ANNUAL REPORT 2022

Year ended March 31, 2022

SHIN NIPPON AIR TECHNOLOGIES CO.,LTD.

Profile

Shin Nippon Air Technologies Co., Ltd. (SNK or the Company) is a leading Japanese engineering company and applies its proprietary engineering systems to control not only air, water and heat, but also all other aspects of air conditioning, electrical and sanitary facilities. The Company offers comprehensive engineering solutions based on air conditioning, which range from the creation of a better human environment for offices, shopping centers, hospitals, hotels, museums, etc.; the creation of industrial facilities, such as clean rooms, and constant temperature and humidity rooms for semiconductor plants, pharmaceutical plants, R&D centers and similar facilities; to the construction of district heating & cooling systems.

SNK was incorporated in 1969 to take over the air conditioning construction activities of Toyo Carrier Engineering Co., Ltd., a company which had been established in 1930 as a joint venture between the Mitsui Group and Carrier Corporation of USA, an early pioneer in the field of air conditioning systems. The Company and its predecessor have an outstanding record of achievements, including providing air conditioning systems for Japan's first nuclear reactor at the Japan Atomic Energy Research Institute (1957) and for Japan's first skyscraper, the Kasumigaseki Building (1968); the construction of a district heating and cooling system for the Shinjuku New City (1971); and air conditioning for the Johyoh fast breeder reactor in Ibaraki Prefecture (1974).

Since entering overseas markets in 1973, SNK has executed projects in 36 countries for the provision of air conditioning and electrical facilities, as well as for firefighting, water supply, and sewage treatment and sanitary facilities; and has developed into a comprehensive engineering and construction company.

The Company currently has three overseas subsidiaries, based in China, Sri Lanka and Singapore, which assist its customers in developing their operations throughout Asia through the provision of engineering and construction of facilities.

In recent years, SNK has been placing great emphasis on making proposals for engineering solutions in the energy saving and environmental fields. The Company's solutions have earned it a high reputation in Japan and in those countries throughout the world where it carries on business.

Contents

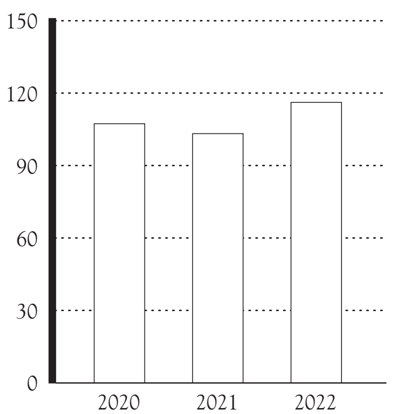
Financial Highlights

Shin Nippon Air Technologies Co., Ltd.
Years ended March 31

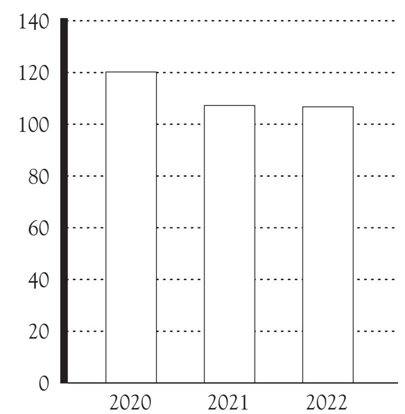
	Millions of Yen			Thousands of U.S. Dollars
	2020	2021	**2022**	**2022**
For the year:				
Orders received	¥107,305	¥103,255	**¥116,197**	**$ 952,434**
Revenues from construction	120,106	107,254	**106,718**	**874,738**
Operating income	6,409	6,386	**6,881**	**56,402**
Net income attributable to owners of the parent	4,604	4,638	**5,403**	**44,287**
At year-end:				
Total assets	¥ 98,926	¥ 98,635	**¥ 99,966**	**$ 819,393**
Current assets	74,481	70,128	**73,338**	**601,133**
Net property, plant and equipment	3,208	2,835	**2,701**	**22,139**
Current liabilities	52,654	45,174	**43,934**	**360,115**
Net shareholders' equity	44,404	50,705	**53,813**	**441,090**

Note: U.S. dollar amounts represent translations of Japanese yen amounts at the exchange rate on March 31, 2022 of ¥122 to US$1.

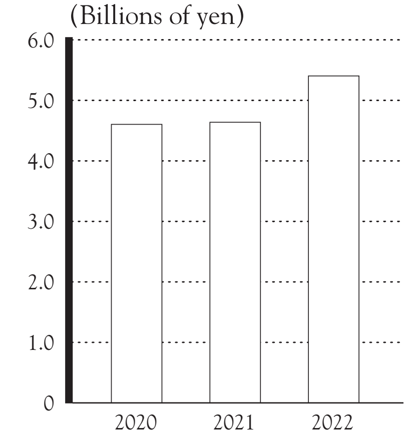
Orders Received
(Billions of yen)



Revenues from Construction
(Billions of yen)



Net Income attributable to owners of the parent
(Billions of yen)



Message from the President

Review of Operations

1) Business Operations and Results

During the fiscal year 2021 which ended on March 31, 2022, a sense of uncertainty over the economic outlook heightened due to the Russian invasion of Ukraine as well as the unabated global spread of the novel coronavirus (COVID-19), which continued to have a great impact on people's lives and business activities. The Japanese economy finally started to show signs of recovery with the lifting of the priority measures to prevent the spread of COVID-19, despite varying levels of business sentiment among companies.

In the construction industry in which SNK and its subsidiaries (together the SNK Group or the Group) operate, while redevelopment projects in central Tokyo and capital investment in the manufacturing industry continued to be brisk, the increasing trend in the prices of materials and equipment, labor costs and transportation costs as well as the shortage of engineers and skilled workers continued. In addition, initiatives in response to technological innovation by utilizing Artificial Intelligence (AI) and the Internet of Things (IoT), and net zero carbon emissions, as well as initiatives to enhance productivity by implementing digital transformation and workstyle reform, have all become indispensable. Moreover, responding to sustainability challenges, including consideration for global environmental issues such as climate change, and consideration for the health and working environment of employees, have become management issues that are essential for future business continuation and growth.

Against the above background, the Group established SNK Vision 2030, a 10-year vision stipulating that "the SNK Group shall strive to be a group of engineers that utilizes knowledge and technology to realize a sustainable global environment and improve the value of customers' assets."

The Group also established the mid-term business plan, "SNK Vision 2030 Phase I" (fiscal 2020 to fiscal 2022) as the first phase to achieve SNK Vision 2030. The Group operated its business in accordance with the following five basic strategies in the second year of the plan:
(i) Business Foundation Reinforcement Strategy, (ii) Profitability Improvement Strategy, (iii) Human Capital Strategy, (iv) Digital Transformation Strategy, and (v) Corporate Governance Strategy.

As a result, the Group's orders received during the fiscal year increased 12.5% on a year-on-year basis to ¥116,197 million and revenues from construction decreased 0.5% year on year to ¥106,718 million. Revenues carried forward to the next fiscal year increased ¥9,479 million to ¥77,883 million.

With regard to overall profit, the Group's gross profit increased 4.5% year on year to ¥14,546 million, operating income increased 7.8% to ¥6,881 million and ordinary income increased 10.3% to ¥7,366 million, and net income attributable to owners of the parent increased 16.5% year on year to ¥5,403 million.

2) Issues to be Addressed

The Group has established the mid-term business plan, SNK Vision 2030 Phase I (fiscal 2020 to fiscal 2022), which started in fiscal 2020, and is addressing the following five business issues: (i) Business Foundation Reinforcement Strategy, (ii) Profitability Improvement Strategy, (iii) Human Capital Strategy, (iv) Digital Transformation Strategy, and (v) Corporate Governance Strategy, all of which are the five basic strategies of the 10-year SNK Vision 2030.

The business plan consists of business issues for the basic policy set forth in SNK Vision 2030, which stipulates that "the SNK Group shall strive to be a group of engineers that utilizes knowledge and technology to realize a sustainable global environment and improve the value of customers' assets." The Group has defined the four intellectual capitals that form the basis of value creation (human capital, relationship capital, organizational capital, and sustainability capital) as the corporate value to be improved. While promising sustainable growth of natural capital with an awareness of environmental conservation on a global scale, the Group will aim to improve its corporate value under the slogan of reforming, improving, and leaping into the future by continuing to utilize the four intellectual capitals.

S. Maekawa

Topics

Initiatives for More Efficient On-Site Operations and Labor Saving in On-Site Work

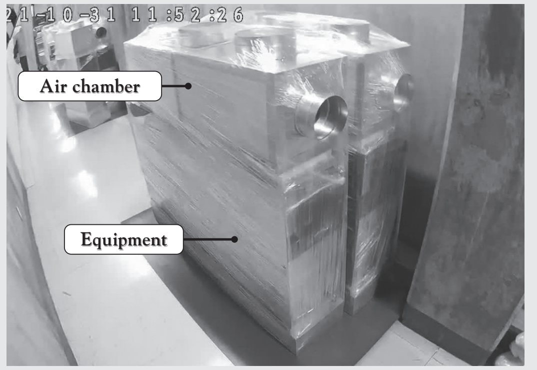
The number of workers in the construction industry in Japan is declining year by year, falling 22% from approximately 6.18 million in 2002 to approximately 4.82 million in 2021. In order to address the decrease in the number of workers in the construction industry, the Company has formulated a business improvement plan aimed at "promoting construction digital transformation (DX)" and "reducing on-site burden (labor-saving)," and is proceeding with the following initiatives, aiming to launch full-scale operations in fiscal 2023.

❶ More Efficient On-Site Inspections – Utilizing 3D Measurement and Drones –

Regarding the effectiveness of on-site inspections using 3D measurement and drone photography, the Company verified whether images captured by flying drones can be utilized for preliminary inspections inside the ceiling of an air conditioning equipment renewal work site while being inside the office building. As a result, the Company confirmed that the conditions and dimensions of the existing equipment could be measured with a high degree of accuracy, and this allowed for reducing the work of disassembling the ceiling and erecting scaffolding for on-site inspections, leading to more efficient on-site operations.

❷ Labor Saving in On-Site Work – PURAMODERU KOHO –

As part of its business improvement plan, the Company carried out on-site verification aimed at transitioning to external fabrications. For an air conditioning system renewal project of the office building, we combined equipment and air chambers, and fabricated hanging hardware and piping materials at external fabrication plants in advance, based on the results of preliminary inspections at the periphery of the equipment to be renewed, and we then delivered these parts and materials in a condition only requiring assembly at the site (i.e. PURAMODERU KOHO). In addition, we reduced the hassle of transportation at the site to utmost limit through simple packaging, and consolidation and transportation by place of use, by wrapping the equipment in plastic film at the time of delivery and utilizing returnable containers to transport materials. By doing so, we could reduce man-hours at the project site, shorten labor hours, and reduction of industrial wastes.



Combined equipment and air chambers

❸ More Efficient On-Site Operations – Utilizing BIM –

The Company is proceeding with collaboration between DK-BIM (a cloud-based air-conditioning design support system) produced by Daikin Industries, Ltd. and the modular construction method, with the aim of generalizing components diagrams and materials lists. In the collaboration between DK-BIM and Rebro® (a 3-dimensional CAD system) produced by NYK Systems Inc., we will verify whether devices are properly placed, whether it can be used to calculate noise, and whether it can be used for approximate calculation at the initial stage of renewal work plan, by comparing with the schematic drawing of the site for verification. In addition, we will convert the existing paper drawings into electronic data and consider ways to utilize them for simple designing of air conditioning systems. The Company will accelerate the introduction of these DX measures at construction sites, aiming for even more efficient on-site operations.

Proposing New Countermeasures against Infectious Diseases

❶ Development of the "L-ViC®" Duct Connection Type Air Purifier for Small-Scale Air Conditioners

COVID-19 continues to extend a significant impact, not only on the lives of individuals but also on all aspects of economic and social activity. It has become an issue for Japan and the world as a whole. In this context, the Company has worked together with SML-Technology Co., Ltd., FOREST WELL Inc., OGINO SEISAKUSHO Co., LTD, and UETAX Corporation to develop the "L-ViC" air purifier, which can be connected to air conditioner ducts, as a countermeasure against infectious diseases aimed at providing safe and secure indoor air environments.

This unit, which is structured to be connected to ducts, features an electrical discharge unit utilizing the discharge technology (corona discharge) used widely as the principle behind devices such as electrostatic dust collectors. A discharge space is formed within the electrical discharge unit. Sterilization or inactivation occurs when a source of infection passes through this discharge space.

A performance evaluation test conducted by the KRCES Report #2021_0647 confirmed that the survival rate of viruses sprayed into a 25 cubic meter space could be reduced by 84% in the space of 9 minutes.

Featuring a compact structure, with no need for a fan or other power-driven parts, the electrical discharge unit is highly durable.

Illustration of application

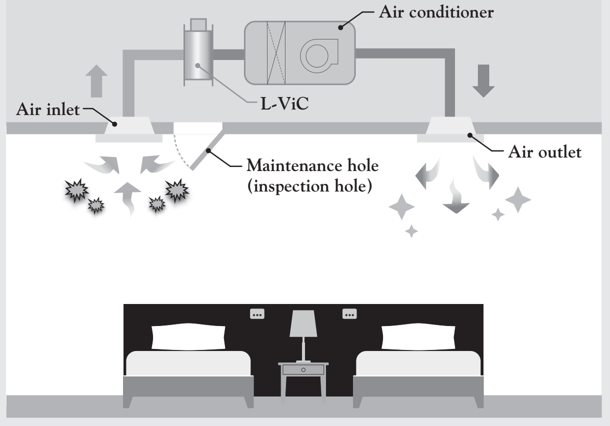
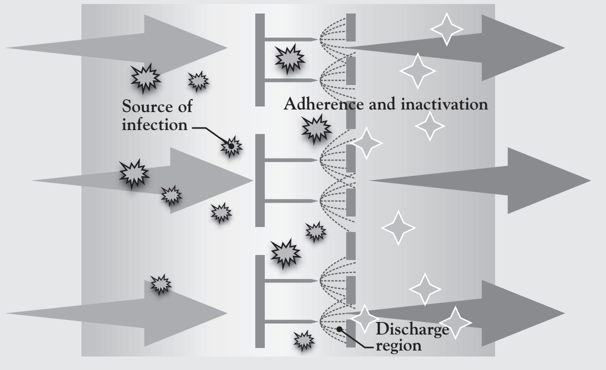


Illustration of the interior of the electrical discharge unit



❷ Development of the "Ex-ViC®" Ozone Air Purifier

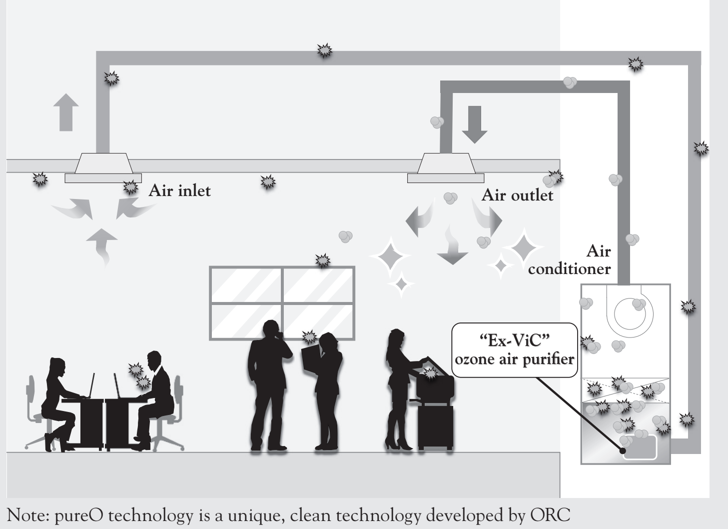
The Company has developed the "Ex-ViC" ozone air purifier, featuring an excimer lamp that utilizes the "pureO®" ozone generator technology of ORC MANUFACTURING CO., LTD. to produce ozone with no NOx (nitrogen oxides), in order to remove and minimize the source of infections with the aim of eliminating pathogenic microbes lodged inside air conditioners, filters, etc., and eliminating odors.

The transmission routes for infectious diseases include airborne transmission, aerosol transmission, and transmission through contact, among others. A high-performance filter is a common way to eliminate microscopic sources of infection floating in the air. On the other hand, methods using gas sterilization and ultraviolet light are well-recognized ways to reduce sources of infection on surfaces.

This unit uses an excimer lamp to generate ozone from oxygen in the air, and provide it at a low concentration. Ozone is an effective sterilizing and odor elimination agent. Previous tests confirm that a low concentration of ozone (0.05ppm) can inactivate 99.9% of viruses on a surface in the space of 4 hours. The traditionally-known electrical discharge-type ozone-generating devices produce ozone by subjecting air to high-voltage electricity, which also affects the nitrogen in the air, producing NOx. NOx is not only detrimental to health but also has negative effects such as corroding metals. It was therefore necessary to separately install a dedicated filter to remove the NOx. Owing to the special features of the excimer lamp in this unit (wavelength 172nm), only ozone can be effectively generated without producing NOx.

Incorporating this unit and operating it as part of an air conditioning system provides a low concentration of ozone, similar to that observed in nature, within the air conditioner, the filter and other components. This can be expected to effectively inactivate and reduce the sources of infection attached to surfaces.

Illustration of the unit in use



Note: pureO technology is a unique, clean technology developed by ORC MANUFACTURING CO., LTD. in Shinshu, Japan. It achieves sterilization, odor elimination and air purification with minimal damage to metals, plastics and other materials by generating pure ozone that does not contain harmful NOx, with a smart excimer UV lamp that uses absolutely no mercury. Please refer to the ORC MANUFACTURING CO., LTD. website for details.

Major construction projects recently completed

OMIYA KADOMACHI
Saitama Prefecture

TIANJIN TSUMURA PHARMACEUTICALS CO., LTD.
Tianjin, People's Republic of China

The Nippon Foundation Building
Tokyo

REIWA HEALTH SCIENCES UNIVERSITY
Fukuoka Prefecture

Consolidated Balance Sheet

Shin Nippon Air Technologies Co., Ltd. and Subsidiaries
March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2022	2021	2022
CURRENT ASSETS:			
Cash and cash equivalents (Note 18)	¥15,435	¥12,096	$126,516
Short-term investments (Notes 5 and 16)	131	77	1,074
Receivables (Note 18):			
Notes receivable – trade	142	240	1,164
Electronically-recorded monetary claims	1,940	3,459	15,902
Accounts receivable – trade	52,859	52,451	433,270
Allowance for doubtful accounts	(283)	(290)	(2,320)
Inventories (Note 6)	1,378	1,134	11,295
Other current assets	1,736	961	14,232
Total current assets	73,338	70,128	601,133
PROPERTY AND EQUIPMENT:			
Land	609	758	4,992
Buildings and structures	6,237	6,700	51,123
Machinery, equipment, tools, furniture, and fixtures	1,200	1,080	9,836
Lease assets (Note 17)	68	96	557
Construction in progress		14	
Total property and equipment	8,114	8,648	66,508
Accumulated depreciation	(5,413)	(5,813)	(44,369)
Net property and equipment	2,701	2,835	22,139
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 5 and 18)	21,278	23,006	174,410
Rental deposits	932	927	7,639
Investments in insurance contracts	22	22	180
Deferred tax assets (Note 13)	245	235	2,008
Net defined benefit asset (Note 9)	128	123	1,049
Other assets	1,511	1,568	12,384
Allowance for doubtful accounts	(189)	(210)	(1,549)
Total investments and other assets	23,927	25,672	196,121
TOTAL	¥99,966	¥98,634	$819,393

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars (Note 1) 2022
CURRENT LIABILITIES:			
Short-term bank loans (Notes 8 and 18)	¥ 3,944	¥ 6,471	$ 32,328
Current maturities of long-term debt (Notes 8, 17 and 18)	230	230	1,885
Payables (Note 18):			
Notes payable – trade	869	1,132	7,123
Electronically recorded obligations – operating	3,118	1,070	25,557
Accounts payable – trade	26,369	27,023	216,139
Income taxes payable (Notes 13 and 18)	1,423	1,053	11,664
Advances received on construction work in progress (Note 9)	2,486	2,614	20,377
Accrued expenses	4,464	3,920	36,590
Allowance for loss on construction contracts (Note 3)	555	663	4,549
Other current liabilities	476	998	3,903
Total current liabilities	43,934	45,174	360,115
LONG-TERM LIABILITIES:			
Long-term debt (Notes 8, 17 and 18)	39	243	320
Liability for retirement benefits (Note 10)	277	227	2,270
Deferred tax liabilities (Note 13)	1,877	2,269	15,385
Other long-term liabilities	26	17	213
Total long-term liabilities	2,219	2,756	18,188
EQUITY (Notes 11 and 20):			
Common stock – authorized, 84,252,100 shares; issued, 24,282,225 shares in 2022 and 2021	5,158	5,158	42,279
Capital surplus	6,913	6,906	56,664
Stock acquisition rights (Note 12)	116	150	950
Retained earnings	34,282	30,508	281,000
Treasury stock – at cost, 965,524 shares and 1,025,809 shares in 2022 and 2021, respectively	(1,528)	(1,623)	(12,525)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	8,478	9,535	69,492
Foreign currency translation adjustments	394	70	3,230
Total	8,871	9,605	72,722
Total equity	53,813	50,704	441,090
TOTAL	¥99,966	¥98,634	$819,393

Consolidated Statement of Income

Shin Nippon Air Technologies Co., Ltd. and Subsidiaries
Year Ended March 31, 2022

	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars (Note 1) 2022
REVENUES FROM CONSTRUCTION (Note 3)	¥106,718	¥107,254	$874,738
COSTS OF CONSTRUCTION CONTRACTS (Note 7)	92,172	93,337	755,508
Gross profit	14,546	13,917	119,230
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 15)	7,665	7,531	62,828
Operating income	6,881	6,386	56,402
OTHER INCOME (EXPENSES):			
Interest and dividend income	399	381	3,270
Interest expense	(14)	(22)	(115)
Loss on devaluation of investment securities (Note 5)	(19)		(156)
Foreign exchange gain (loss) – net	66	(13)	541
Gain on sales of investment securities (Note 5)	489		4,008
Loss on sales of investment securities (Note 5)	(12)		(98)
Loss on impairment of long-lived assets		(208)	
Other – net	108	(51)	886
Other income – net	1,017	87	8,336
INCOME BEFORE INCOME TAXES	7,898	6,473	64,738
INCOME TAXES (Note 13):			
Current	2,468	1,997	20,230
Deferred	27	(162)	221
Total income taxes	2,495	1,835	20,451
NET INCOME	5,403	4,638	44,287
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 5,403	¥ 4,638	$ 44,287

	Yen 2022	Yen 2021	U.S. Dollars 2022
PER SHARE OF COMMON STOCK (Notes 2.s and 20):			
Basic net income	¥231.88	¥199.51	$1.90
Diluted net income	230.99	198.51	1.89
Cash dividends applicable to the year	75.00	70.00	0.62

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Shin Nippon Air Technologies Co., Ltd. and Subsidiaries
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
NET INCOME	¥ 5,403	¥4,638	$44,287
OTHER COMPREHENSIVE INCOME (LOSS) (Note 19):			
Unrealized (loss) gain on available-for-sale securities	(1,057)	3,312	(8,664)
Foreign currency translation adjustments	324	(89)	2,656
Total other comprehensive (loss) income	(733)	3,223	(6,008)
COMPREHENSIVE INCOME	¥ 4,670	¥7,861	$38,279
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO –			
Owners of the parent	¥ 4,670	¥7,861	$38,279

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Shin Nippon Air Technologies Co., Ltd. and Subsidiaries
Year Ended March 31, 2022

	Thousands	Millions of Yen									
							Accumulated Other Comprehensive Income				
	Number of Shares of Common Stock Issued	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Total Equity
BALANCE, APRIL 1, 2020	24,282	¥5,158	¥6,888	¥168	¥27,497	¥(1,690)	¥ 6,223	¥159	¥6,382	¥44,403
Net income attributable to owners of the parent					4,638					4,638
Cash dividends, ¥70 per share					(1,627)					(1,627)
Purchase of treasury stock (746 shares)						(2)				(2)
Disposal of treasury stock (14,700 shares)			(5)			24				19
Restricted share-based remuneration (28,111 shares)			23			45				68
Net change in the year				(18)			3,312	(89)	3,223	3,205
BALANCE, MARCH 31, 2021	24,282	5,158	6,906	150	30,508	(1,623)	9,535	70	9,605	50,704
Net income attributable to owners of the parent					5,403					5,403
Cash dividends, ¥75 per share					(1,629)					(1,629)
Purchase of treasury stock (530 shares)						(1)				(1)
Disposal of treasury stock (27,400 shares)			(8)			43				35
Restricted share-based remuneration (33,415 shares)			15			53				68
Net change in the year				(34)			(1,057)	324	(733)	(767)
BALANCE, MARCH 31, 2022	24,282	¥5,158	¥6,913	¥116	¥34,282	¥(1,528)	¥ 8,478	¥394	¥8,871	¥53,813

	Thousands of U.S. Dollars (Note 1)								
						Accumulated Other Comprehensive Income			
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Total Equity
BALANCE, MARCH 31, 2021	$42,279	$56,607	$1,230	$250,065	$(13,303)	$78,156	$ 574	$78,730	$415,608
Net income attributable to owners of the parent				44,287					44,287
Cash dividends, $0.61 per share				(13,352)					(13,352)
Purchase of treasury stock (530 shares)					(8)				(8)
Disposal of treasury stock (27,400 shares)		(66)			352				286
Restricted share-based remuneration (33,415 shares)		123			434				557
Net change in the year			(280)			(8,664)	2,656	(6,008)	(6,288)
BALANCE, MARCH 31, 2022	$42,279	$56,664	$ 950	$281,000	$(12,525)	$69,492	$3,230	$72,722	$441,090

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Shin Nippon Air Technologies Co., Ltd. and Subsidiaries
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
OPERATING ACTIVITIES:			
Income before income taxes	¥7,898	¥ 6,473	$ 64,738
Adjustments for:			
Income taxes – paid	(2,002)	(2,900)	(16,410)
Depreciation and amortization	473	474	3,877
Gain on sales of investment securities	(477)		(3,910)
Loss on impairment of long-lived assets		208	
Loss on devaluation of investment securities	19		156
Loss on cancellation of insurance		85	
Changes in assets and liabilities:			
Decrease in receivables – trade	1,544	3,484	12,656
(Increase) decrease in inventories	(227)	334	(1,861)
Increase (decrease) in payables – trade	952	(5,982)	7,803
Decrease in advances received on construction work in progress	(227)	(51)	(1,861)
(Decrease) increase in allowance for doubtful accounts	(29)	23	(238)
Increase (decrease) in liability for retirement benefits	43	(89)	352
Decrease in allowance for losses on construction contracts	(107)	(327)	(877)
Decrease in accrued consumption taxes	(285)	(186)	(2,336)
Increase in consumption taxes refund receivable	(882)	(65)	(7,230)
Other – net	313	438	2,567
Net cash provided by operating activities	7,006	1,919	57,426
INVESTING ACTIVITIES:			
Decrease in time deposits	17	130	139
Increase in time deposits	(68)	(130)	(557)
Purchases of property and equipment	(193)	(91)	(1,582)
Purchases of intangible fixed assets	(267)	(146)	(2,189)
Proceeds from sale of fixed assets	225	9	1,844
Proceeds from maturity of insurance funds		170	
Purchases of short-term investments and investment securities	(95)	(110)	(779)
Proceeds from sales and redemptions of short-term investments and investment securities	802	500	6,574
Decrease in loan receivables – net	2	38	16
Other – net	(9)	(61)	(73)
Net cash provided by investing activities	414	309	3,393
FORWARD	¥7,420	¥ 2,228	$ 60,819

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
FORWARD	¥ 7,420	¥ 2,228	$ 60,819
FINANCING ACTIVITIES:			
Decrease in short-term bank loans – net	(2,550)	(316)	(20,903)
Repayments of long-term debt	(200)	(528)	(1,639)
Dividends paid	(1,629)	(1,626)	(13,352)
Repayment of lease obligations	(33)	(33)	(270)
Purchases of treasury stock	(1)	(2)	(8)
Net cash used in financing activities	(4,413)	(2,505)	(36,172)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	332	(37)	2,730
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,339	(314)	27,377
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,096	12,410	99,139
CASH AND CASH EQUIVALENTS, END OF YEAR	¥15,435	¥12,096	$126,516
NONCASH INVESTING AND FINANCING ACTIVITIES:			
Finance lease assets and debt	¥26	¥3	$213

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Shin Nippon Air Technologies Co., Ltd. and Subsidiaries
Year Ended March 31, 2022

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2021 consolidated financial statements to conform to the classifications used in 2022.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Shin Nippon Air Technologies Co., Ltd. (the "Company") is incorporated and operates. Japanese yen figures less than million yen are rounded down to the nearest million yen, except for per share data.The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥122 to $1, the approximate rate of exchange at March 31, 2022. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation –*** The consolidated financial statements as of March 31, 2022, include the accounts of the Company and all of its subsidiaries (together, the "Group"). The Company has eight consolidated subsidiaries: SNK SERVICE CO., LTD. in Japan; NIPPO ENGINEERING CO., LTD. in Japan; SNK (CHINA) CONSTRUCTION CO., LTD. in China; SHIN NIPPON LANKA (Private) LIMITED in Sri Lanka; SNK (ASIA PACIFIC) PTE. LTD. in Singapore; SNK INDUSTRIAL TRADING (SHANGHAI) CO., LTD.; SNK ENGINEERING TECHNOLOGY (SHANGHAI) CO., LTD. and FUJIAN SNK INVESTMENT CONSULTING CO., LTD. in China.

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements –*** Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. ***Cash Equivalents –*** Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and certificates of deposit, which mature or become due within three months of the date of acquisition.

d. ***Inventories –*** Construction work in progress is stated at cost, determined using the specific identification method.

e. ***Short-Term Investments and Investment Securities –*** Marketable and investment securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity.

Nonmarketable available-for-sale equity securities are stated at cost determined using the moving-average method.

For other-than-temporary declines in fair value, available-for-sale securities are reduced to net realizable value by a charge to income.

Effective April 1, 2021, the Company applied ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance (the "New Accounting Standards"). Under the New Accounting Standards, nonmarketable available-for-sale equity securities are stated at cost, while under the previous accounting standards, nonmarketable available-for-sale securities are stated at cost. The Company applied the New Accounting Standards prospectively. As a result, there is no impact on the consolidated financial statements. In addition, in the "Financial Instruments-related" note, we have decided to make a note regarding matters related to the breakdown of financial instruments by market value level.

f. ***Property and Equipment –*** Property and equipment are carried at cost. Depreciation of the Company and its domestic subsidiaries is computed substantially by the declining-balance method. The straight-line method is principally applied to the Company and its domestic subsidiaries for buildings acquired after April 1, 1998, and structures acquired after April 1, 2016, and property and equipment of its foreign subsidiaries.

The range of useful lives is principally from 3 to 50 years for buildings and structures and from 2 to 20 years for machinery, equipment, tools, furniture, and fixtures. The useful lives for lease assets are the terms of the respective leases.

g. ***Long-Lived Assets –*** The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. ***Research and Development Costs –*** Research and development costs are charged to income as incurred.

i. ***Allowance for Doubtful Accounts –*** The allowance for doubtful accounts is stated at amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

j. ***Retirement Benefits and Pension Plan –*** In the calculation of our Group's retirement benefit liabilities, retirement benefit assets and retirement benefit expenses, the retirement benefit obligation under the lump-sum retirement benefit plan is determined as the amount required to be paid voluntarily at the end of the period for retirement benefits, and the retirement benefit obligation under the corporate pension plan is determined as the most recent actuarial obligation for pension finance using an interlocutory method.

k. ***Stock Options –*** Compensation expense for employee stock options is recognized based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services in accordance with ASBJ Statement No. 8, "Accounting Standard for Share-based Payment." In the consolidated balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

l. ***Revenue Recognition –*** The Group mainly enters into long-term construction contracts. The Group determines that its performance obligations in such contracts are satisfied over time and recognizes revenue based on the stage of completion of the contract in satisfying the performance obligations. The stage of completion of the contract is measured based on the proportion of construction costs incurred by year-end to total construction costs.

m. ***Leases –*** Finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

All other leases are accounted for as operating leases.

n. ***Allowance for Losses on Construction Contracts –*** The Group provides an allowance for losses on construction contracts, which are probable and estimable at the consolidated balance sheet date.

o. ***Bonuses to Directors –*** Bonuses to directors are accrued at the year-end to which such bonuses are attributable.

p. ***Foreign Currency Transactions –*** All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

q. ***Foreign Currency Financial Statements –*** The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of the foreign subsidiaries are translated into Japanese yen at the average exchange rate.

r. ***Income Taxes –*** The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

s. ***Per Share Information –*** Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

3. SIGNIFICANT ACCOUNTING ESTIMATE

The Revenue Recognition for Performance Obligations Satisfied Over Time and Allowance for Losses on Construction Contracts

(1) Carrying amounts

	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
The revenue from construction for performance obligations satisfied over time	¥86,854	$711,918
Allowance for losses on construction contracts	555	4,549

(2) Information on the significant accounting estimate

The amounts stated above are calculated by the method described in Notes 2.l and n, which are "Summary of Significant Accounting Policies." The revenue from construction for performance obligations satisfied over time and allowance for losses on construction contracts depends on the estimate of the total construction cost, which is the total expenditure for each construction contract. The estimate is based on the past results, and fluctuations in market conditions related to materials and outsourcing costs and taking into consideration the construction condition for each construction contract.

If the total construction cost increases or decreases significantly due to unexpected design, specification changes, delays in construction progress or market fluctuations, the amount of the revenue from construction for performance obligations satisfied over time and allowance for losses on construction contracts may have a significant impact on future financial statements.

4. ACCOUNTING CHANGE

Effective April 1, 2021, the Company adopted ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition," issued on March 31, 2020 ("ASBJ Statement No. 29") and recognizes revenue at the amount expected to be received in exchange for promised goods or services when control of the goods or services is transferred to customers. As a result, if control of a good or service is transferred to the customer over a period of time, we will apply a method of recognizing revenue over a period of time as we meet our performance obligations to transfer the good or service to the customer. The progress of fulfillment of performance obligations is measured based on the ratio of construction costs incurred by the end of each reporting period to the total expected construction costs (input method). Works with a very short period from the contract start date to the time when the performance obligation is expected to be fully satisfied will not recognize revenue depending on the progress. Revenue is recognized when the performance obligations are fully satisfied.

In applying the new accounting policy, the cumulative effect of applying the new accounting policy retroactively before the beginning of the current fiscal year is added to retained earnings at the beginning of the current fiscal year in accordance with the transitional treatment set forth in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, and the new accounting policy is applied from the balance at the beginning of the current fiscal year. However, the method set forth in paragraph 86 of the Accounting Standard for Revenue Recognition is applied, and the new accounting policy is not applied retroactively to contracts for which the amount of almost all revenue was recognized in accordance with the previous accounting policy prior to the beginning of the current consolidated fiscal year. As a result, the impact on the consolidated financial statements for the current consolidated fiscal year is insignificant and there is no impact on the balance of retained earnings at the beginning of the current fiscal year.

5. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Current—Time deposits which mature beyond three months from acquisition	¥ 131	¥ 77	$ 1,074
Total	¥ 131	¥ 77	$ 1,074
Noncurrent:			
Marketable equity securities	¥20,383	¥22,194	$167,074
Nonmarketable equity securities	895	811	7,336
Total	¥21,278	¥23,005	$174,410

The costs and aggregate fair values of short-term investments and investment securities as of March 31, 2022 and 2021, were as follows:

	Millions of Yen			
March 31, 2022	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—Equity securities	¥8,273	¥12,307	¥(197)	¥20,383
Total	¥8,273	¥12,307	¥(197)	¥20,383
March 31, 2021				
Securities classified as available-for-sale—Equity securities	¥8,587	¥13,691	¥ (84)	¥22,194
Total	¥8,587	¥13,691	¥ (84)	¥22,194

	Thousands of U.S. Dollars			
March 31, 2022	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—Equity securities	$67,811	$100,877	$(1,615)	$167,074
Total	$67,811	$100,877	$(1,615)	$167,074

The information for available-for-sale securities which were sold during the years ended March 31, 2022 and 2021, is as follows:

	Millions of Yen		
March 31, 2022	Proceeds	Realized Gains	Realized Losses
Available-for-sale—Equity securities	¥803	¥489	¥12
Total	¥803	¥489	¥12
March 31, 2021			
Available-for-sale—Equity securities			
Total			

	Thousands of U.S. Dollars		
March 31, 2022	Proceeds	Realized Gains	Realized Losses
Available-for-sale—Equity securities	$6,582	$4,008	$98
Total	$6,582	$4,008	$98

The impairment losses on available-for-sale equity securities for the year ended March 31, 2022, were ¥19 million ($156 thousand).

6. INVENTORIES

Inventories as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Construction work in progress	¥1,333	¥1,089	$10,926
Materials and supplies	45	45	369
Total	¥1,378	¥1,134	$11,295

7. PROVISION FOR LOSS ON CONSTRUCTION CONTRACTS

Provision for loss on construction contracts included in costs of construction contracts are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Provision for loss on construction contracts	¥(59)	¥185	$(484)

8. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans represent borrowings under bank overdraft agreements and notes due within one year, bearing interest ranging from 0.210% to 0.800% at March 31, 2022, and from 0.210% to 0.850% at March 31, 2021, respectively.

Long-term debt as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unsecured loans from banks, maturing serially through 2023, with an interest rate of 0.73% for 2022 and 2021	¥ 200	¥ 400	$ 1,639
Obligations under finance leases	68	73	557
Less current portion	(229)	(230)	(1,876)
Long-term debt, less current portion	¥ 39	¥ 243	$ 320

Annual maturities of long-term debt, excluding finance leases (see Note 17), at March 31, 2022, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2023	¥200	$1,639
Total	¥200	$1,639

9. ADVANCES RECEIVED ON CONSTRUCTION WORK IN PROGRESS

The Group normally receives payments from customers on a progressive basis in accordance with the terms of the respective construction contracts.

10. RETIREMENT AND PENSION PLANS

The Company provides a lump-sum retirement benefit plan and a defined contribution pension plan for employees.

Consolidated subsidiaries have a lump-sum retirement allowance plan or a funded defined benefit pension plan as defined benefit plans and a defined contribution pension plan. The Company and certain of its domestic consolidated subsidiaries apply the simplified method for a lump-sum retirement allowance plan and a funded defined benefit pension plan.

The Company and some domestic subsidiaries participate in a multi-employer plan for which the Company cannot reasonably calculate the amount of plan assets corresponding to the contributions made by them. Therefore, it is accounted for using the same method as a defined contribution plan.

(1) The changes in liability for retirement benefits, which have been calculated by a simplified method for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥104	¥196	$ 852
Net periodic benefit costs	64	(31)	525
Benefits paid	(7)	(50)	(57)
Contribution amount	(12)	(11)	(98)
Balance at end of year	¥149	¥104	$1,222

(2) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets which have been calculated by a simplified method as of March 31, 2022 and 2021, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Funded defined benefit obligation	¥ 239	¥ 230	$ 1,959
Plan assets	(368)	(353)	(3,016)
Total	(129)	(123)	(1,057)
Unfunded defined benefit obligation	277	227	2,270
Net liability for defined benefit obligation	¥ 148	¥ 104	$ 1,213

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Liability for retirement benefits	¥ 277	¥ 227	$ 2,270
Asset for retirement benefits	(129)	(123)	(1,057)
Net liability for defined benefit obligation	¥ 148	¥ 104	$ 1,213

(3) Periodic benefit cost which has been calculated by a simplified method for the years ended March 31, 2022 and 2021, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Funded defined benefit obligation	¥64	¥(31)	$525

(4) Defined contribution pension plan

(a) Retirement benefit costs for defined contribution plans

The main contributions to the defined contribution plans of the Group for the years ended March 31, 2022 and 2021, were ¥515 million ($4,221 thousand) and ¥542 million, respectively.

(b) The amounts equivalent to contributions commensurate with risks

The amounts equivalent to contributions commensurate with risks required to be contributed after the next fiscal year is ¥439 million ($3,598 thousand).

The number of years remaining for the special contributions is five years and nine months.

(5) The Group participates in a multiemployer plan for which it cannot reasonably calculate the amount of plan assets corresponding to the contributions made by the Group. Therefore, they are accounted for using the same method as a defined contribution plan.

The contributions to such multiemployer plan, which are accounted for using the same method as a defined contribution plan, were ¥239 million ($1,959 thousand) and ¥224 million for the years ended March 31, 2022 and 2021, respectively.

(a) The funded status of the multiemployer plan as of March 31, 2021 and 2020, was as follows:

	Millions of Yen March 31	
	2021	2020
Plan assets	¥12,740	¥11,474
Sum of actuarial liabilities of pension plan and minimum actuarial reserve	16,227	16,773
Net balance	¥(3,487)	¥(5,299)

(b) The contribution ratio of the Group in the multi-employer plan for the years ended March 31, 2021 and 2020, was as follows:

	2021	2020
The contribution ratio of the Group in the multi-employer plan	17.8%	18.3%

The ratios above do not represent the actual actuarial liability ratio of the Group.

(c) Supplementary explanation

March 31, 2021

The net balance above is mainly caused by the prior service liability of ¥6,418 million ($52,607 thousand), retained earnings of ¥774 million ($6,344 thousand) and general reserve of ¥2,157 million ($17,680 thousand) as of March 31, 2021. The prior service liability under the plan is amortized over 9 years.

March 31, 2020

The net balance above is mainly caused by the prior service liability of ¥7,456 million, retained earnings of ¥(7) million and general reserve of ¥2,164 million as of March 31, 2020. The prior service liability under the plan is amortized over 10 years.

11. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. ***Dividends***

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the Board of Directors of companies with (a) board committees (namely, appointment committee, compensation committee and audit committee) or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. However, the Company does not meet all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. ***Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus***

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. ***Treasury Stock and Treasury Stock Acquisition Rights***

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

12. STOCK OPTIONS

The stock options outstanding as of March 31, 2022, are as follows:

Stock Options	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
1st Stock Option	9 directors 15 executive officers	70,400 shares	2016.8.22	¥1 ($0.01)	From August 23, 2016 to August 22, 2046
2nd Stock Option	8 directors 17 executive officers	52,000 shares	2017.7.10	¥1 ($0.01)	From July 11, 2017 to July 10, 2047
3rd Stock Option	7 directors 19 executive officers	42,500 shares	2018.7.9	¥1 ($0.01)	From July 10, 2018 to July 9, 2048

The stock option activity is as follows:

	1st Stock Option	2nd Stock Option (Shares)	3rd Stock Option
Year Ended March 31, 2021			
Vested			
March 31, 2020—Outstanding	48,800	40,700	42,500
Vested			
Exercised	(6,300)	(4,500)	(3,900)
Canceled			
March 31, 2021—Outstanding	42,500	36,200	38,600
Year Ended March 31, 2022			
Vested			
March 31, 2021—Outstanding	42,500	36,200	38,600
Vested			
Exercised	(10,400)	(9,100)	(7,900)
Canceled			
March 31, 2022—Outstanding	32,100	27,100	30,700
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average stock price at exercise	¥2,278 ($18.67)	¥2,297 ($18.83)	¥2,296 ($18.82)
Fair value price at grant date	¥960 ($7.87)	¥1,429 ($11.71)	¥1,478 ($12.12)

13. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.6% and 30.6% for the years ended March 31, 2022 and 2021, respectively.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Liability for employees' retirement benefits	¥ 82	¥ 67	$ 672
Allowance for doubtful accounts	103	120	844
Employee accrued bonuses	1,161	1,029	9,516
Loss on devaluation of golf club memberships	54	54	443
Loss on devaluation of investment securities	163	157	1,336
Loss on devaluation of land	72	194	590
Impairment loss	7	65	57
Accrued social insurance premiums	174	155	1,426
Accrued business tax	106	74	869
Allowance for loss on construction contracts	169	199	1,385
Other	420	433	3,445
Valuation allowance	(369)	(363)	(3,025)
Total	2,142	2,184	17,558
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(3,640)	(4,072)	(29,836)
Retained earnings of overseas subsidiaries	(60)	(55)	(492)
Other	(74)	(91)	(607)
Total	(3,774)	(4,218)	(30,935)
Net deferred tax liabilities	¥(1,632)	¥(2,034)	$(13,377)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2022, with the corresponding figures for 2021, is as follows:

	2022	2021
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible permanently for income tax purposes	1.0	1.6
Income not taxable permanently for income tax purposes	(0.2)	(0.3)
Inhabitant tax	0.9	1.1
Difference in statutory tax rates of overseas subsidiaries	0.3	(1.2)
Valuation allowance	(0.0)	(2.5)
Special corporation tax deduction	(1.5)	(1.1)
Other—net	0.5	0.2
Actual effective tax rate	31.6%	28.4%

14. REVENUE

(1) Basic Information to Understand Revenues from Contracts with Customers

As described in Note 2.l which is "Revenue recognition" in "Summary of Significant Accounting Policies."

(2) Contract Balances

Receivables from contract with customers, contract assets and contract liabilities at the beginning and end of the year are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
Receivables from contracts with customers:		
Balance at beginning of year	¥45,173	$370,270
Balance at end of year	37,515	307,500
Contract assets:		
Balance at beginning of year	10,774	88,311
Balance at end of year	17,337	142,107
Contract liabilities:		
Balance at beginning of year	2,614	21,426
Balance at end of year	2,486	20,377

Contract assets are the unbilled amount of revenue recognized mainly based on the measurement of progress in construction contracts, etc., and are included in "Notes receivable" and "Accounts receivable" in the consolidated balance sheet. Contract assets are transferred to receivables from contract with customers when the rights of our company and its consolidated subsidiaries become unconditional upon acceptance by customers.

Contract liabilities are mainly advances received from customers under construction contracts and are included in "Advances received on construction work in progress" in the consolidated balance sheet. Contract liabilities are reversed as revenue is recognized. The amount of revenue recognized in the current consolidated fiscal year from performance obligations satisfied (or partially satisfied) in past periods is immaterial.

(3) Transaction Prices Allocated to Remaining Performance Obligations

The following table shows the summary of the transaction prices allocated to remaining performance obligations that are unsatisfied as of March 31, 2022:

	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
Within one year	¥52,720	$432,131
After one to two years	15,157	124,238
After two to three years	10,006	82,016
Total	¥77,883	$638,385

15. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to costs of construction contracts and selling, general and administrative expenses were ¥470 million ($3,852 thousand) and ¥477 million for the years ended March 31, 2022 and 2021, respectively.

16. ASSETS PLEDGED

Assets pledged as collateral as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Time deposits	¥27	¥27	$221

17. LEASES

The Group leases certain cars, software, and other assets.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2022		2022	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Due within one year	¥30	¥236	$246	$1,934
Due after one year	39	55	320	451
Total	¥69	¥291	$566	$2,385

The minimum rental commitments under noncancelable operating leases as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Due within one year	**¥236**	¥503	**$1,934**
Due after one year	**55**	257	**451**
Total	**¥291**	¥760	**$2,385**

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group purchases or issues financial instruments in order to finance its operations and to manage its surplus cash efficiently according to the Group policy of safe and secure asset management. Mainly short-term bank loans are used to fund its operations considering the cash flow projections. Derivatives, if any, are used only for hedging currency, interest rate, and other risks and not for speculation.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

Receivables, such as trade notes, electronically-recorded monetary claims and trade accounts, are exposed to customer credit risk.

Short-term investments in securities and investment securities are used mainly for relations with the customers and utilization of surplus funds. Such investment securities are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes, electronically recorded obligations – operating and trade accounts, are mainly less than one year.

Short-term bank loans and long-term debt, excluding finances lease are used mainly for funding the Group's operations. Such bank loans are exposed to market risks from changes in variable interest rates.

(3) *Risk Management for Financial Instruments*

Credit risk (risk of default of contract) management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal policies, which include performing credit checks when receiving orders and monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage.

Market risk management (foreign currency exchange rate risk and interest rate risk)

With regard to equity securities, the Company periodically monitors the market value and the financial condition of the issuer, and continuously reviews the holding status by taking into account the market conditions and the relationship with the business partners. As for debt securities, in accordance with the fund management rules, the Company trades in bonds with higher ratings than creditworthy financial institutions, and reports the investment status to the Executive Committee on a regular basis.

Liquidity risk management

Based on reports from each department and receipt and payment information data, the Company's Finance Department prepares funding plans in a timely manner and limits borrowings to the minimum necessary amount, and keeps track of funding conditions as needed. In addition, we have secured credit lines from multiple financial institutions, enabling us to procure funds flexibly.

(4) *Fair Values of Financial Instruments*

The amount recorded on the consolidated balance sheet, the market value, and the difference between them are as follows. Stocks without market prices are not listed.

The note for cash is omitted. Deposits, bills receivable, accounts receivable from completed construction, electronically recorded receivables, bills payable, accounts payable for construction, electronically recorded debt, short-term borrowings, income taxes payable, etc. are settled in a short period of time and the market value is close to the book value, so notes are omitted.

Fair value of financial instruments

	Millions of Yen		
March 31, 2022	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	¥20,383	¥20,383	
Total	¥20,383	¥20,383	
Long-term debt and current maturities of long-term debt, excluding finance leases	¥ 200	¥ 199	¥(1)
Total	¥ 200	¥ 199	¥(1)
March 31, 2021			
Investment securities	¥22,194	¥22,194	
Total	¥22,194	¥22,194	
Long-term debt and current maturities of long-term debt, excluding finance leases	¥ 400	¥ 399	¥(1)
Total	¥ 400	¥ 399	¥(1)

	Thousands of U.S. Dollars		
March 31, 2022	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	$167,074	$167,074	
Total	$167,074	$167,074	
Long-term debt and current maturities of long-term debt, excluding finance leases	$ 1,639	$ 1,631	$(8)
Total	$ 1,639	$ 1,631	$(8)

Carrying amount of investments in equity instruments that do not have a quoted market price in an active market

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	**2022**
Unlisted equity instruments	**¥895**	¥812	**$7,336**

Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
March 31, 2022	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥15,566			
Receivables	52,912			
Electronically-recorded monetary claims	1,940			
Total	¥70,418			
March 31, 2021				
Cash and cash equivalents	¥12,173			
Receivables	52,489			
Electronically-recorded monetary claims	3,459			
Total	¥68,121			

	Thousands of U.S. Dollars			
March 31, 2022	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$127,590			
Receivables	433,705			
Electronically-recorded monetary claims	15,902			
Total	$577,197			

Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

The financial assets and liabilities measured at the fair values in the consolidated balance sheet

	Millions of Yen			
March 31, 2022	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Equity securities	¥20,383			¥20,383
Total assets	¥20,383			¥20,383
Long-term borrowing (including scheduled repayment within one year)		¥199		¥ 199
Total liabilities		¥199		¥ 199

	Thousands of U.S. Dollars			
March 31, 2022	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Equity securities	$167,074			$167,074
Total assets	$167,074			$167,074
Long-term borrowing (including scheduled repayment within one year)		$1,631		$ 1,631
Total liabilities		$1,631		$ 1,631

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Marketable and Investment Securities

The fair values of listed equity securities are measured at the quoted market prices. Since listed equity securities are traded in active markets, the fair values of listed equity securities are categorized as Level 1.

Long-Term Borrowing

The fair values of long-term borrowing are measured by using discounted present value techniques considering assumptions including expected future cash flows and discount rates taking into account maturity and credit risk, and are categorized as Level 2.

19. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrealized (loss) gain on available-for-sale securities:			
(Loss) gain arising during the year	¥(1,031)	¥ 4,697	$ (8,451)
Reclassification adjustments to profit	(457)		(3,746)
Amount before income tax effect	(1,488)	4,697	(12,197)
Income tax effect	431	(1,385)	3,533
Total	¥(1,057)	¥ 3,312	$ (8,664)
Foreign currency translation adjustments—			
Loss arising during the year	¥ 324	¥ (89)	$ 2,656
Total	¥ 324	¥ (89)	$ 2,656
Total other comprehensive (loss) income	¥ (733)	¥ 3,223	$ (6,008)

20. NET INCOME PER SHARE

Reconciliation of the Differences between Basic and Diluted Net Income per Share ("EPS")

Reconciliation of the differences between basic and diluted EPS for the years ended March 31, 2022 and 2021, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2022	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥5,403	23,303	¥231.88	$1.90
Effect of dilutive securities—Warrants		89		
Diluted EPS—Net income for computation	¥5,403	23,392	¥230.99	$1.89
Year Ended March 31, 2021				
Basic EPS—Net income available to common shareholders	¥4,638	23,246	¥199.51	
Effect of dilutive securities—Warrants		117		
Diluted EPS—Net income for computation	¥4,638	23,363	¥198.51	

21. SEGMENT INFORMATION

Segment information about sales, profit (loss), assets, liabilities, and other items is not presented because the Group has only one reportable segment, the equipment construction segment.

Information about Major Customers

	2022	
	Millions of Yen	
Name of Customers	Sales	Related Segment Name
Kioxia Corporation	¥15,603	The equipment construction segment

	2022	
	Thousands of U.S. Dollars	
Name of Customers	Sales	Related Segment Name
Kioxia Corporation	$127,893	The equipment construction segment

22. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2022, was approved at the Company's shareholders' meeting held on June 24, 2022:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥55.0 ($0.451) per share	¥1,282	$10,508

* * * * * *

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www2.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Shin Nippon Air Technologies Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Shin Nippon Air Technologies Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Recognition of revenue from construction contracts	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As described in Note 2.l, "Summary of Significant Accounting Policies – Revenue recognition" and Note 3, "Significant Accounting Estimate" to the consolidated financial statements,the Group recognizes revenue over time in accounting for transactions from construction contracts in the facility construction business in which performance obligations are satisfied over time. The Group recognized revenues over time in the amount of ¥86,854 million, which were included in revenues from construction contracts amounting to ¥106,718 million for the year ended March 31, 2022. The amount of revenue from construction recognized over time is calculated by multiplying total construction revenue by the stage of completion of the contract which is measured using an input method based on the proportion of construction costs incurred by year-end to total construction costs. Significant forecasts and judgments are made by management in estimating the total construction costs and the stage of completion of the contract, taking into consideration the relevant business environment. In the facility construction business, the Group undertakes air conditioning equipment construction mainly as a part of new construction and renewal of office buildings, and total construction costs may significantly increase due to: • Design or specification changes which are unexpected at the start of construction; • Fluctuations in market conditions related to materials and outsourcing costs; or • Additional outsourcing costs due to process delays, which result in uncertainty associated with these forecasts and estimates. In addition, if the degree of estimation uncertainty increases, it may take time to review total construction costs, so that the total construction costs may not be revised or reviewed in a timely manner. If revenue from construction is recognized over time using the input method in these situations, there is a risk that the amount of revenues from construction for each of the year may not be appropriately recorded. Therefore, we determined revenue recognition for transactions having performance obligations satisfied over time as a key audit matter because the estimation of total construction cost significantly affects its consolidated financial statements.	We evaluated the design and operating effectiveness of internal controls over the process of estimating the total construction costs to recognize revenues for performance obligations satisfied over time. In particular, we tested the controls to determine whether the work content, estimated costs and working hours for each construction category were appropriately estimated, and the controls to monitor whether the total construction costs reflected changes in the situation arising after the start of construction in a timely and appropriate manner by making inquiries of main company personnel who were responsible for the performance of controls and inspecting related supporting documents. We also selected a sample of construction contracts with a higher degree of estimation uncertainty relating to total construction costs based on the total construction revenue, contract terms, the stage of completion of the contract, profit rate and others, and performed the following procedures for the selected contracts to evaluate whether total construction costs had been developed in a timely and reasonable manner: • We analyzed estimated total construction costs and construction profit or loss with historical trends and compared the stage of completion of the contract based on the trend in actual construction costs incurred with the progress in the work schedule. • We evaluated the reasonableness of judgments about whether the total construction costs should be revised based on the progress of construction by making inquiries of relevant responsible personnel and if necessary, observing the construction site. • We agreed actual construction costs incurred for outsourcing works to invoices or other supporting documents. • We compared construction costs estimated in the prior year with the actual costs incurred to evaluate the reasonableness of accounting estimates included in total construction costs in the prior year.

Other Information

Management is responsible for the other information. the Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan
Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Yasuhiko Haga

Yasuhiko Haga
Designated Engagement Partner
Certified Public Accountant

Hirotsugu Mizuno

Hirotsugu Mizuno
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC
August 11, 2022

Board of Directors

(As of June 24, 2022)

Chairman
Hiroshi Natsui*

President
Shinji Maekawa*

Directors
Kiyoshi Endo
Satoshi Shimomoto
Masaki Ito
Kiyoshi Inoue

Outside Director
Shigeki Morinobu

Director, Audit and Supervisory Committee Member
Toshihiko Morimoto

Outside Director, Audit and Supervisory Committee Member
Yasushi Mizuno
Hideki Tokai
Yumiko Umehara

* Representative Director

Corporate Data

(As of March 31, 2022)

Date of Establishment
October 1, 1969

Paid-in Capital
¥5,159 millions

Number of Shares Outstanding
24,282,225 shares

Number of Shareholders
6,144

Number of Employees
1,103

Stock Exchange Listing
Tokyo Stock Exchange, 1st Section
(changed to Prime Market on April 4, 2022)

Transfer Agent of Common Stock
Sumitomo Mitsui Trust Bank, Limited

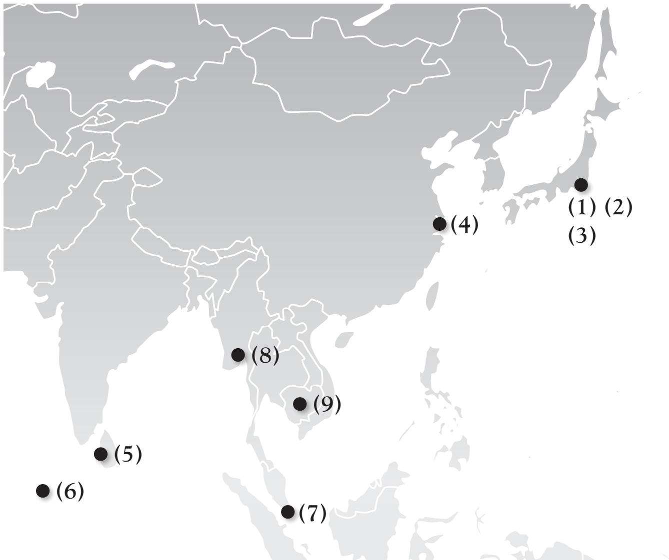
By Type of Shareholder

Financial institutions	24.22%
Individuals & Others	29.82%
Foreign Shareholders	3.96%
Other domestic companies	42.00%

By Number of Shares Held

500,000 shares or more	51.12%
100,000 – 499,999 shares	25.23%
10,000 – 99,999 shares	11.24%
1,000 – 9,999 shares	8.50%
Fewer than 1,000 shares	3.91%

Network



(1)Head Office
Hamacho Center Bldg. 2-31-1, Nihonbashi hamacho, Chuo-ku, Tokyo 103-0007, Japan
Phone:81-3-3639-2700 Fax:81-3-3639-2732
URL:https://www.snk.co.jp/

SUBSIDIARIES

(2)SNK Service Co., Ltd.
Wakamatsu Bldg. 3-3-6, Nihonbashi honcho, Chuo-ku, Tokyo 103-0023, Japan
Phone:81-3-5200-3940
Fax:81-3-5200-3935

(3)NIPPO ENGINEERING CO., LTD.
6F, Minatomirai Grand Central Tower.4-6-2, Minato Mirai, Nishi-ku, Yokohama, Kanagawa 220-0012, Japan
Phone:81-45-227-7360
Fax:81-45-227-7368

(4)SNK (CHINA) CONSTRUCTION CO., LTD.
2F, 301, Jiang Chang San Road, Shanghai, 200436, P.R.China
Phone:86-21-51060068
Fax:86-21-51060063

(5)SHIN NIPPON LANKA (PRIVATE) LIMITED
Office/Factory
309/1, Colombo Road, Welisara, Sri Lanka
Phone:94-11-200-5300
Fax:94-11-223-6599

(6)SHIN NIPPON LANKA (PRIVATE) LIMITED MALDIVES BRANCH
DMK No. 02 Fihaara – 06th Floor Chandhanee Magu, Male, Republic of Maldives
Phone:960-330-0015
Fax:960-330-0014

(7)SNK (ASIA PACIFIC) PTE. LTD.
315 Outram Road, #09-06, Tan Boon Liat Building, Singapore 169074
Phone:65-6227-2300
Fax:65-6227-3122

(8)SNK (ASIA PACIFIC) PTE. LTD. MYANMAR BRANCH
27 Room 001, Aung Zayya Street, Kyauk Kone Yankin Township, Yangon, Myanmar
Phone:95-1-356-0086

(9)SNK (ASIA PACIFIC) PTE. LTD. CAMBODIA BRANCH
Phnom Penh Center 1st Floor, Room No. 115-119, Block North Building, Street Sothearos (3), Phom 1, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia
Phone:855-23-900-550

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