

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

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 Scheduled date to submit Quarterly Securities Report: August 10, 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 Nine Months of the Fiscal Year Ending September 30, 2022 (from October 1, 2021 to June 30, 2022)

#### (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 nine months ended June 30, 2022	6,963	4.1	532	57.7	608	35.1	250	(54.2)
June 30, 2021	6,688	(3.8)	337	(50.9)	450	(31.7)	546	28.1

Note: Comprehensive income For the first nine months ended June 30, 2022: 266 million yen [-53.6%]  
 For the first nine months ended June 30, 2021: 574 million yen [18.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First nine months ended June 30, 2022	62.90	–
June 30, 2021	137.40	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2022	8,020	6,002	74.8
September 30, 2021	8,410	6,141	73.0

Reference: Equity As of June 30, 2022: 6,002 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	–	0.00	–		
Fiscal year ending September 30, 2022 (Forecast)				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
Full year	9,670	7.2	710	61.6	800	29.5	410	(38.8)	103.02

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 June 30, 2022   | 3,980,000 shares |
| As of September 30, 2021  | 3,980,000 shares |
| (b) Number of treasury shares at the end of the period  |                  |
| As of June 30, 2022   | 377 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 nine months ended March 31, 2022  | 3,979,636 shares |
| First nine months ended March 31, 2021  | 3,979,669 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 Nine 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 Nine Months

### (1) Explanation regarding operating results

During the first nine months of the fiscal year ending September 30, 2022, there was heightened uncertainty regarding the future of the global economy, due to rising inflation pressures and supply restrictions due to the impact of the prolonged war in Ukraine, the restrained economic activities in China, in addition to supply chain risks such as the shortages of semiconductors and the rising prices of energy and raw materials. Regarding COVID-19, we should continue to keep an eye on its impact and related trends.

In Japan, it is expected that the economy will recover thanks to efforts to normalize economic and social activity and a range of government policies, while every possible measure are taken to prevent infection. However, we need to pay careful attention to the downside risks such as the fluctuation of the financial and capital markets amid a situation in which monetary tightening measures are being implemented globally, rising raw materials prices, and restricted supply. Additionally, considering the new wave of COVID-19 infections in July, we will continue to pay close attention to trends related to the pandemic.

In the automobile industry and auto parts industry, where the Abist Group operates its main business, there are production adjustments due to the tight supply of parts, including semiconductors, but the global trend towards decarbonization is continuing, and research and development are expected to accelerate to develop next-generation technologies. Since the design and development outsourcing business, the main business of the Company, are upstream manufacturing processes, the direct influences, such as contract cancelation, etc. caused by automakers' suspension of plant operations or production cut are considered to be limited. Nevertheless, the greater fluctuation of the financial and capital markets, the increase of raw materials prices and the worsening of the COVID-19 pandemic could negatively impact the Group's results. Thus, we must continue to closely monitor trends in the industry.

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 nine months under review consolidated net sales of 6,963 million yen (up 4.1% year on year), an operating profit of 532 million yen (up 57.7%), and an ordinary profit of 608 million yen (up 35.1%). Profit attributable to owners of parent came to 250 million yen (down 54.2% year on year), reflecting losses related to subsidiaries.

The results in each segment are as follows.

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

In this segment, net sales stood at 6,796 million yen (up 5.4% year on year), and segment profit (operating profit) came to 1,235 million yen (up 29.8%). The segment profit (operating profit) margin was 18.2%. The major contributing factors for the higher sales and profit were an increase in order volume primarily under contracts for work and a higher engineer (including young engineer) utilization rate than planned.

#### (b) 3D Printing business

In this segment, the Group proactively conducted proposal-based sales activities, including those related to DfAM (design for 3D printing). However, it was unable to receive orders from some customers on the expected timeline. Meanwhile, the Group reviewed fixed costs and other expenses. These initiatives resulted in a decrease in net sales to 59 million yen (down 1.8% year on year), but the Group posted a segment loss (operating loss) of 25 million yen (as compared to a segment loss (operating loss) of 57 million yen in the same period of the previous fiscal year).

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

The segment withdrew from the Beauty and Health Products Manufacture and Sale business in the third quarter of the current fiscal year according to the selection and concentration policy, and by doing so, implemented the rebuilding of the earnings structure. In this segment, net sales were 90 million yen (down 41.6% year on year), and the segment loss (operating loss) was 60 million yen (as compared to a segment loss (operating loss) of 21 million yen in the same period of the previous fiscal year), reflecting a decrease in sales due to the effect of a recall of some nonconforming OEM products (jelly drinks) which were discovered in the second quarter and the posting of expenses associated with the implementation of a structural reform including an impairment loss on some types of equipment.

#### (d) Real Estate Leasing business

In this segment, net sales stood at 44 million yen (down 29.2% 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 19 million yen (down 18.7%). The segment profit (operating profit) margin was 42.9%.

(2) Explanation regarding financial position

Total assets at the end of the third quarter under review stood at 8,020 million yen, down 389 million yen from the end of the previous consolidated fiscal year. This chiefly reflected a decrease in property , plant and equipment resulting from the recording of an impairment loss on machinery and equipment at a subsidiary and a decline in deferred tax assets due to the provision for bonuses.

Total liabilities stood at 2,018 million yen, a decrease of 250 million yen from the end of the previous consolidated fiscal year. This mainly reflected a decrease in provision for bonuses due to the payment of bonuses.

Net assets fell 139 million yen from the end of the previous consolidated fiscal year, to 6,002 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 May 11, 2022. 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 June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	3,590,970	3,479,053
Accounts receivable – trade	1,334,259	1,321,596
Work in process	46,776	67,666
Raw materials and supplies	41,247	25,254
Other	175,140	196,945
Total current assets	5,188,393	5,090,517
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,077,359	1,038,183
Land	1,044,527	1,044,527
Other, net	141,642	59,387
Total property, plant and equipment	2,263,529	2,142,098
Intangible assets	258,231	220,018
Investments and other assets	700,183	567,883
Total non-current assets	3,221,944	2,930,001
Total assets	8,410,338	8,020,518
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	50,000	50,000
Accounts payable - other	631,117	682,781
Income taxes payable	216,520	156
Provision for bonuses	363,086	–
Other provisions	–	44,010
Other	182,913	353,406
Total current liabilities	1,443,637	1,130,354
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	246,320	273,062
Retirement benefit liability	509,758	547,562
Other	68,957	67,424
Total non-current liabilities	825,036	888,049
Total liabilities	2,268,673	2,018,403
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,026,650	1,026,650
Capital surplus	1,016,650	1,016,650
Retained earnings	4,142,169	3,986,579
Treasury shares	(1,081)	(1,176)
Total shareholders' equity	6,184,387	6,028,702
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(42,722)	(26,587)
Total accumulated other comprehensive income	(42,722)	(26,587)
Total net assets	6,141,665	6,002,115
Total liabilities and net assets	8,410,338	8,020,518

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income  
Consolidated quarterly statements of income  
First nine-month period

(Thousand yen)

	First nine months ended June 30, 2021	First nine months ended June 30, 2022
Net sales	6,688,660	6,963,620
Cost of sales	5,222,855	5,285,918
Gross profit	1,465,804	1,677,701
Selling, general and administrative expenses	1,128,179	1,145,247
Operating profit	337,625	532,454
Non-operating income		
Commission income	482	459
Subsidy income	112,096	75,452
Other	166	206
Total non-operating income	112,745	76,118
Non-operating expenses		
Interest expenses	170	171
Total non-operating expenses	170	171
Ordinary profit	450,200	608,401
Extraordinary income		
Gain on sale of non-current assets	385,934	–
Total extraordinary income	385,934	–
Extraordinary losses		
Losses related to subsidiaries	–	* 122,027
Total extraordinary losses	–	122,027
Profit before income taxes	836,135	486,374
Income taxes - current	179,478	121,750
Income taxes - deferred	109,850	114,289
Total income taxes	289,329	236,039
Profit	546,806	250,334
Profit attributable to owners of parent	546,806	250,334

Consolidated quarterly statements of comprehensive income  
 First nine-month period

(Thousand yen)

	First nine months ended June 30, 2021	First nine months ended June 30, 2022
Profit	546,806	250,334
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	27,209	16,135
Total other comprehensive income	27,209	16,135
Comprehensive income	574,016	266,469
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	574,016	266,469
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 nine 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 nine months of the previous fiscal year 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 Company 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 nine months under review.

(Matters concerning consolidated quarterly statements of income)

\* Losses related to subsidiaries

First nine months ended June 30, 2021

Not applicable.

First nine months ended June 30, 2022

The losses related to subsidiaries are chiefly expenses for a recall of some nonconforming products delivered by consolidated subsidiaries and losses related to assets that are expected to become idle assets. They consist of expenses for a recall of 48,573 thousand yen, impairment losses on non-current assets of 54,880 thousand yen, and other losses of 18,573 thousand yen.

A breakdown of the impairment losses on assets expected to become idle assets is as shown below.

Location	Use	Type	Impairment loss (Thousand yen)
Kikuchi, Kumamoto	Business assets (Beauty and Health Products Manufacture and Sale business)	Buildings and structures	9,075
		Machinery, equipment and vehicles	44,654
		Software	1,150
Total			54,880

Business assets to which impairment accounting is applied are grouped into units where profits and losses are continually determined.

As for idle assets that are not expected to be used, indications of impairment are evaluated for each asset. The book values of those idle assets are reduced to recoverable amounts and the reduced amounts are included in the losses related to subsidiaries. The recoverable amount is measured by value of use, and the value of use is deemed to be zero.

(Segment information)

[Segment information]

I. First nine months ended June 30, 2021

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

(Thousand yen)

	Reportable segments				Total	Adjustment	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	6,447,659	60,085	118,262	62,653	6,688,660	–	6,688,660
Inter-segment sales and transfers	–	–	37,360	–	37,360	(37,360)	–
Total	6,447,659	60,085	155,622	62,653	6,726,021	(37,360)	6,688,660
Segment profit (loss)	951,722	(57,308)	(21,642)	23,396	896,168	(558,542)	337,625

(Note) The adjustment consists of the following items.

The adjustment to segment profit (loss), (558,542 thousand yen), is corporate costs that are not allocated to any of the reportable segments.

II. First nine months ended June 30, 2022

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

(Thousand yen)

	Reportable segments				Total	Adjustment	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	6,796,749	59,012	63,506	44,351	6,963,620	–	6,963,620
Inter-segment sales and transfers	–	–	27,413	–	27,413	(27,413)	–
Total	6,796,749	59,012	90,919	44,351	6,991,033	(27,413)	6,963,620
Segment profit (loss)	1,235,725	(25,502)	(60,073)	19,022	1,169,170	(636,716)	532,454

(Note 1) The adjustment consists of the following items.

The adjustment to segment profit (loss), (636,716 thousand yen), is corporate costs that are not allocated to any of the reportable segments.

(Note 2) In the first nine months of the fiscal year under review, impairment losses of 54,880 thousand yen were posted in the Beauty and Health Products Manufacture and Sales business. For details of the impairment losses, refer to Losses related to subsidiaries in (3) Notes to consolidated financial statements (Matters concerning consolidated quarterly statements of income).

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 nine months under review.

(Matters concerning revenue recognition)

Information on the breakdown of revenue from contracts with customers

First nine months ended June 30, 2022

(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	4,113,220	–	–	–	4,113,220
Dispatch contract	2,644,176	–	–	–	2,644,176
Others	39,352	59,012	63,506	–	161,871
Revenue from contracts with customers	6,796,749	59,012	63,506	–	6,919,268
Other revenue	–	–	–	44,351	44,351
Sales to outside customers	6,796,749	59,012	63,506	44,351	6,963,620

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