

Consolidated Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2022 (J-GAAP)

November 8, 2021

Company name: T.RAD Co., Ltd.

Code No.: 7236

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Scheduled date of filing of 2nd quarter securities report:

Scheduled date of start of dividend payments:

Supplemental materials prepared for consolidated financial results: None

Briefing on consolidated financial results: Yes

Listing: Tokyo Stock Exchange, First Section

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November 9, 2021

November 30, 2021

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Performance for the 2nd Quarter of Fiscal Year Ending March 31, 2022

(April 1, 2021 to September 30, 2021)

(1) Consolidated operating performance

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	65,574	34.5	3,417	—	3,483	—	1,864	—
Six months ended September 30, 2020	48,768	-26.2	(1,634)	—	(1,647)	—	(2,469)	—

Note: Comprehensive income

Six months ended September 30, 2021: ¥ 3,414 million —%

Six months ended September 30, 2020: ¥ -3,207 million —%

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2021	259.32	—
Six months ended September 30, 2020	(342.39)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Six months ended September 30, 2021	91,203	45,886	47.7	6,177.87
Fiscal year ended March 31, 2021	86,800	43,218	47.3	5,673.72

Reference: Shareholders' equity

As of September 30, 2021: ¥43,480 million

As of March 31, 2021 : ¥41,048 million

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2022	—	40.00			
Fiscal year ending March 31, 2022 (Forecast)			—	50.00	90.00

Note: Revisions to the forecast of dividends since the latest official announcement: No

3. Forecast of Consolidated Financial Performance for the Fiscal Year Ending March 31, 2022

(April 1, 2021 to March 31, 2022)

(Percentage figures indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	134,900	19.3	5,200	311.5	5,000	224.5	2,700	317.8	373.19

Note: Revisions to the forecast of consolidated financial performance since the latest official announcement: No

4. Other

- (1) Changes in significant subsidiaries during the current quarter
(changes in specific subsidiaries resulting in changes in the scope of consolidation): None
- (2) Adoption of specific accounting policies for quarterly consolidated financial statements: None
- (3) Changes in accounting principles, estimation procedures or presentation methods
 - 1) Changes associated with revision of accounting standards: Yes
 - 2) Changes other than 1): None
 - 3) Changes accounting estimation procedures: None
 - 4) Changes in presentation methods: None
- (4) Number of shares issued and outstanding (common stock)
 - 1) Number of shares issued and outstanding at end of period (including treasury stock)
 - As of September 30, 2021: 8,380,711 shares
 - As of March 31, 2021: 8,380,711 shares
 - 2) Number of shares of treasury stock at end of period
 - As of September 30, 2021: 1,342,606 shares
 - As of March 31, 2021: 1,145,779 shares
 - 3) Average number of shares outstanding during the period
 - Six months ended September 30, 2021: 7,190,968 shares
 - Six months ended September 30, 2020: 7,211,071 shares

* The consolidated financial results presented herein are not subject to the audit procedures by certified public accountant or audit firm.

* Explanations for proper use of forecasts and other specific affairs

The forward-looking statement such as forecast of financial performance etc. described in this report based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ significantly from these projections due to various factors.

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1. Qualitative Information for the Second Quarter of Fiscal Year Ending March 31, 2022

(1) Consolidated financial performance

Although there were some signs of recovery, the economic environment has remained challenging due to a shortage of semiconductors, soaring prices of raw materials, and the influence of the COVID-19 pandemic, etc. in the second quarter of the current consolidated cumulative period. There are concerns that the economy will continue to face uncertainty in the future. It will depend on the resolution of the semiconductor shortage and the recovery trend from the COVID-19 pandemic.

Under the circumstances, the net sales of the TRAD Group (on a foreign currency basis) largely increased from the same period of the previous year in domestic and overseas. Operating income increased in all regions. The profit attributable to owner of parent increased from the same period of the previous year due to the net sales largely increased etc. despite increase of income taxes.

As a result, net sales during the consolidated cumulative second quarter increased by 16,805 million yen from the previous fiscal year, amounting to 65,574 million yen (up 34.5% year on year), operating income increased by 5,052 million yen, amounting to 3,417 million yen, ordinary income increased by 5,131 million yen, amounting to 3,483 million yen and profit attributable to owners of parent increased by 4,333 million yen, amounting to 1,864 million yen.

The segment results are as follows.

The book-closing date for the consolidated subsidiaries for the first six months of the fiscal year under review is June 30. In preparing the consolidated financial statements, the financial statements as of, and for the six-month period ended on this date were used. With respect to material transactions conducted during the period between this date and the book-closing date for consolidated accounting, we have made adjustments as necessary for consolidated accounting. The segments relevant to such adjustments include the United States, Europe, Asia and China.

Domestic subsidiaries have the same settlement date that coincides with the last day of the consolidated fiscal year. The corresponding segment is Other.

	Net Sales				Operating Income (Loss)			
	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase/Decrease	Percentage change (on a foreign currency basis)*	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase/Decrease	Percentage change (on a foreign currency basis)*
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
Japan	21,366	28,534	7,167	33.5	(1,765)	138	1,904	107.9
United States	10,821	14,750	3,929	32.8	(1,043)	(12)	1,031	98.8
Europe	1,090	2,352	1,261	93.8	(279)	27	307	108.9
Asia	5,646	7,497	1,850	28.0	341	1,281	940	274.6
China	9,350	12,328	2,977	19.9	1,049	1,864	815	58.1
Others (including eliminations)	493	112	-381	-77.1	63	117	53	84.8
Total	48,768	65,574	16,805	30.3	(1,634)	3,417	5,052	318.4

*The percentage changes (on a foreign currency basis) in the chart are the percentage changes after correcting for differences arising from fluctuations in the foreign exchange rates applicable to overseas net sales.

(i) Japan

Net sales of products for automobile industry and construction industrial machines were affected by the novel coronavirus infections in the second quarter of the previous year, and orders from major customers decreased. However, due to an increase in orders and other factors in the current term, net sales were significantly increased from the same period of the previous year. As a result, the net sales in the Japan segment increased by 7,167 million yen, resulting in 28,534 million yen.

Operating income increased by 1,904 million yen from the same period of the previous year due to the net sales largely increased etc., resulting in 138 million yen.

(ii) United States

Net sales of products for automobile industry were affected by the novel coronavirus infections in the second quarter of the previous year, and orders from major customers decreased. However, due to the commencement of mass production of models for which orders were newly received and other factors in the current term, net sales were significantly increased from the same period of the previous year. Net sales of construction industrial machines decreased from the same period of the previous year due to the suspension of production of older models.

As a result, the net sales in the United States segment increased by 3,929 million yen from the same period of the previous year due to the net sales largely increased etc., resulting in 14,750 million yen. On a foreign currency basis, it increased by 32.8%.

Operating loss of 12 million yen was posted, improved by 1,031 million yen from the same period of the previous year due to the net sales largely increased etc.

(iii) Europe

In the Czech Republic and Russia, the net sales of products for automotive industry were affected by the novel coronavirus infections in the same period of the previous year, and orders from major customers declined. However, the net sales in the current quarter significantly increased from the same period of the previous year, due to an increase in orders etc. As a result, the net sales in the Europe segment increased by 1,261 million yen from the same period of the previous year, resulting in 2,352 million yen. On a foreign currency basis, it increased by 93.8%.

Operating income increased by 307 million yen from the same period of the previous year to 27 million yen in the black, mainly due to a significant increase in net sales. On a foreign currency basis, it increased by 108.9%.

(iv) Asia

In Thailand, Indonesia and Vietnam, the net sales of products for automotive industry were affected by the novel coronavirus infections in the same period of the previous year, and orders from major customers declined. However, the net sales in the current quarter significantly increased from the same period of the previous year, due to an increase in orders etc. As a result, the net sales in the Asia segment increased by 1,850 million yen from the same period of the previous year, resulting in 7,497 million yen. On a foreign currency basis, it increased by 28.0%.

Operating income increased by 940 million yen from the same period of the previous year due to the net sales largely increased etc., resulting in 1,281 million yen. On a foreign currency basis, it increased by 274.6%.

(v) China

Net sales of products for automobile industry and construction industrial machines were affected by the novel coronavirus infections in the same period of the previous year, and orders from major customers declined. However, the net sales in the current quarter significantly increased from the same period of the previous year, due to an increase in orders etc. As a result, the net sale in the China segment increased by 2,977 million yen from the same period of the previous year, resulting in 12,328 million yen. On a foreign currency basis, it increased by 19.9%.

Operating income increased by 815 million yen from the same period of the previous year due to the net sales largely increased etc., resulting in 1,864 million yen. On a foreign currency basis, it increased by 58.1%.

(2) Consolidated financial position

1) Assets, liabilities and net assets

Total assets at the end of current second quarter of the fiscal year under review resulted in 91,203 million yen (up 4,403 million yen from the end of the previous fiscal year) due to the increase of cash and deposits, accounts receivable-trade and inventories etc.

Total liabilities resulted in 45,317 million yen (up 1,734 million yen) due to the increase of accounts payable-trade and loans payable etc.

Net assets resulted in 45,886 million yen (up 2,668 million yen) due to the increase of retained earnings and foreign currency translation adjustment etc.

2) Cash flows

Cash and cash equivalents at the end of the current second quarter of the fiscal year under review totaled 16,088 million yen, increase of 3,437 million yen from the end of the previous fiscal year.

The factors for increase or decrease of each cash flow in the current second quarter consolidated accumulative period are as follows.

Net cash provided by operating activities was 5,125 million yen, an increase of 3,432 million yen year on year due to the increase of profit before income taxes.

Net cash used in investing activities was 3,074 million yen, an increase of 637 million yen year on year.

As a result, the free cash flow, which is the sum of the net cash provided by operating activities and used in investing activities, amounted to 2,050 million yen (an increase of 2,795 million yen year-on-year).

Furthermore, net cash used in financing activities was 999 million yen, an increase of 978 million yen year on year due to the repayment of long-term loans payable and purchase of treasury stock etc.

(3) Future projections including forecasts of consolidated financial performance

We did not revise the forecast of consolidated financial performance released on May 17, 2021, as the financial results for the first six months of the fiscal year under review were within the expected range.

2. Quarterly Consolidated Financial Statements and main notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY2020	FY2021_2Q
	As of March 31, 2021	As of September 30, 2021
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	14,403	15,861
Notes and accounts receivable-trade	24,145	24,701
Electronically recorded monetary claims-operating	3,025	3,041
Short-term investment securities	489	489
Merchandise and finished goods	2,962	3,132
Work in process	523	638
Raw materials and supplies	5,290	6,537
Others	2,650	2,859
Allowance for doubtful accounts	(165)	(184)
Total current assets	53,326	57,077
Noncurrent assets		
Tangible fixed assets		
Building and structures, net	5,844	5,819
Machinery, equipment and vehicles, net	14,537	14,350
Land	2,344	2,366
Lease assets, net	424	407
Construction in progress	3,642	4,406
Other tangible fixed assets, net	1,883	1,857
Total tangible fixed assets	28,676	29,207
Intangible assets		
Goodwill	11	—
Others	1,222	1,405
Total intangible assets	1,234	1,405
Investments and other assets		
Investment securities	2,009	1,936
Net defined benefit asset	848	835
Deferred tax assets	89	126
Long-term loans receivable from employees	0	0
Others	628	625
Allowance for doubtful accounts	(13)	(11)
Total investments and other assets	3,563	3,513
Total noncurrent assets	33,474	34,126
Total assets	86,800	91,203

(Millions of yen)

	FY2020	FY2021_2Q
	As of March 31, 2021	As of September 30, 2021
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	13,074	13,591
Electronically recorded obligations – operating	3,295	3,740
Short-term loans payable	10,675	9,626
Lease obligations	444	459
Income taxes payable	484	739
Accrued expenses	2,628	2,846
Provision for bonuses	1,116	1,663
Provision for directors' bonuses	—	30
Provision for product warranties	578	411
Provision for loss on order received	148	158
Electronically recorded obligations - non-operating	461	266
Others	1,774	1,037
Total current liabilities	34,681	34,571
Noncurrent liabilities		
Long-term loans payable	5,910	7,442
Lease obligations	1,856	1,761
Deferred tax liabilities	694	1,100
Net defined benefit liability	230	241
Asset retirement obligations	91	91
Others	117	107
Total noncurrent liabilities	8,900	10,745
Total liabilities	43,582	45,317
(Net assets)		
Shareholders' equity		
Capital stock	8,570	8,570
Capital surplus	7,521	7,534
Retained earnings	27,466	29,330
Treasury stock	(2,258)	(2,909)
Total shareholders' equity	41,299	42,526
Accumulated other comprehensive income		
Foreign currency translation adjustment	(1,171)	40
Remeasurements of defined benefit plans	920	913
Total accumulated other comprehensive income	(250)	953
Non-controlling interests	2,169	2,405
Total net assets	43,218	45,886
Total liabilities and net assets	86,800	91,203

(2) Quarterly consolidated statements of income and quarterly consolidated statement of comprehensive income
(Quarterly consolidated statements of income)

(Millions of yen)

	Six months ended September 30, 2020 (Apr. 1, 2020–September 30, 2020)	Six months ended September 30, 2021 (Apr. 1, 2021–September 30, 2021)
	Amount	Amount
Net sales	48,768	65,574
Cost of sales	45,951	57,181
Gross profit	2,817	8,392
Selling, general and administrative expenses		
Packing and delivery expenses	587	874
Salaries and allowances	971	900
Provision for bonuses	209	467
Provision for directors' bonuses	0	30
Retirement benefit expenses	40	37
Welfare expenses	550	565
Provision for product warranties	131	106
Research and development expenses	519	620
Others	1,442	1,371
Total selling, general and administrative expenses	4,452	4,975
Operating income (loss)	(1,634)	3,417
Non-operating income		
Interest income	52	71
Dividends income	3	2
Equity in earnings of affiliates	—	13
Foreign exchange gains	23	—
Subsidy income	89	—
Others	114	119
Total non-operating income	283	205
Non-operating expenses		
Interest expenses	137	114
Equity in losses of affiliates	152	—
Foreign exchange losses	—	16
Others	5	8
Total non-operating expenses	296	139
Ordinary income (loss)	(1,647)	3,483

(Millions of yen)

	Six months ended September 30, 2020 (Apr. 1, 2020–September 30, 2020)	Six months ended September 30, 2021 (Apr. 1, 2021–September 30, 2021)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	39	5
Gain on sales of golf memberships	—	11
Total extraordinary income	39	16
Extraordinary loss		
Loss on sales of noncurrent assets	34	1
Loss on retirement of noncurrent assets	76	44
Loss on liquidation of subsidiaries and associates	12	—
Surcharges	3	—
Total extraordinary loss	126	46
Income (loss) before income taxes	(1,734)	3,453
Income taxes-current	481	1,033
Income taxes-deferred	109	372
Total income taxes	590	1,406
Profit (loss)	(2,324)	2,046
Profit (loss) attributable to non-controlling interests	144	181
Profit (loss) attributable to owners of parent	(2,469)	1,864

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	Six months ended September 30, 2020 (Apr. 1, 2020–September 30, 2020)	Six months ended September 30, 2021 (Apr. 1, 2021–September 30, 2021)
	Amount	Amount
Profit (loss)	(2,324)	2,046
Other comprehensive income		
Valuation difference on available-for-sale securities	1	—
Foreign currency translation adjustment	(820)	1,367
Remeasurements of defined benefit plans, net of tax	(4)	(7)
Share of other comprehensive income of associates accounted for using equity method	(59)	8
Total other comprehensive income	(883)	1,368
Comprehensive income	(3,207)	3,414
(Breakdown)		
Comprehensive income attributable to owners of the parent	(3,287)	3,069
Comprehensive income attributable to non-controlling interests	79	345

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020 (Apr. 1, 2020–September 30, 2020)	Six months ended September 30, 2021 (Apr. 1, 2021–September 30, 2021)
	Amount	Amount
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	(1,734)	3,453
Depreciation and amortization	3,060	2,788
Retirement benefit expenses	(6)	(9)
Increase(decrease) in net defined benefit liability	28	18
Increase (decrease) in provision for directors' retirement benefits	(4)	—
Increase (decrease) in allowance for doubtful accounts	76	4
Increase (decrease) in provision for bonuses	(446)	545
Increase (decrease) in provision for directors' bonuses	(42)	30
Increase (decrease) in provision for product warranties	56	(180)
Loss on retirement of noncurrent assets	76	44
Loss(gain) on sales of tangible fixed assets	(5)	(3)
Surcharges	3	—
Interest and dividends income	(56)	(73)
Interest expenses	137	114
Foreign exchange losses (gains)	(2)	(5)
Equity in (earnings) losses of affiliates	152	(13)
Decrease(increase) in notes and accounts receivable-trade	3,809	363
Decrease(increase) in inventories	(496)	(1,080)
Increase(decrease) in notes and accounts payable-trade	(2,175)	334
Decrease(increase) in other current assets	329	(170)
Increase (decrease) in other current liabilities	(341)	(311)
Other, net	60	56
Subtotal	2,480	5,905
Interest and dividends income received	56	166
Interest expenses paid	(131)	(97)
Income taxes paid	(712)	(849)
Net cash provided by (used in) operating activities	1,692	5,125

(Millions of yen)

	Six months ended September 30, 2020 (Apr. 1, 2020–September 30, 2020)	Six months ended September 30, 2021 (Apr. 1, 2021–September 30, 2021)
	Amount	Amount
Net cash provided by (used in) investing activities		
Purchase of tangible assets	(2,508)	(2,749)
Proceeds from sales of tangible fixed assets	165	12
Purchase of intangible assets	(129)	(277)
Proceeds from sales of investment securities	1	7
Payments into time deposit	(465)	(432)
Proceeds from withdrawal of time deposits	485	462
Payments for asset retirement obligations	—	(100)
Others	14	1
Net cash provided by (used in) investing activities	(2,437)	(3,074)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,252	468
Proceeds from long-term loans payable	—	3,520
Repayment of long-term loans payable	(502)	(3,980)
Purchase of treasury stock	(0)	(687)
Cash dividends paid	(359)	—
Cash dividends paid to non-controlling shareholders	(132)	(108)
Others	(278)	(211)
Net cash provided by (used in) financing activities	(21)	(999)
Effect of exchange rate change on cash and cash equivalents	(308)	422
Net increase (decrease) in cash and cash equivalents	(1,074)	1,473
Cash and cash equivalents at beginning of period	13,724	14,614
Cash and cash equivalents at end of period	12,650	16,088

(4) Notes to quarterly consolidated financial statements
(Going concern assumptions)
Not applicable

(Notes in the event of significant changes in shareholders' equity)

Based on the resolution of the Board of Directors' meeting held on July 20, 2021, we disposed of 18,047 shares of treasury stock on August 20, 2021, as restricted stock compensation for Directors and Managing Executive Officers. Furthermore, we purchased 214,500 shares of treasury stock based on the resolution of the Board of Directors meeting held on August 2, 2021.

As a result, treasury stock increased by 650 million yen and capital surplus (gain on the disposal of treasury stock) increased by 12 million yen in the second quarter of the current consolidated cumulative period. As of the end of the second quarter of the current consolidated cumulative period, the treasury stock amounted to 2,909 million yen, and the capital surplus amounted to 7,534 million yen.

(Changes of accounting policy)

(Application of accounting standard for revenue recognition)

We have applied the Accounting Standard for Revenue Recognition (hereinafter referred to as the "ASRR") under Statement No. 29, March 31, 2020, of the Accounting Standards Board of Japan (ASBJ) since the beginning of the first quarter of the current consolidated account period. We recognize revenue as the amount receivable in exchange for goods or services when the possession of the promised goods or services is transferred to the customer.

As a result of the adoption of the ASRR, We have changed from recognition of the cancellation of paid-for supplies in paid-for transactions to non-recognition of the cancellation of such supplies if we are obligated to repurchase the supplies.

We have complied with the transitional treatment prescribed in the provision of Paragraph 84 of the ASRR to apply ASRR, adjusted retained earnings per the cumulative effect of retroactively applying the new accounting policy before the current first quarter to at the beginning of the current quarter and applied the new accounting policy to the balance at the beginning of this quarter. However, following the method specified in Paragraph 86 of the ASRR, we have not applied the new accounting policy retrospectively to contracts for which almost all revenues were recognized per the previous treatment before the beginning of the first quarter of the current consolidated cumulative period. Furthermore, we have applied the method prescribed in Paragraph 86 (1) of the ASRR, conducted account processing for changes in contracts made before the first quarter of the current consolidated cumulative period based on the contract terms after reflecting all contract changes and adjusted the retained earnings per the cumulative effect of the changes at the beginning of the first quarter of the current consolidated cumulative period.

As a result, the cost of sales for the second cumulative quarterly consolidated accounting period decreased by 11 million yen. The operating income, ordinary income, and quarterly net profit before taxes each increased by 11 million yen. The balance of retained earnings at the beginning of the current quarter decreased by 1 million yen.

Following the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), we did not provide information which is broken down by category on revenue from contracts with customers for the second quarter of the previous consolidated cumulative period, broken down by category.

(Application of accounting standard for the fair value measurement)

We have applied the Accounting Standard for Fair Value Measurement (hereinafter referred to as the "Fair Value Measurement Standard") under Statement No. 30, July 4, 2019, of the Accounting Standards Board of Japan (ASBJ) since the beginning of the first quarter of the consolidated cumulative period. Under the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standards for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), we will apply the new accounting policy prescribed by the Fair Value Measurement Standard prospectively. This arrangement does not affect the quarterly consolidated financial statements.

(Additional information)

(About the accounting estimate associated with the spread of novel coronavirus infections)

There has been no notable change in the assumptions regarding the impact of novel coronavirus infections on the Group's business as described in the Additional Information section of the Annual Securities Report for the previous fiscal year.

(Segment information)

I Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

1. Net sales and profit (loss) by reportable segments

(Millions of yen)

	Reportable segment						Others (Note 3)	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	21,366	10,821	1,090	5,646	9,350	48,275	493	48,768
Intersegment sales or Transfers	2,570	156	156	26	643	3,553	807	4,361
Total	23,936	10,977	1,247	5,673	9,994	51,829	1,301	53,130
Segment income (loss)	(1,765)	(1,043)	(279)	341	1,049	(1,698)	(15)	(1,713)

Note: 1. Our Group consists of the Company and these overseas corporations which are based on a manufacturing and sales structure. As such, “Japan”, “the United States”, “Europe”, “Asia” and “China” are our five reportable segments.

2. Major countries or regions belong to each reportable segment

Europe the Czech Republic, Russia, Germany

Asia Thailand, Indonesia, Vietnam

3. “Others” comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

2. Difference between total segment income (loss) for reportable segments and operating income on consolidated statements of income, and details of the difference (reconciliation of the difference)

(Millions of yen)

Income or loss	Amount
Total segment income(loss)	(1,698)
Income(loss) for “Others”	(15)
Intersegment eliminations	78
Operating income on consolidated statements of income(loss)	(1,634)

3. Impairment loss on noncurrent assets and goodwill, etc., by reportable segment

(Significant impairment loss on noncurrent assets)

Not applicable

(Significant change in goodwill amount)

Not applicable

(Significant gain on bargain purchase)

Not applicable

II Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

1. Net sales and profit (loss) by reportable segments

(Millions of yen)

	Reportable segment						Others (Note 3)	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	28,534	14,750	2,352	7,497	12,328	65,462	112	65,574
Intersegment sales or transfers	3,528	73	136	105	941	4,784	932	5,716
Total	32,062	14,823	2,488	7,603	13,269	70,246	1,044	71,291
Segment income (loss)	138	(12)	27	1,281	1,864	3,299	13	3,313

Note: 1. Our Group consists of the Company and these overseas corporations which are based on a manufacturing and sales structure. As such, “Japan”, “the United States”, “Europe”, “Asia” and “China” are our five reportable segments.

2. Major countries or regions belong to each reportable segment

Europe the Czech Republic, Russia, Germany

Asia Thailand, Indonesia, Vietnam

3. “Others” comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

2. Difference between total segment income (loss) for reportable segments and operating income on consolidated statements of income, and details of the difference (reconciliation of the difference)

(Millions of yen)

Income or loss	Amount
Total segment income	3,299
Income for “Others”	13
Intersegment eliminations	103
Operating income on consolidated statements of income	3,417

3. Impairment loss on noncurrent assets and goodwill, etc., by reportable segment

(Significant impairment loss on noncurrent assets)

Not applicable

(Significant change in goodwill amount)

Not applicable

(Significant gain on bargain purchase)

Not applicable

3. Supplementary information

Sales states (consolidated)

(Millions of yen)

	Six months ended September 30, 2020 (Apr. 1, 2020–September 30, 2020)		Six months ended September 30, 2021 (Apr. 1, 2021–September 30, 2021)		Increase/Decrease		FY2020 (Apr 1, 2020–Mar 31, 2021)	
	Amount	%	Amount	%	Amount	%	Amount	%
For Automobile	36,160	74.1	48,683	74.2	12,522	34.6	85,817	75.9
For Construction & Industrial machine	10,260	21.0	14,780	22.6	4,519	44.1	22,381	19.8
For Air conditioner	1,005	2.1	997	1.5	-8	-0.8	1,961	1.7
Other	1,342	2.8	1,113	1.7	-229	-17.1	2,885	2.6
Total	48,768	100.0	65,574	100.0	16,805	34.5	113,046	100.0

Notes: Amounts less than one million yen have been truncated.