Dividends paid	(518,015)	(616,597)
Proceeds from issuance of shares	6,066	14,416
Purchase of treasury shares	(186,612)	–
Proceeds from disposal of treasury shares	45,341	45,453
Other, net	(2,913)	(2,555)
Net cash provided by (used in) financing activities	(866,810)	(675,833)
Effect of exchange rate change on cash and cash equivalents	37,603	15,488
Net increase (decrease) in cash and cash equivalents	(1,516,431)	(980,870)
Cash and cash equivalents at beginning of period	7,189,917	5,673,486
Cash and cash equivalents at end of period	5,673,486	4,692,616