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June 10, 2022

Securities code: 4088

Kikuo Toyoda

Chairman and Representative Director

**AIR WATER INC.**

12-8, Minami-semba 2-chome, Chuo-ku, Osaka

To Our Shareholders:

### **Notice of the 22<sup>nd</sup> Annual General Meeting of Shareholders**

We are pleased to inform you that the 22<sup>nd</sup> Annual General Meeting of Shareholders of AIR WATER INC. (hereinafter referred to as the “Company”) will be held as set forth below.

If you do not attend the meeting, you may exercise your voting rights either via postal mail, or via electronic means such as the Internet, in which case we ask that you carefully peruse “Reference Materials for General Meeting of Shareholders” attached hereto, and submit your votes no later than 5:40 p.m. on Monday, June 27, 2022 by following the instructions on pages 4-6 (Japanese version).

**1. Date & Time:** Tuesday, June 28, 2022, at 10:00 a.m. (Reception starts at 9:00 a.m.)

**2. Venue:** 1-1, Kita-nijo-nishi 1-chome, Chuo-ku, Sapporo  
(TSURU on the second floor of New Otani Inn Sapporo)

\* Please note that the venue is different from the last time. Please refer to the access map at the end of this document (only in the Japanese version) for the location of the venue.

### **3. Agenda**

#### ***Reporting matters:***

1. The Business Report, the Consolidated Financial Statements for the 22<sup>nd</sup> term (For the year ended March 31, 2022), and reports of the audit results on the Consolidated Financial Statements by the Accounting Auditors and the Board of Corporate Auditors.
2. The Non-Consolidated Financial Statements for the 22<sup>nd</sup> term (For the year ended March 31, 2022).

#### ***Proposal:***

**Proposal 1:** Partial Amendments to the Articles of Incorporation

**Proposal 2:** Election of Eleven (11) Directors

**Proposal 3:** Revision of Amount of Remuneration to External Directors

## Reference Materials for General Meeting of Shareholders

### *Proposal 1: Partial Amendments to the Articles of Incorporation*

#### 1. Reasons for amendments

The revised provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022, and the Company proposes the following amendments to the Company’s Articles of Incorporation in preparation for the implementation of the system for electronic provision of materials for general meetings of shareholders.

- (1) Article 14, Paragraph 1 of the proposed amendments stipulates that the Company shall provide electronically information that is the content of reference documents for the general meeting of shareholders, etc.
- (2) Article 14, Paragraph 2 of the proposed amendments establishes provisions to limit the scope of matters to be recorded in physical documents that are provided to shareholders who request provision of physical documents.
- (3) As provisions concerning internet disclosure and deemed provision of reference documents for general meetings of shareholders (Article 14 of the current Articles of Incorporation) will no longer be necessary, these shall be deleted.
- (4) Supplementary provisions shall be established concerning the effective date, etc., in line with the new establishments and deletions above.

#### 2. Details of amendments

The details of the amendments are as follows.

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders)</u>  <u>Article 14. In the convocation of a General Meeting of Shareholders, the Company may deem that it has provided to shareholders information concerning matters that must be displayed in the reference documents for the General Meeting of Shareholders, business report, non-consolidated financial statements, and consolidated financial statements via internet disclosure in conformity with definitions provided in the Ministry of Justice Order.</u></p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">(Deleted)</p> <p><u>(Measures for Electronic Provision, etc.)</u>  <u>Article 14. In the convocation of a General Meeting of Shareholders, the Company shall provide electronically information that is the content of reference documents for the General Meeting of Shareholders, etc.</u>  <u>2. Of the matters to which electronic provision measures apply, the Company may choose not to record all or part of matters stipulated in the Ministry of Justice Order in the physical documents provided to shareholders who made requests for provision of physical documents by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>(Supplementary provisions)</u></p> <p><u>1. The amendments of Article 14 of the Articles of Incorporation shall take effect from September 1, 2022, the date of enforcement of the revised provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019; the “Enforcement Date”).</u></p> <p><u>2. Notwithstanding the provisions of the previous paragraph, Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders) of the Articles of Incorporation shall remain valid for a General Meeting of Shareholders held on a day that is within six (6) months of the Enforcement Date.</u></p> <p><u>3. These supplementary provisions shall be deleted on the day after which six (6) months have elapsed since the Enforcement Date or the day after which three (3) months have elapsed since the day of the General Meeting of Shareholders in the previous paragraph, whichever is later.</u></p>

**Proposal 2: Election of Eleven (11) Directors**

The terms of office of all the 9 Directors will expire at the close of this meeting. In order to strengthen the business execution system and the supervisory function of the Board of Directors, the number of Directors and External Directors will both be increased by 1 and the Company therefore proposes the election of 11 Directors.

The candidates for Director are as follows:

Candidate Number		Name	Current Positions and Areas of Responsibility in the Company, etc.	
1	Reappointed	Masahiro Toyoda	Chairman Emeritus and Representative Director	Chairman of the Board
2	Reappointed	Kikuo Toyoda	Chairman and Representative Director	Chief Executive Officer (CEO)
3	Reappointed	Kiyoshi Shirai	President and Representative Director	Chief Operating Officer (COO)
4	Reappointed	Masato Machida	Executive Vice President and Representative Director	Corporate Management Officer
5	Newly appointed	Ryosuke Matsubayashi	Managing Executive Officer	General Manager of Engineering Center, President of Air Water America Inc.
6	Newly appointed	Kazuya Mizuno	Senior Managing Executive Officer	In charge of Digital & Industry Group, General Manager of Functional Material Unit
7	Newly appointed	Keita Hara	Senior Managing Executive Officer	General Manager of Corporate Technology Strategy Center, in charge of Energy Solution Group
8	Reappointed	Yukiko Sakamoto	External Director	External Director Independent Officer
9	Reappointed	Isamu Shimizu	External Director	External Director Independent Officer
10	Reappointed	Takao Matsui	External Director	External Director Independent Officer
11	Newly appointed	Yoshihiro Senzai		External Director Independent Officer

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company		Number of Shares of the Company owned by the Candidate
1	Masahiro Toyoda (Dec. 21, 1932) <u>Reappointed</u>	Jun. 2019	Chairman Emeritus, Representative Director and Chairman of the Board of AIR WATER INC. (current position)	226,873
		Attendance at the Board of Directors Meetings: 12 / 13		
		Reasons for nomination as a candidate for Director: Mr. Masahiro Toyoda served as a Director of Daido Sanso K.K. and DAIDO Hoxan Inc., predecessors of the Company. He has built up the foundations of AIR WATER by leading the Group's growth since assuming office as President and Representative Director of the Company in April 2000. Furthermore, he supervises management from his position as Chairman of the Board by taking advantage of a wealth of experience in overall management, while focusing on increasing the corporate value of the Group by strengthening corporate governance. We therefore propose his reelection as a Director of the Company.		
2	Kikuo Toyoda (May 5, 1948) <u>Reappointed</u>	Jun. 2019	Chairman, Representative Director and Chief Executive Officer (CEO) of AIR WATER INC. (current position)	63,509
		Attendance at the Board of Directors Meetings: 13 / 13		
		Reasons for nomination as a candidate for Director: Mr. Kikuo Toyoda served as an Operating Officer of DAIDO Hoxan Inc., a predecessor of the Company. Since assuming office as Director of the Company in June 2003, he has grown the Medical Business into a pillar of the Company's businesses and has accumulated a wealth of experience in fields of overall management such as personnel affairs, medical services and M&As. After assuming office as a Chairman and Representative Director in June 2019, together with promoting structural reforms based on "Human Resource Management" and "Data Management," he has established a growth axis of "global environment" and "wellness" as new business concepts towards 2030, and he has led the Group. We therefore propose his reelection as a Director of the Company.		
3	Kiyoshi Shirai (Oct. 21, 1958) <u>Reappointed</u>	Apr. 2017	President, Representative Director and Chief Operating Officer (COO) of AIR WATER INC. (current position)	54,092
		Attendance at the Board of Directors Meetings: 13 / 13		
		Reasons for nomination as a candidate for Director: Mr. Kiyoshi Shirai is well versed in the Industrial Gases Business, the Company's business foundation, and has accumulated a wealth of experience and achievement in overall management such as management planning, as well. After assuming office as a Director of the Company in June 2013, he began serving as President and Representative Director from April 2017. He promoted the "strengthening of profitability" and the "creation of new businesses" and has led initiatives to increase the corporate value of the Group. We therefore propose his reelection as a Director of the Company.		
4	Masato Machida (Sep. 26, 1957) <u>Reappointed</u>	Jun. 2019	Executive Vice President, Representative Director and Corporate Management Officer of AIR WATER INC. (current position)	38,134
		Attendance at the Board of Directors Meetings: 13 / 13		
		Reasons for nomination as a candidate for Director: Mr. Masato Machida has grown the Agriculture & Food Products Business from a new business into the third pillar of the Group's businesses since assuming office as a Director of the Company in June 2009. He has served as Executive Vice President and Representative Director since June 2019 and has supervised administration departments of the Company based on a wealth of experience in management planning and overall management. We therefore propose his reelection as a Director of the Company.		

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company		Number of Shares of the Company owned by the Candidate
5	Ryosuke Matsubayashi (Nov. 16, 1964) <u>Newly appointed</u>	Apr. 2021	Managing Executive Officer, General Manager of Engineering Center of AIR WATER INC. and President of Air Water America Inc. (current position)	13,680
		Attendance at the Board of Directors Meetings: -		
		Reasons for nomination as a candidate for Director: Mr. Ryosuke Matsubayashi has held important posts at the Company's research institutes, and since assuming office as Executive Officer in 2014, he has been leading the structural reform of the engineering division such as promoting human resources management of the Company's engineers and constructing an engineering platform for many years. In addition, he has promoted marketing and business infrastructure building at overseas locations, including North America. Based on his experience and insight, we therefore propose his election as Director of the Company.		
6	Kazuya Mizuno (Mar. 23, 1957) <u>Newly appointed</u>	Apr. 2022	Senior Managing Executive Officer, in charge of Digital & Industry Group, General Manager of Functional Material Unit of AIR WATER INC. (current position)	4,458
		Attendance at the Board of Directors Meetings: -		
		Reasons for nomination as a candidate for Director: Mr. Kazuya Mizuno, having held important posts at Mitsubishi Corporation in management planning and affiliated companies in Japan and overseas, he assumed office as General Manager of Chemical Company of the Company in 2019, and has contributed to the expansion of business performance by establishing a profit base and promoting structural transformation to the Performance Chemicals Business centered on electronic materials. Based on his experience and insight, we therefore propose his election as Director of the Company.		
7	Keita Hara (Apr. 28, 1960) <u>Newly appointed</u>	Apr. 2022	Senior Managing Executive Officer, General Manager of Corporate Technology Strategy Center, in charge of Energy Solution Group of AIR WATER INC. (current position)	3,137
		Attendance at the Board of Directors Meetings: -		
		Reasons for nomination as a candidate for Director: Mr. Keita Hara assumed office as President and Representative Director of the Company's subsidiary in 2019 after having held important posts in the Research and Development division of Sharp Corporation. Since 2020, as General Manager of Technology Strategy Center, he has improved the Company's technological capabilities, established the R&D system that was dispersed within the Group, and strengthened alliances with universities and other research institutes. He is currently promoting technological development of the Group toward the realization of a sound material-cycle society and leading the creation of new businesses, and we therefore propose his election as Director of the Company.		
8	Yukiko Sakamoto (Jan. 20, 1949) <u>Reappointed</u>	Jun. 2014	External Director of AIR WATER INC. (current position) <u>External Director</u> <u>Independent officer</u>	4,064
		Attendance at the Board of Directors Meetings: 13 / 13		
		Reasons for nomination as a candidate for External Director and summary of expected roles: Ms. Yukiko Sakamoto successively held various significant posts in the Ministry of Health, Labour and Welfare and also served as the Lieutenant Governor of Shizuoka Prefecture and a member of the House of Councillors. She has accumulated a wealth of experience and deep insight through these careers and is deemed to be qualified to make continuous use of them for the management of the Company. We therefore propose her reelection as an External Director of the Company. Although she has never been involved in corporate management, we believe that she will be able to appropriately execute her duties as External Director of the Company for the reasons stated above. We expect that she will further strengthen the function of the Board of Directors of the Company by providing advice and performing supervisory functions for overall management from a unique viewpoint not shared by the internal Directors, while making use of her wealth of experience and deep insight.		

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company		Number of Shares of the Company owned by the Candidate
9	Isamu Shimizu (Mar. 12, 1945) <u>Reappointed</u>	Jun. 2018	External Director of AIR WATER INC. (current position) <u>External Director</u> <u>Independent officer</u>	0
		Attendance at the Board of Directors Meetings: 12 / 13		
		Reasons for nomination as a candidate for External Director and summary of expected roles: Mr. Isamu Shimizu has accumulated a wealth of experience and deep insight through his career as a scholar and university professor and is deemed to be qualified to make continuous use of them for the management of the Company. We therefore propose his reelection as an External Director of the Company. Although he has never been involved in corporate management, we believe that he will be able to appropriately execute his duties as External Director of the Company for the reasons stated above. We expect that he will further strengthen the function of the Board of Directors of the Company by providing advice and performing supervisory functions for overall management from a unique viewpoint not shared by the internal Directors, while making use of his wealth of experience and deep insight.		
10	Takao Matsui (Apr. 8, 1956) <u>Reappointed</u>	Jun. 2020	External Director of AIR WATER INC. (current position) <u>External Director</u> <u>Independent officer</u>	129
		Attendance at the Board of Directors Meetings: 13 / 13		
		Reasons for nomination as a candidate for External Director and summary of expected roles: Mr. Takao Matsui has accumulated a wealth of experience and deep insight through his career as a Certified Public Accountant and is deemed to be qualified to make continuous use of them for the management of the Company. We therefore propose his reelection as an External Director of the Company. Although Mr. Takao Matsui has never been involved in corporate management, we believe that he will be able to appropriately execute his duties as External Director of the Company for the reasons stated above. We expect that he will further strengthen the function of the Board of Directors of the Company by providing advice and performing supervisory functions for overall management from a unique viewpoint not shared by the internal Directors, while making use of his wealth of experience and deep insight.		
11	Yoshihiro Senzai (Apr. 2, 1948) <u>Newly appointed</u>	Sep. 2021	Outside Director of I-O DATA DEVICE, INC. (current position) <u>External Director</u> <u>Independent officer</u>	1,000
		Attendance at the Board of Directors Meetings: -		
		Reasons for nomination as a candidate for External Director and summary of expected roles: Mr. Yoshihiro Senzai, in addition to his achievement as an engineer at Hitachi Maxell, Ltd. (current Maxell Holdings, Ltd.), he served as Representative Director, President, and Chairman. He has also accumulated a wealth of experience and deep insight in corporate management, such as serving as Outside Director of other company. He is deemed to be qualified to make use of his experience and insight for the management of the Company. We therefore propose his election as an External Director of the Company. We expect that he will further strengthen the function of the Board of Directors of the Company by providing advice and performing supervisory functions for overall management from a unique viewpoint not shared by the internal Directors, while making use of his wealth of experience and deep insight.		

Notes:

1. There are no conflicts of interest between each candidate and the Company.
2. Ms. Yukiko Sakamoto, Mr. Isamu Shimizu, Mr. Takao Matsui, and Mr. Yoshihiro Senzai are candidates for External Directors.
3. The Company has entered into liability limitation agreements with Ms. Yukiko Sakamoto, Mr. Isamu Shimizu, and Mr. Takao Matsui to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum amount prescribed in Article 425, Paragraph 1 of the same Act under the condition that they perform their duties in good faith with no acts of gross negligence. If the election of Ms. Yukiko Sakamoto, Mr. Isamu Shimizu, and Mr. Takao Matsui is approved as per this Proposal, the Company plans to continue the agreements. In addition, if the election of Mr. Yoshihiro Senzai is approved as per this Proposal, the Company plans to enter into an agreement having similar contents mentioned above with him.
4. The Company has entered into a directors and officers (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. If the election of each candidate for Director is approved as per this Proposal, each candidate for Director will be insured under the insurance policy. A summary of the policy is stated in (3) Matters Concerning Directors and Officers (D&O) Liability Insurance Policy on page 44 (Japanese version).
5. Ms. Yukiko Sakamoto has served as an External Director of the Company since June 2014, and her term of office will reach eight years at the close of this Annual General Meeting of Shareholders.
6. Mr. Isamu Shimizu has served as an External Director of the Company since June 2018, and his term of office will reach four years at the close of this Annual General Meeting of Shareholders.
7. Mr. Takao Matsui has served as an External Director of the Company since June 2020, and his term of office will reach two years at the close of this Annual General Meeting of Shareholders.
8. Ms. Yukiko Sakamoto, Mr. Isamu Shimizu, and Mr. Takao Matsui satisfy the requirements for independent officers set forth in the regulations of the Tokyo Stock Exchange and Sapporo Securities Exchange and the Criteria for Assessing the Independence of External Officers stipulated by the Company. Therefore, if the election of Ms. Yukiko Sakamoto, Mr. Isamu Shimizu, and Mr. Takao Matsui are approved as per this Proposal, the Company will continue to file the same notification with the Exchanges on which the Company's shares are listed. In addition, if the election of Mr. Yoshihiro Senzai is approved as per this Proposal, the Company will newly file the notification with both Exchanges stating that he is an independent officer.
9. The "Number of Shares of the Company owned by the Candidate" is the number of shares effectively owned, including shares owned thereby in the shareholding associations for Directors and Corporate Auditors of the Group.



**[Reference] Skill Matrix of Directors and Corporate Auditors after Approval of the Proposal**

If the Proposal “Election of Eleven (11) Directors” is approved as proposed, the skill matrix of Directors and Corporate Auditors will be as follows.

List of principal knowledge, experience, and capabilities of Directors and Corporate Auditors

		Corporate management	Finance and accounting	Risk management and legal affairs	Business strategy and marketing	Technology and R&D	Human resource management	Global
Director	Masahiro Toyoda	●			●			
	Kikuo Toyoda	●		●	●		●	
	Kiyoshi Shirai	●			●			
	Masato Machida	●	●		●			
	Ryosuke Matsubayashi				●	●		●
	Kazuya Mizuno				●			●
	Keita Hara				●	●		
	Yukiko Sakamoto			●			●	
	Isamu Shimizu					●		
	Takao Matsui		●					●
	Yoshihiro Senzai	●			●	●		
Corporate Auditor	Hiromi Yanagisawa		●					●
	Yuji Ando	●		●				
	Kunihiko Tsuneyoshi	●	●					
	Atsushi Hayashi			●				
	Nobuo Hayashi			●				

### ***Proposal 3: Revision of Amount of Remuneration to External Directors***

It was approved at the 17<sup>th</sup> Annual General Meeting of Shareholders held on June 28, 2017 that the amount of remuneration, etc., for Directors of the Company to be 1,130 million yen or less per annum (including 34 million yen or less per annum for External Directors).

In addition, separate from said remuneration, it was approved at the 19<sup>th</sup> Annual General Meeting of Shareholders held on June 26, 2019 that the amount of stock-based remuneration for Directors (excluding External Directors) to be 100 million yen or less per annum, and the maximum number of shares to be 125,000 or less shares per annum.

This time, the Company aims to strengthen the supervisory function of the Board of Directors (strengthen corporate governance) by proposing to increase the number of External Directors with Proposal 2 “Election of Eleven (11) Directors.” Taking into consideration that the responsibilities and expected roles of External Directors will further increase, etc., in the future, the Company proposes to keep the current amount of remuneration for Directors, etc., to 1,130 million yen or less per annum and revise the amount for External Directors to 80 million yen or less per annum.

The Company has determined that this Proposal, in line with the decision-making policy regarding the content of individual remuneration, etc., for Directors, is appropriate from the perspectives of the scale of the Company’s business, the increase in the number of External Directors to strengthen corporate governance, and the expansion, etc., of their roles.

Furthermore, as before, the amount of remuneration, etc., for Directors shall not include salaries for employees of Directors who concurrently serve as employees.

The current number of Directors is 9 (including 3 External Directors). If Proposal 2 is approved as proposed, the number of directors will be 11 (including 4 External Directors) at the close of this General Meeting of Shareholders.

## Consolidated Statement of Financial Position

(As of March 31, 2022)

	<i>(Millions of yen)</i>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents .....	¥59,554
Trade and other receivables .....	203,049
Inventories .....	76,404
Other financial assets .....	5,323
Income taxes receivable .....	3,663
Other current assets .....	28,895
<b>Total current assets</b> .....	<b>376,889</b>
<b>Non-current assets</b>	
Property, plant and equipment .....	442,852
Goodwill .....	60,129
Intangible assets .....	28,095
Investments accounted for using equity method .....	30,633
Retirement benefit asset .....	2,846
Other financial assets .....	76,808
Deferred tax assets .....	1,400
Other non-current assets .....	2,373
<b>Total non-current assets</b> .....	<b>645,141</b>
<b>Total assets</b> .....	<b>¥1,022,031</b>

\* Figures under one million are omitted.

(As of March 31, 2022)

	<i>(Millions of yen)</i>
Liabilities and equity	
Liabilities	
Current liabilities	
Trade and other payables	¥149,098
Bonds and borrowings	72,648
Other financial liabilities	4,928
Income taxes payable	4,167
Provisions	1,191
Other current liabilities	31,011
Total current liabilities	263,045
Non-current liabilities	
Bonds and borrowings	273,852
Other financial liabilities	32,399
Retirement benefit liability	7,156
Provisions	4,685
Deferred tax liabilities	12,746
Other non-current liabilities	8,289
Total non-current liabilities	339,129
Total liabilities	602,174
Equity	
Share capital	55,855
Capital surplus	52,638
Treasury shares	(4,838)
Retained earnings	275,158
Other components of equity	16,317
Total equity attributable to owners of parent	395,131
Non-controlling interests	24,725
Total equity	419,857
Total liabilities and equity	¥1,022,031

\* Figures under one million are omitted.

## Consolidated Statement of Profit or Loss

(For the year ended March 31, 2022)

	<i>(Millions of yen)</i>
<b>Continuing operations</b>	
Revenue .....	¥888,668
Cost of sales .....	(689,555)
Gross profit .....	199,112
Selling, general and administrative expenses .....	(139,703)
Other income .....	7,768
Other expenses .....	(3,946)
Share of profit of investments accounted for using equity method .....	1,942
Operating profit .....	65,174
Finance income .....	1,369
Finance costs .....	(2,314)
Profit before tax .....	64,230
Income tax expense .....	(17,823)
Profit from continuing operations .....	46,406
<b>Discontinued operations</b>	
Loss from discontinued operations .....	(142)
Profit .....	46,263
<b>Profit attributable to</b>	
Owners of parent .....	43,214
Non-controlling interests .....	3,049
Profit .....	¥46,263

\* Figures under one million are omitted.

## Non-Consolidated Balance Sheet

(As of March 31, 2022)

	<i>(Millions of yen)</i>
<b>Assets:</b>	
<b>Current assets</b>	
Cash and deposits .....	¥18,583
Trade notes receivable .....	46
Trade accounts receivable .....	40,133
Merchandise and finished goods .....	2,892
Work in process .....	126
Raw materials and supplies .....	3,132
Prepaid expenses .....	691
Short-term loans receivable .....	24,742
Other accounts receivable .....	14,298
Others .....	971
Allowance for doubtful accounts .....	(776)
<b>Total current assets .....</b>	<b>104,843</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings .....	20,013
Structures .....	2,046
Machinery and equipment .....	26,894
Vehicles .....	41
Tools, furniture and fixtures .....	1,419
Land .....	31,399
Lease assets .....	12,654
Construction in progress .....	7,590
<b>Total property, plant and equipment .....</b>	<b>102,059</b>
<b>Intangible fixed assets .....</b>	<b>7,279</b>
<b>Investments and other assets</b>	
Investment securities .....	29,553
Stocks of subsidiaries and associates .....	268,183
Investments in capital .....	26
Investments in capital of subsidiaries and associates .....	2,627
Long-term loans receivable .....	10,412
Distressed receivables .....	76
Long-term prepaid expenses .....	322
Prepaid pension cost .....	2,517
Others .....	1,751
Allowance for doubtful accounts .....	(262)
<b>Total investments and other assets .....</b>	<b>315,210</b>
<b>Total fixed assets .....</b>	<b>424,549</b>
<b>Total assets .....</b>	<b>¥529,393</b>

\* Figures under one million are omitted.

(As of March 31, 2022)

(Millions of yen)

<b>Liabilities:</b>	
<b>Current liabilities</b>	
Trade notes payable .....	¥322
Trade accounts payable .....	18,489
Short-term bank loans .....	70,855
Lease obligations .....	1,663
Other accounts payable .....	10,922
Accrued expenses .....	252
Deposits received .....	137
Notes of facilities payable .....	11
Reserve for bonuses to directors and corporate auditors .....	134
Other provisions .....	393
Others .....	718
<b>Total current liabilities .....</b>	<b>103,901</b>
<b>Noncurrent liabilities</b>	
Bonds payable .....	60,000
Long-term bank loans .....	134,708
Lease obligations .....	11,996
Deferred tax liabilities .....	7,028
Deferred tax liabilities for land revaluation .....	634
Reserve for retirement allowances .....	284
Provision for loss on business of subsidiaries and associates .....	193
Other provisions .....	91
Others .....	1,363
<b>Total noncurrent liabilities .....</b>	<b>216,298</b>
<b>Total liabilities .....</b>	<b>320,200</b>
<b>Net assets:</b>	
<b>Shareholders' equity</b>	
<b>Common stock .....</b>	<b>208,213</b>
<b>Capital surplus .....</b>	<b>55,855</b>
<b>Capital surplus</b>	<b>59,393</b>
Legal capital surplus .....	57,333
Other capital surplus .....	2,060
<b>Retained earnings .....</b>	<b>97,774</b>
Legal retained earnings .....	2,617
Other retained earnings .....	95,156
Reserve for advanced depreciation of fixed assets .....	6,319
Reserve for special depreciation .....	19
Reserve for dividend equalization .....	835
Reserve for retirement allowances .....	250
General reserve .....	13,259
Retained earnings brought forward .....	74,473
<b>Treasury stock .....</b>	<b>(4,810)</b>
<b>Evaluation and foreign currency adjustments .....</b>	<b>688</b>
<b>Net unrealized gains on available-for-sale securities .....</b>	<b>9,387</b>
<b>Net deferred losses on hedges .....</b>	<b>(0)</b>
<b>Revaluation reserve for land .....</b>	<b>(8,698)</b>
<b>Share warrant .....</b>	<b>291</b>
<b>Total net assets .....</b>	<b>209,193</b>
<b>Total liabilities and net assets .....</b>	<b>¥529,393</b>

\* Figures under one million are omitted.

## Non-Consolidated Statement of Income

(For the year ended March 31, 2022)

	<i>(Millions of yen)</i>
<b>Net sales</b> .....	<b>¥141,824</b>
<b>Cost of sales</b> .....	<b>123,343</b>
<b>Gross profit</b> .....	<b>18,481</b>
<b>Selling, general and administrative expenses</b> .....	<b>23,146</b>
<b>Operating loss</b> .....	<b>(4,665)</b>
<b>Non-operating income</b>	
Interest and dividends income .....	18,658
Others .....	4,745
<b>Non-operating expenses</b>	
Interest expense .....	860
Others .....	3,431
<b>Ordinary income</b> .....	<b>14,447</b>
<b>Extraordinary income</b>	
Gain on sales of non-current assets .....	11
Gain on sale of investment securities .....	728
Gain on sale of shares of subsidiaries and associates .....	377
Others .....	56
<b>Extraordinary losses</b>	
Loss on sales and retirement of fixed assets .....	543
Impairment loss .....	25
Loss on valuation of investment securities .....	3
Loss on revision of retirement benefit plan .....	77
Loss on cancellation of joint venture contract .....	2,563
Others .....	100
<b>Profit before income taxes</b> .....	<b>12,306</b>
Income taxes current .....	(5,125)
Income taxes deferred .....	4,481
<b>Profit</b> .....	<b>¥12,950</b>

\* Figures under one million are omitted.