

February 9, 2022

## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending September 30, 2022 <under Japanese GAAP>

Company name: ABIST Co., Ltd. Listing: Tokyo Stock Exchange  
 Stock code: 6087 URL: <https://www.abist.co.jp>  
 Representative: Katsuhiro Shin, President  
 Inquiries: Akira Shin, Representative Managing Director Phone: +81-422-26-5960  
 Scheduled date to submit Quarterly Securities Report: February 9, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: None

(Rounded down to the nearest million yen)

### 1. Consolidated Performance for the First Three Months of the Fiscal Year Ending September 30, 2022 (from October 1, 2021 to December 31, 2021)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three months ended December 31, 2021	2,360	1.8	233	0.3	275	(3.1)	177	(11.2)
December 31, 2020	2,319	(0.7)	232	(19.3)	284	(4.7)	200	8.8

Note: Comprehensive income For the first three months ended December 31, 2021: 183 million yen [-12.5%]  
 For the first three months ended December 31, 2020: 209 million yen [2.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three months ended December 31, 2021	44.71	–
December 31, 2020	50.34	–

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2021	7,924	5,919	74.7
September 30, 2021	8,410	6,141	73.0

Reference: Equity As of December 31, 2021: 5,919 million yen  
 As of September 30, 2021: 6,141 million yen

### 2. Cash Dividends

	Annual cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2021	–	0.00	–	102.00	102.00
Fiscal year ending September 30, 2022	–				
Fiscal year ending September 30, 2022 (Forecast)		0.00	–	102.00	102.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	4,670	3.4	250	(17.4)	280	(26.9)	160	(34.8)	40.20
Full year	9,670	7.2	640	45.6	670	8.4	460	(31.3)	115.59

Note: Revisions to the earnings forecasts most recently announced: None

\* Notes

- (1) Significant changes to subsidiaries during the period  
(changes in specified subsidiaries accompanying changes in the scope of consolidation): None  
New: – Exclusion: –
- (2) Application of special accounting in preparing consolidated quarterly financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- |  |      |
|--|------|
| (a) Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes  |
| (b) Changes in accounting principles other than (a):   | None |
| (c) Changes in accounting estimates:   | None |
| (d) Restatement of prior period financial statements after error corrections:                      | None |
- (4) Number of issued shares (common shares)
- |   |                  |
|---|------------------|
| (a) Total number of issued shares at the end of the period (including treasury shares)                        |                  |
| As of December 31, 2021   | 3,980,000 shares |
| As of September 30, 2021  | 3,980,000 shares |
| (b) Number of treasury shares at end of period:   |                  |
| As of December 31, 2021   | 344 shares       |
| As of September 30, 2021  | 344 shares       |
| (c) Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) |                  |
| First three months ended December 31, 2021  | 3,979,656 shares |
| First three months ended December 31, 2020  | 3,979,694 shares |

\* Quarterly results are not subject to quarterly review by a certified public accountant or the auditing firm.

\* Cautionary statement regarding forecasts of operating results and special notes  
(Caution regarding forward-looking statements, etc.)

Financial results forecasts and other forward-looking statements contained in this material are based on information available to the Company and certain assumptions that are deemed to be reasonable. Therefore, actual results may differ significantly from these forward-looking statements due to various factors. For more information about these assumptions and other conditions that form the basis of these forecasts, please see page 3 of the Attached Materials of the Consolidated Financial Results, “1. Qualitative Information for Financial Results for the First Three Months, (3) Explanation regarding consolidated earnings forecasts and other forward-looking statements.”

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## 1. Qualitative Information for Financial Results for the First Three Months

### (1) Explanation regarding operating results

During the first three months of the fiscal year ending September 30, 2022, the world economy achieved only a weak recovery as the number of COVID-19 variant cases increased. Rampant inflation struck a wider range of regions than expected, caused by rising energy prices and supply disruptions. With monetary policy being kept tight to reduce inflationary pressure, healthcare and social spending need to be prioritized, and international cooperation is required to work on debt restructuring in stages as necessary while maintaining access to liquidity. Any new COVID-19 variants are at risk of prolonging the pandemic, which in turn may trigger new economic turmoil. This risk needs to be monitored closely.

The Japanese economy was expected to recover in the first three months, reflecting a gradual improvement in the difficult situation due to COVID-19, economic and social activities supported by thorough infection control, the effects of policy measures, and improvements in overseas economies. However, it is still impossible to predict when the COVID-19 pandemic will end given the emergence of new COVID-19 variants. The economic remains uncertain. We need to pay careful attention to the effects of COVID-19, supply restrictions, and downside risks related to trends in raw materials prices. We also need to closely monitor the effects of changes in financial markets.

In the automobile industry and auto parts industry, where the Abist Group operates its main business, there are production adjustments due to semiconductor shortages, but research and development are expected to accelerate to develop next-generation technologies worldwide. The Design and Development Outsourcing business, the main business of the Company, is in the upstream process in manufacturing, and the suspension of plant operations and production cuts at automakers are not likely to have significant direct effects, for instance in the form of contract cancellations, on the Group. Nevertheless, it will take time for effort hours to recover to the pre-pandemic level. Any prolongation or worsening of the COVID-19 pandemic could affect results at the Group. We thus need to continue to closely monitor trends in the auto and auto parts industries.

In this business environment, the Company actively promoted business, focusing on expanding its core business, the Design and Development Outsourcing business. The Group consequently posted in the first three months under review consolidated net sales of 2,360 million yen (up 1.8% year on year), an operating profit of 233 million yen (up 0.3%), and an ordinary profit of 275 million yen (down 3.1%). Profit attributable to owners of parent came to 177 million yen (down 11.2% year on year).

The results in each segment are as follows.

#### (a) Design and Development Outsourcing business

In this segment, net sales stood at 2,270 million yen (up 2.0% year on year), and segment profit (operating profit) came to 448 million yen (up 3.9%). The segment profit (operating profit) margin was 19.8%. The major contributing factors for the higher sales and profit were an increase in order volume primarily under contracts for work and a high engineer (including young engineer) utilization rate.

#### (b) 3D Printing business

In this segment, the Group proactively made proposals, including those related to DfAM (design for 3D printing). Meanwhile, the Group reviewed fixed costs and other expenses. These initiatives resulted in an increase in net sales to 28 million yen (up 14.0% year on year), but the Group posted a segment loss (operating loss) of 3 million yen (as compared to a segment loss (operating loss) of 10 million yen in the same period of the previous fiscal year).

#### (c) Beauty and Health Products Manufacture and Sale business

In this segment, a fall in sales of beauty products through TV shopping programs was offset by orders for OEM products. Personnel expenses rose, reflecting large-scale OEM manufacturing. The resulting net sales were 46 million yen (up 1.9% year on year). The segment loss (operating loss) was 38 million yen (as compared to a segment loss (operating loss) of 13 million yen in the same period of the previous fiscal year).

#### (d) Real Estate Leasing business

In this segment, net sales stood at 14 million yen (down 37.6% year on year), reflecting the effect of the sale of income producing properties in the second quarter in the previous fiscal year. Segment profit (operating profit) came to 5 million yen (up 179.0%). The segment profit (operating profit) margin was 40.8%.

(2) Explanation regarding financial position

Total assets at the end of the first quarter under review stood at 7,924 million yen, down 485 million yen from the end of the previous consolidated fiscal year. This is attributable mainly to a decrease in cash and deposits due to dividends paid.

Total liabilities stood at 2,005 million yen, a decrease of 263 million yen from the end of the previous consolidated fiscal year. This is chiefly due to a decrease in provision for bonuses.

Net assets fell 222 million yen from the end of the previous consolidated fiscal year, to 5,919 million yen chiefly due to dividends paid.

(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements

No change has been made to the forecasts for financial results announced on November 10, 2021. If any revision to the financial forecasts becomes necessary in the future, the Company will promptly disclose it.

## 2. Consolidated Financial Statements and Primary Notes

### (1) Consolidated quarterly balance sheets

(Thousand yen)

	As of September 30, 2021	As of December 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,590,970	3,278,164
Accounts receivable – trade	1,334,259	1,322,141
Work in process	46,776	79,896
Raw materials	41,247	24,447
Other	175,140	145,026
<b>Total current assets</b>	<b>5,188,393</b>	<b>4,849,676</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,077,359	1,067,434
Land	1,044,527	1,044,527
Other, net	141,642	128,616
<b>Total property, plant and equipment</b>	<b>2,263,529</b>	<b>2,240,578</b>
Intangible assets	258,231	238,835
Investments and other assets	700,183	595,496
<b>Total non-current assets</b>	<b>3,221,944</b>	<b>3,074,910</b>
<b>Total assets</b>	<b>8,410,338</b>	<b>7,924,586</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term borrowings	50,000	50,000
Accounts payable - other	631,117	694,416
Income taxes payable	216,520	16,924
Provision for bonuses	363,086	–
Other	182,913	398,649
<b>Total current liabilities</b>	<b>1,443,637</b>	<b>1,159,990</b>
<b>Non-current liabilities</b>		
Provision for retirement benefits for directors (and other officers)	246,320	254,621
Retirement benefit liability	509,758	522,359
Other	68,957	68,567
<b>Total non-current liabilities</b>	<b>825,036</b>	<b>845,547</b>
<b>Total liabilities</b>	<b>2,268,673</b>	<b>2,005,538</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,026,650	1,026,650
Capital surplus	1,016,650	1,016,650
Retained earnings	4,142,169	3,914,173
Treasury shares	(1,081)	(1,081)
<b>Total shareholders' equity</b>	<b>6,184,387</b>	<b>5,956,392</b>
<b>Accumulated other comprehensive income</b>		
Remeasurements of defined benefit plans	(42,722)	(37,344)
<b>Total accumulated other comprehensive income</b>	<b>(42,722)</b>	<b>(37,344)</b>
<b>Total net assets</b>	<b>6,141,665</b>	<b>5,919,047</b>
<b>Total liabilities and net assets</b>	<b>8,410,338</b>	<b>7,924,586</b>

## (2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income

## Consolidated quarterly statements of income

First three-month period

(Thousand yen)

	First three months ended December 31, 2020	First three months ended December 31, 2021
Net sales	2,319,198	2,360,031
Cost of sales	1,728,211	1,738,637
Gross profit	590,986	621,394
Selling, general and administrative expenses	358,141	387,747
Operating profit	232,844	233,647
Non-operating income		
Commission income	175	157
Subsidy income	51,862	42,121
Other	40	103
Total non-operating income	52,078	42,382
Non-operating expenses		
Interest expenses	46	77
Total non-operating expenses	46	77
Ordinary profit	284,876	275,952
Profit before income taxes	284,876	275,952
Income taxes - current	4,627	4,088
Income taxes - deferred	79,923	93,934
Total income taxes	84,550	98,023
Profit	200,325	177,928
Profit attributable to owners of parent	200,325	177,928

Consolidated quarterly statements of comprehensive income  
 First three-month period

(Thousand yen)

	First three months ended December 31, 2020	First three months ended December 31, 2021
Profit	200,325	177,928
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	9,069	5,378
Total other comprehensive income	9,069	5,378
Comprehensive income	209,395	183,307
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	209,395	183,307
Comprehensive income attributable to non-controlling interests	—	—



(3) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of material changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the first three months of the fiscal year under review and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. The Company applies the Accounting Standard for Revenue Recognition, etc. pursuant to the transitional treatment provided for in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. This has no impact on the beginning balance of retained earnings.

The application of the Accounting Standard for Revenue Recognition, etc. has no impact on profit and loss in the first three months of the fiscal year under review, either.

In accordance with the transitional treatment stipulated in Article 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, issued March 31, 2020), a breakdown of revenue from contracts with customers for the first three months ended December 31, 2020 is omitted.

(Application of accounting standard for fair value measurement, etc.)

The Company applies "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019), etc. from the beginning of the first three months of the consolidated fiscal year under review. In accordance with the transitional treatment set forth in Article 19 of Accounting Standard for Fair Value Measurement and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Group has applied prospectively a new accounting policy prescribed by Accounting Standard for Fair Value Measurement, etc.

The application of the Accounting Standard for Fair Value Measurement has no impact on the quarterly consolidated financial statements for the first three months under review.

(Notes to consolidated balance sheets)

Contingent liabilities

Nonconforming products may be included in the products delivered by consolidated subsidiaries, and expenses to deal with nonconformances may be incurred. However, it is difficult to reasonably estimate the amounts of expenses, and thus no effects of possible nonconformances are reflected in the quarterly consolidated financial statements.

(Segment information)

[Segment information]

I. First three months ended December 31, 2020

1. Information regarding amounts of net sales and profit/loss by reportable segment

(Thousand yen)

	Reportable segments				Total	Adjustment (Note)	Amount recorded in the consolidated quarterly statement of income
	Design and Development Outsourcing business	3D Printing business	Beauty and Health Products Manufacture and Sale business	Real Estate Leasing business			
Net sales							
Sales to outside customers	2,225,599	25,143	45,122	23,332	2,319,198	–	2,319,198
Inter-segment sales and transfers	–	–	31	–	31	(31)	–
Total	2,225,599	25,143	45,153	23,332	2,319,229	(31)	2,319,198
Segment profit (loss)	432,007	(10,591)	(13,747)	2,129	409,797	(176,952)	232,844

(Note) The adjustment consists of the following items.

The adjustment to segment profit (loss), (176,952 thousand yen), is corporate costs that are not allocated to any of the reportable segments.

II. First three months ended December 31, 2021

1. Information regarding amounts of net sales and profit/loss by reportable segment

(Thousand yen)

	Reportable segments				Total	Adjustments (Notes)	Amount recorded in the consolidated quarterly statement of income
	Design and Development Outsourcing business	3D Printing business	Beauty and Health Products Manufacture and Sale business	Real Estate Leasing business			
Net sales							
Sales to outside customers	2,270,811	28,673	45,983	14,563	2,360,031	–	2,360,031
Inter-segment sales and transfers	–	–	44	–	44	(44)	–
Total	2,270,811	28,673	46,028	14,563	2,360,076	(44)	2,360,031
Segment profit (loss)	448,658	(3,023)	(38,877)	5,941	412,699	(179,052)	233,647

(Note) The adjustment consists of the following items.

The adjustment to segment profit (loss), (179,052 thousand yen), is corporate costs that are not allocated to any of the reportable segments.

2. Matters concerning the change in reportable segments, etc.

As stated in Changes in Accounting Policies, the Company began applying the Revenue Recognition Accounting Standard, etc., and changed the method of accounting in connection with revenue recognition from the first three months of the fiscal year under review. Accordingly, the Company changed the method of calculating profits and losses for its business segments. The change does not have any effects on net sales or profit or loss in each reportable segment in the first three months under review.

(Matters concerning revenue recognition)

Information on the breakdown of revenue from contracts with customers

First three months ended December 31, 2021

(Thousand yen)

	Reportable segments				Total
	Design and Development Outsourcing business	3D Printing business	Beauty and Health Products Manufacture and Sale business	Real Estate Leasing business	
Contract for work	1,386,390	–	–	–	1,386,390
Dispatch contract	871,225	–	–	–	871,225
Others	13,195	28,673	45,983	–	87,851
Revenue from contracts with customers	2,270,811	28,673	45,983	–	2,345,467
Other revenue	–	–	–	14,563	14,563
Sales to outside customers	2,270,811	28,673	45,983	14,563	2,360,031

(Note) Other revenue includes lease revenue under the Accounting Standard for Lease Transactions (ASBJ Statement No.13, March 30, 2007).