

Consolidated Financial Results for the Fiscal Year Ended 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: Akira Shin, President
 Inquiries: Norikazu Maruyama, Executive Director Phone: +81-422-26-5960
 Scheduled date of Annual General Meeting of Shareholders: December 23, 2022
 Scheduled date to commence dividend payments: December 26, 2022
 Scheduled date to submit Securities Report: December 23, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for analysts and institutional investors)

(Rounded down to the nearest million yen)

1. Consolidated Performance for the Fiscal Year Ended September 30, 2022 (from October 1, 2021 to September 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	%
Fiscal year ended September 30, 2022	9,362	3.8	737	67.9	836	35.4	364	(45.6)
September 30, 2021	9,021	(2.6)	439	(47.1)	617	(24.3)	669	379.5

Note: Comprehensive income For the fiscal year ended September 30, 2022: 417 million yen [-46.4%]
 For the fiscal year ended September 30, 2021: 778 million yen [571.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended September 30, 2022	91.48	–	5.9	10.0	7.9
September 30, 2021	168.27	–	11.2	7.5	4.9

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended September 30, 2022: – million yen
 For the fiscal year ended September 30, 2021: – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2022	8,380	6,152	73.4	1,546.05
September 30, 2021	8,410	6,141	73.0	1,543.27

Reference: Equity As of September 30, 2022: 6,152 million yen
 As of September 30, 2021: 6,141 million yen

(3) 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
	Million yen	Million yen	%	Yen
Fiscal year ended September 30, 2022	711	(44)	(406)	3,851
September 30, 2021	315	665	(407)	3,590

2. Cash Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	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	405	60.6	6.8
Fiscal year ended September 30, 2022	–	0.00	–	102.00	102.00	405	111.5	6.6
Fiscal year ending September 30, 2023 (Forecast)	–	0.00	–	102.00	102.00		60.7	

Note: Breakdown of year-end dividends for year ended September 30, 2022

Common dividends of 102.00 yen per share

3. Consolidated Earnings Forecasts for the Fiscal Year Ending September 30, 2023 (from October 1, 2022 to September 30, 2023)
(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 half	4,820	3.2	330	(11.5)	330	(25.7)	270	67.9	67.85
Full year	9,900	5.7	740	0.3	740	(11.6)	610	67.6	153.28

* Notes

- (1) Significant changes to subsidiaries during the period
(changes in specified subsidiaries accompanying changes in the scope of consolidation): None
New: – Exclusion: –
- (2) 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
- (3) Number of issued shares (common shares)
(a) Total number of issued shares at the end of the period (including treasury shares)
As of September 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 September 30, 2022 377 shares
As of September 30, 2021 344 shares
(c) Average number of outstanding shares during the period
Fiscal year ended September 30, 2022 3,979,632 shares
Fiscal year ended September 30, 2021 3,979,665 shares

(Reference) Overview of non-consolidated performance

1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2022
(from October 1, 2021 to September 30, 2022)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit			
	Million yen	%	Million yen	%	Million yen	%	Million yen	%		
Fiscal year ended										
September 30, 2022	9,283	4.8	765	71.5	865	38.4	283	(58.2)		
September 30, 2021	8,860	(2.4)	446	(49.3)	625	(27.7)	678	–		
		Basic earnings per share		Diluted earnings per share						
Fiscal year ended	Yen		Yen		Yen		Yen			
September 30, 2022	71.27		–		–		–			
September 30, 2021	170.37		–		–		–			

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2022	8,359	6,142	73.5	1,543.47
September 30, 2021	8,381	6,264	74.7	1,574.21

Reference: Equity As of September 30, 2022: 6,142 million yen As of September 30, 2021: 6,264 million yen

2. Non-consolidated Business Result Forecasts for the Fiscal Year Ending September 30, 2023

(from October 1, 2022 to September 30, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	4,800	–	310	–	230	–	57.79
Full year	9,800	5.6	770	(11.0)	630	122.1	158.31

* Results are not subject to 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 at the moment 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 a discussion of the assumptions and other factors considered by the Company in preparing projections, please refer to page 3 of the attachments, “1. Overview of Operating Results, etc., (4) Future outlook.”

(Means of access to contents of financial results presentation meeting)

The Company plans to hold a financial results presentation meeting for analysts and institutional investors on Wednesday, November 16, 2022. The presentation material will be posted at the Company’s website immediately after the meeting.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the year under review

During the fiscal year ended September 30, 2022, global economic activity improved while COVID-19 infection control continued. Meanwhile, uncertainty over the economic outlook remained, chiefly because of rising resource prices caused by the prolonged war in Ukraine, hikes in policy interest rates due to accelerating inflation in Europe and the United States, and a slowing economy in China.

In Japan, the pandemic was entering a new stage—living with COVID-19—and the economy was expected to recover thanks partly to a range of government policies. However, a slowdown in overseas economies amid worldwide monetary tightening is at risk of putting downward pressure on the Japanese economy. We need to pay careful attention to the effects of rising prices, restricted supply, and fluctuations in the financial and capital markets.

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 fiscal year under review consolidated net sales of 9,362 million yen (up 3.8% year on year), an operating profit of 737 million yen (up 67.9%), and an ordinary profit of 836 million yen (up 35.4%). Profit attributable to owners of parent was 364 million yen (down 45.6%) due to extraordinary losses, including 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 9,147 million yen (up 5.0% year on year), and segment profit (operating profit) came to 1,673 million yen (up 30.5%). The segment profit (operating profit) margin was 18.3%. Strong sales per person in subcontracted work and the well-planned assignment of young engineers contributed to the increase in sales and profit.

(b) 3D Printing business

In this segment, the Group made progress in DfAM (design for 3D printing), but was unable to receive orders from major customers on the expected timeline. Moreover, price competition occurred. Meanwhile, the Group reviewed fixed costs and other expenses. These initiatives resulted in an increase in net sales to 76 million yen (up 7.1% year on year), but the Group posted a segment loss (operating loss) of 39 million yen (as compared to an operating loss of 86 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 160 million yen (down 31.8% year on year), and the segment loss (operating loss) was 27 million yen (as compared to an operating loss of 6 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 first half 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 59 million yen (down 22.8% year on year), reflecting the effect of the sale of certain income-producing properties in the second quarter in the previous fiscal year. Segment profit (operating profit) came to 24 million yen (down 12.6%). The segment profit (operating profit) margin was 41.6%.

(Note) Net sales in each segment are figures before deducing internal sales.

(2) Overview of financial position in the fiscal year under review

Total assets at the end of the fiscal year under review stood at 8,380 million yen, down 30 million yen from the end of the previous consolidated fiscal year. This is attributable chiefly to a decrease in property, plant and equipment primarily due to an impairment loss on machinery and equipment at a consolidated subsidiary (ABIST H&F Co., Ltd.) and an impairment loss related to the closure of the Ebina office.

Total liabilities stood at 2,227 million yen, a decrease of 41 million yen from the end of the previous consolidated fiscal year. This chiefly reflected a decrease in accounts payable - other.

Net assets totaled 6,152 million yen, an increase of 11 million yen from the end of the previous fiscal year. This is chiefly due to an increase in remeasurements of defined benefit plans.

(3) Overview of cash flows for the year under review

Cash and cash equivalents (hereinafter “cash”) at the end of the consolidated fiscal year under review was 3,851 million yen (3,590 million yen at the end of the previous fiscal year).

The status and major components of each cash flow at the end of consolidated fiscal year under review are shown below.

(a) Cash flows from operating activities

Net cash provided by operating activities stood at 711 million yen (315 million yen at the end of the previous fiscal year). This is principally because of profit before income taxes of 675 million yen, depreciation of 174 million yen, and income taxes paid of 358 million yen.

(b) Cash flows from investing activities

Net cash used in investing activities came to 44 million yen (net cash provided of -665 million yen at the end of the previous fiscal year). This is mainly attributable to purchase of property, plant and equipment of 27 million yen.

(c) Cash flows from financing activities

Net cash used in financing activities was 406 million yen (407 million yen at the end of the previous fiscal year). Looking at its breakdown, a major cash outflow item was dividends paid of 405 million yen.

(4) Future outlook

While the COVID-19 pandemic continues, economic activity is improving. Meanwhile, uncertainties are increasing chiefly due to the prolonged Russia-Ukraine war, the highest inflation rates in several decades, and monetary tightening in most areas. There are signs of a recovery in the Japanese economy due to policy measures, among other factors. However, it is difficult to be optimistic about the economic outlook given increasing import costs due to the rapid weakening of the yen and a slowdown in the global economy.

While monitoring the effects of changes in the external environment, the Company will strive to increase earnings by pursuing a radical change in the engineer training system, which mainly falls under the responsibility of the education management division, and developing digital solutions, taking advantage of synergies involving the Design and Development Outsourcing business, and improving operational efficiency, applying AR technology.

For the consolidated fiscal year ending September 30, 2023, the Group forecasts that it will post net sales of 9,900 million yen, operating profit of 740 million yen, ordinary profit of 740 million yen, and a profit attributable to owners of parent of 610 million yen.

2. Basic Policy for the Selection of Accounting Standards

The Company prepares consolidated financial statements under Japanese GAAP, considering the comparability of consolidated financial statements between different fiscal years and comparability between different companies.

With respect to the adoption of the International Financial Reporting Standards (IFRS) in the future, the Company will take appropriate steps, taking a range of conditions both in Japan and overseas into consideration.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated balance sheet

(Thousand yen)

	As of September 30, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	3,590,970	3,851,982
Accounts receivable – trade	1,334,259	1,345,787
Work in process	46,776	36,903
Raw materials and supplies	41,247	22,299
Other	175,140	156,482
Total current assets	5,188,393	5,413,455
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,309,680	1,309,930
Accumulated depreciation	(220,184)	(260,532)
Accumulated impairment	(12,136)	(38,233)
Buildings and structures, net	1,077,359	1,011,164
Machinery, equipment and vehicles	1,303,675	1,305,281
Accumulated depreciation	(716,599)	(746,624)
Accumulated impairment	(496,763)	(547,889)
Machinery, equipment and vehicles, net	90,312	10,768
Tools, furniture and fixtures	227,903	230,662
Accumulated depreciation	(176,495)	(199,733)
Accumulated impairment	(4,037)	(4,203)
Tools, furniture and fixtures, net	47,369	26,726
Land	1,044,527	1,030,745
Leased assets	5,400	5,400
Accumulated depreciation	(1,440)	(2,520)
Leased assets, net	3,960	2,880
Total property, plant and equipment	2,263,529	2,082,284
Intangible assets		
Other	258,231	199,372
Total intangible assets	258,231	199,372
Investments and other assets		
Investment securities	198,200	198,200
Deferred tax assets	400,703	393,786
Other	101,279	92,919
Total investments and other assets	700,183	684,905
Total non-current assets	3,221,944	2,966,562
Total assets	8,410,338	8,380,017

(Thousand yen)

	As of September 30, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Short-term borrowings	50,000	50,000
Accounts payable - other	631,117	569,479
Income taxes payable	216,520	183,734
Provision for bonuses	363,086	350,008
Provision for shareholder benefit program	–	27,135
Other	182,913	182,747
Total current liabilities	1,443,637	1,363,105
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	246,320	282,282
Retirement benefit liability	509,758	514,809
Other	68,957	67,131
Total non-current liabilities	825,036	864,223
Total liabilities	2,268,673	2,227,328
Net assets		
Shareholders' equity		
Share capital	1,026,650	1,026,650
Capital surplus	1,016,650	1,016,650
Retained earnings	4,142,169	4,100,309
Treasury shares	(1,081)	(1,176)
Total shareholders' equity	6,184,387	6,142,432
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(42,722)	10,257
Total accumulated other comprehensive income	(42,722)	10,257
Total net assets	6,141,665	6,152,689
Total liabilities and net assets	8,410,338	8,380,017

(2) Consolidated statements of income and consolidated statements of comprehensive income
 Consolidated statement of income

(Thousand yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net sales	9,021,960	9,362,736
Cost of sales	7,074,161	7,096,517
Gross profit	1,947,799	2,266,218
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	169,653	193,303
Salaries and allowances	398,560	416,508
Provision for bonuses	31,121	31,371
Retirement benefit expenses	11,468	9,687
Provision for retirement benefits for directors (and other officers)	30,923	35,962
Other	866,608	841,745
Total selling, general and administrative expenses	1,508,335	1,528,577
Operating profit	439,463	737,641
Non-operating income		
Interest income	37	41
Commission income	647	614
Subsidy income	177,900	98,545
Other	149	184
Total non-operating income	178,734	99,386
Non-operating expenses		
Interest expenses	216	215
Total non-operating expenses	216	215
Ordinary profit	617,980	836,813
Extraordinary income		
Gain on sale of non-current assets	385,934	–
Total extraordinary income	385,934	–
Extraordinary losses		
Impairment losses	–	38,016
Losses related to subsidiaries	–	123,214
Total extraordinary losses	–	161,230
Profit before income taxes	1,003,915	675,582
Income taxes - current	349,824	328,624
Income taxes - deferred	(15,562)	(17,106)
Total income taxes	334,262	311,517
Profit	669,653	364,064
Profit attributable to owners of parent	669,653	364,064

Consolidated statement of comprehensive income

(Thousand yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Profit	669,653	364,064
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	108,574	52,979
Total other comprehensive income	108,574	52,979
Comprehensive income	778,228	417,044
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	778,228	417,044
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statement of changes in equity
Fiscal year ended September 30, 2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,026,650	1,016,650	3,878,445	(929)	5,920,816
Changes during period					
Dividends of surplus			(405,930)		(405,930)
Profit attributable to owners of parent			669,653		669,653
Purchase of treasury shares				(152)	(152)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	263,723	(152)	263,571
Balance at end of period	1,026,650	1,016,650	4,142,169	(1,081)	6,184,387

	Accumulated other comprehensive income		Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(151,297)	(151,297)	5,769,519
Changes during period			
Dividends of surplus			(405,930)
Profit attributable to owners of parent			669,653
Purchase of treasury shares			(152)
Net changes in items other than shareholders' equity	108,574	108,574	108,574
Total changes during period	108,574	108,574	372,146
Balance at end of period	(42,722)	(42,722)	6,141,665

Fiscal year ended September 30, 2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,026,650	1,016,650	4,142,169	(1,081)	6,184,387
Changes during period					
Dividends of surplus			(405,924)		(405,924)
Profit attributable to owners of parent			364,064		364,064
Purchase of treasury shares				(95)	(95)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(41,860)	(95)	(41,955)
Balance at end of period	1,026,650	1,016,650	4,100,309	(1,176)	6,142,432

	Accumulated other comprehensive income		Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(42,722)	(42,722)	6,141,665
Changes during period			
Dividends of surplus			(405,924)
Profit attributable to owners of parent			364,064
Purchase of treasury shares			(95)
Net changes in items other than shareholders' equity	52,979	52,979	52,979
Total changes during period	52,979	52,979	11,024
Balance at end of period	10,257	10,257	6,152,689

(4) Consolidated statements of cash flows

(Thousand yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,003,915	675,582
Depreciation	185,602	174,406
Impairment losses	–	38,016
Increase (decrease) in provision for bonuses	15,472	(13,078)
Increase (decrease) in provision for shareholder benefit program	–	27,135
Increase (decrease) in retirement benefit liability	103,139	81,413
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,318	35,962
Interest and dividend income	(37)	(41)
Subsidy income	(177,900)	(98,545)
Interest expenses	216	215
Loss (gain) on sale and retirement of non-current assets	(385,934)	–
Losses related to subsidiaries	–	59,682
Decrease (increase) in trade receivables	(98,879)	(11,527)
Decrease (increase) in inventories	(6,725)	29,326
Decrease (increase) in prepaid expenses	(25,040)	24,420
Increase (decrease) in accounts payable - other	51,735	(43,309)
Increase (decrease) in accrued consumption taxes	(194,623)	(3,993)
Other	(25,030)	(4,166)
Subtotal	447,227	971,498
Interest and dividends received	37	41
Subsidies received	177,900	98,545
Interest paid	(216)	(213)
Income taxes paid	(309,909)	(358,015)
Net cash provided by (used in) operating activities	315,038	711,856
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,906)	(27,841)
Proceeds from sale of property, plant and equipment	813,823	–
Purchase of intangible assets	(95,296)	(20,842)
Payments of leasehold and guarantee deposits	(5,074)	(4,631)
Proceeds from refund of leasehold and guarantee deposits	2,991	8,948
Other	(14,389)	207
Net cash provided by (used in) investing activities	665,148	(44,159)
Cash flows from financing activities		
Purchase of treasury shares	(152)	(95)
Repayments of finance lease obligations	(1,188)	(1,188)
Dividends paid	(405,749)	(405,401)
Net cash provided by (used in) financing activities	(407,090)	(406,684)
Net increase (decrease) in cash and cash equivalents	573,096	261,012
Cash and cash equivalents at beginning of period	3,017,873	3,590,970
Cash and cash equivalents at end of period	3,590,970	3,851,982

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

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 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 brought forward.

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

According to the transitional measures prescribed in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, information that breaks down revenue from contracts with customers for the previous fiscal year is not presented.

(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 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 consolidated financial statements for the fiscal year under review.

(Segment information)

[Segment information]

1. Outline of reportable business segments

The reportable segments of the Company are the units for which separate financial information can be obtained among the constituent units of the Company and for which the Board of Directors of the Company regularly carries out examinations to determine the allocation of management resources and assess the business performance.

The Group has four reportable segments: Design and Development Outsourcing business, 3D Printing business, Beauty and Health Products Manufacture and Sale business, and Real Estate Leasing business.

The Design and Development Outsourcing business designs and develops machines and machine parts, using high-end three-dimensional CAD (“3D-CAD”), which the Company engages in, as tools, and develops software. Development services are provided in two forms of business: dispatching and subcontracted work (contract type and residential staff type). The business also provides 3D-CAD education and analysis.

The 3D Printing business engages in manufacturing on order using 3D printers that the Company owns and the sale of products primarily for domestic manufacturers, taking full advantage of synergies, including expertise in design and analysis and channels developed in the Design and Development Outsourcing business.

The Beauty and Health Products Manufacture and Sale business is conducted by ABIST H&F Co., Ltd., a consolidated subsidiary.

The Real Estate Leasing business rents a floor of the building for rent that the Company owns (in Mitaka) to a client.

2. Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting method of the reportable segments are generally the same as those stated in “Significant matters that serve as the basis for the preparation of consolidated financial statements.”

Reportable segment profit or loss is operating profit or loss.

Internal income and the transfer amount among the segments are based on the actual market prices.

3. Information on amounts of sales, profit or loss, assets, and other items by reportable segment
Fiscal year ended September 30, 2021

(Thousand yen)

	Reportable segments				Total	Adjustments (Note)	Amounts reported on the consolidated financial statements
	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	8,711,788	71,405	161,549	77,217	9,021,960	–	9,021,960
Inter-segment sales and transfers	–	–	73,983	–	73,983	(73,983)	–
Total	8,711,788	71,405	235,532	77,217	9,095,944	(73,983)	9,021,960
Segment profit (loss)	1,281,715	(86,487)	(6,895)	28,377	1,216,710	(777,246)	439,463
Segment assets	1,907,133	290,599	486,325	758,485	3,442,543	4,967,795	8,410,338
Other items							
Depreciation	117,556	10,898	24,157	10,176	162,789	22,813	185,602
Impairment losses	–	–	–	–	–	–	–
Increase in property, plant and equipment, and intangible assets	76,664	–	32,832	–	109,497	39,493	148,990

(Note) The adjustment consists of the following items.

- (1) The adjustment to segment profit (loss), (777,246 thousand yen), is corporate costs that are not allocated to any of the reportable segments.
- (2) The adjustments for segment assets are company-wide assets that are not allocated to the reportable segments. Non-allocable corporate assets are primarily financial assets (cash and deposits, investment securities, etc.) that are not allocated to any reportable segments and assets related to the administrative division.
- (3) The adjustment of depreciation is depreciation related to Company-wide assets that is not allocated to each reportable segment.
- (4) The adjustment for increase in property, plant and equipment and intangible assets is an amount of corporate assets that is not allocated to any reportable segments.

	Reportable segments				Total	Adjustments (Note)	Amounts reported on the consolidated financial statements
	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	9,147,217	76,504	79,424	59,590	9,362,736	–	9,362,736
Inter-segment sales and transfers	–	–	81,229	–	81,229	(81,229)	–
Total	9,147,217	76,504	160,654	59,590	9,443,966	(81,229)	9,362,736
Segment profit (loss)	1,673,158	(39,570)	(27,835)	24,815	1,630,568	(892,926)	737,641
Segment assets	1,788,998	280,890	267,954	749,866	3,087,709	5,292,308	8,380,017
Other items							
Depreciation	109,481	10,898	21,986	7,302	149,669	24,736	174,406
Impairment losses	38,016	–	54,880	–	92,897	–	92,897
Increase in property, plant and equipment, and intangible assets	4,500	–	1,777	–	6,278	56,742	63,020

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

- (1) The adjustment to segment profit (loss), (892,926 thousand yen), is corporate costs that are not allocated to any of the reportable segments.
- (2) The adjustments for segment assets is company-wide assets that are not allocated to the reportable segments. Non-allocable corporate assets are primarily financial assets (cash and deposits, investment securities, etc.) that are not allocated to any reportable segments and assets related to the administrative division.
- (3) The adjustment of depreciation is depreciation related to Company-wide assets that is not allocated to each reportable segment.
- (4) The adjustment for increase in property, plant and equipment and intangible assets is an amount of corporate assets that is not allocated to any reportable segments.

(Note 2) In the fiscal year under review, impairment losses of 38,016 thousand yen were posted in the Design and Development Outsourcing business. Impairment losses of 54,880 thousand yen in the Beauty and Health Products Manufacture and Sales business are included in losses related to subsidiaries.

4. 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 beginning 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 fiscal year under review.

(Per share information)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net assets per share	1,543.27 yen	1,546.05 yen
Basic earnings per share	168.27 yen	91.48 yen

(Notes) 1. Diluted earnings per share is not stated since the Group has no dilutive shares.

2. The grounds for the calculation of net assets per share

	As of September 30, 2021	As of September 30, 2022
Total net assets (thousand yen)	6,141,665	6,152,689
Net assets related to common shares at the end of the fiscal year (thousand yen)	6,141,665	6,152,689
Number of shares of common stock issued (shares)	3,980,000	3,980,000
Number of common stock at end of fiscal year used for calculation of net assets per share (shares)	3,979,656	3,979,623

3. Net income per share was calculated based on the following:

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Profit attributable to owners of parent (thousands yen)	669,653	364,064
Amount not attributable to common shareholders (thousand yen)	–	–
Profit attributable to owners of parent relating to common shares (thousands yen)	669,653	364,064
Average number of common shares during the period (shares)	3,979,665	3,979,632

(Significant subsequent events)

Not applicable.