

Consolidated Financial Results for the 3rd Quarter of Fiscal Year Ending March 31, 2022 (J-GAAP)

February 7, 2022

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Code No.: 7236

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Scheduled date of filing of 3rd quarter securities report:

Scheduled date of start of dividend payments: —

Supplemental materials prepared for consolidated financial results: None

Briefing on consolidated financial results: None

Listing: Tokyo Stock Exchange, First Section

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February 8, 2022

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Performance for the 3rd Quarter of Fiscal Year Ending March 31, 2022

(April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	97,917	23.1	4,502	—	5,017	—	3,088	—
Nine months ended December 31, 2020	79,569	-18.0	(299)	—	(217)	—	(1,706)	—

Note: Comprehensive income

Nine months ended December 31, 2021: ¥ 4,579 million —%

Nine months ended December 31, 2020: ¥ -2,588 million —%

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2021	435.70	—
Nine months ended December 31, 2020	(236.41)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Nine months ended December 31, 2021	92,105	45,849	47.4	6,445.76
Fiscal year ended March 31, 2021	86,800	43,218	47.3	5,673.72

Reference: Shareholders' equity

As of December 31, 2021: ¥43,616 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 dividend forecasts since the latest official announcement: None

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 December 31, 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 December 31, 2021: 1,613,946 shares
As of March 31, 2021: 1,145,779 shares
 - 3) Average number of shares outstanding during the period
Nine months ended December 31, 2021: 7,087,843 shares
Nine months ended December 31, 2020: 7,219,049 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

We revised the forecast of non-consolidated financial performance released on May 17, 2021.

· Revisions to the forecast of non-consolidated financial performance for the Year Ending March 31, 2022

(From April 1, 2021 to March 31, 2022)

Revised forecast Net sales 69,300 million yen, Operating income 800 million yen,

Ordinary income 4,500 million yen, Net income 3,300 million yen, Net income per share 487.68 yen

Regarding the forecast of consolidated financial performance, we did not revise the forecast released on May 17, 2021, as it is expected that the profit will decrease compared to the forecast. This decrement is due to the impact of reduced production by customers owing to semiconductor shortages at our subsidiaries, including U.S. and Chinese subsidiaries.

For details, please refer to “Notice of Revisions to Forecast of Non-Consolidated Financial Performance” that we announced today (February 7, 2022).

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.

Table of Contents

1. Qualitative Information for the Third Quarter of Fiscal Year Ending March 31, 2022	4
(1) Consolidated financial performance	4
(2) Consolidated financial position	5
(3) Future projections including forecasts of consolidated financial performance	5
2. Quarterly Consolidated Financial Statements and main notes	6
(1) Quarterly consolidated balance sheets	6
(2) Quarterly consolidated statements of income and quarterly consolidated statement of comprehensive income	8
(Quarterly consolidated statements of income)	8
(Quarterly consolidated statement of comprehensive income)	10
(3) Quarterly consolidated statements of cash flows	11
(4) Notes to quarterly consolidated financial statements	13
(Going concern assumptions)	13
(Notes in the event of significant changes in shareholders' equity)	13
(Changes of accounting policy)	13
(Additional information)	13
(Segment information)	14
3. Supplementary information	
Sales states (consolidated)	16

1. Qualitative Information for the Third 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 third 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 third quarter increased by 18,348 million yen from the previous fiscal year, amounting to 97,917 million yen (up 23.1% year on year), operating income increased by 4,802 million yen, amounting to 4,502 million yen, ordinary income increased by 5,235 million yen, amounting to 5,017 million yen and profit attributable to owners of parent increased by 4,794 million yen, amounting to 3,088 million yen.

The segment results are as follows.

The book-closing date for the consolidated subsidiaries for the first nine months of the fiscal year under review is September 30. In preparing the consolidated financial statements, the financial statements as of, and for the nine-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)			
	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Increase/Decrease	Percentage change (on a foreign currency basis)*	Nine months ended December 31, 2020	Nine months ended December 31, 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	35,566	44,556	8,989	25.3	(1,248)	1,045	2,293	—
United States	17,152	21,677	4,524	19.4	(1,563)	(397)	1,166	76.0
Europe	1,875	3,203	1,328	51.9	(317)	(117)	199	66.7
Asia	8,119	10,748	2,629	25.4	632	1,733	1,100	169.1
China	16,057	17,551	1,494	-0.2	2,099	2,182	82	-6.6
Others(including eliminations)	798	179	-618	-77.5	98	56	-41	-42.2
Total	79,569	97,917	18,348	18.2	(299)	4,502	4,802	—

*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 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 Japan segment increased by 8,989 million yen, resulting in 44,556 million yen.

Operating income increased by 2,293 million yen from the same period of the previous year due to the net sales largely increased etc., resulting in 1,045 million yen.

(ii) United States

Net sales of products for automobile industry significantly increased from the same period of the previous year due to the commencement of mass production of models for which orders were newly received etc. 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 4,524 million yen from the same period of the previous year, resulting in 21,677 million yen. On a foreign currency basis, it increased by 19.4%.

Operating loss of 397 million yen was posted, improved by 1,166 million yen from the same period of the previous year due to the net sales largely increased etc. On a foreign currency basis, it increased by 76.0%.

(iii) Europe

In the Czech Republic and Russia, the net sales of products for automotive industry 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 1,328 million yen from the same period of the previous year, resulting in 3,203 million yen. On a foreign currency basis, it increased by 51.9%.

Operating loss of 117 million yen was posted, improved by 199 million yen from the same period of the previous year due to the net sales largely increased etc. On a foreign currency basis, it increased by 66.7%.

(iv) Asia

In Thailand, Indonesia and Vietnam, the net sales of products for automotive industry 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 2,629 million yen from the same period of the previous year, resulting in 10,748 million yen. On a foreign currency basis, it increased by 25.4%.

Operating income increased by 1,100 million yen from the same period of the previous year due to the net sales largely increased etc., resulting in 1,733 million yen. On a foreign currency basis, it increased by 169.1%.

(v) China

Net sales of products for automobile industry decreased from the same period of the previous year, due to a decrease in sales of commercial vehicles, despite an increase in orders from Japanese customers. Net sales of products for construction industrial machines increased from the same period of the previous year, due to an increase in orders etc. As a result, the net sales in this segment increased by 1,494 million yen from the same period of the previous year, to 17,551 million yen, partly due to the impact of foreign exchange rates, despite a 0.2% decrease on a foreign currency basis.

Operating income increased by 82 million yen from the same period of the previous year, to 2,182 million yen, partly due to the impact of foreign exchange rates, although operating income decreased by 6.6% on a foreign currency basis.

(2) Consolidated financial position

1) Assets, liabilities and net assets

Total assets at the end of current third quarter of the fiscal year under review resulted in 92,105 million yen (up 5,304 million yen from the end of the previous fiscal year) due to the increase of accounts receivable-trade and inventories etc.

Total liabilities resulted in 46,255 million yen (up 2,672 million yen) due to the increase of accounts payable-trade etc.

Net assets resulted in 45,849 million yen (up 2,631 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 third quarter of the fiscal year under review totaled 14,308 million yen, decrease of 970 million yen from the end of the previous fiscal year.

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

Net cash provided by operating activities was 6,772 million yen, an increase of 1,266 million yen year on year due to the increase of profit before income taxes.

Net cash used in investing activities was 4,402 million yen, an increase of 861 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 2,370 million yen (an increase of 405 million yen year-on-year).

Furthermore, net cash used in financing activities was 3,129 million yen, an increase of 3,065 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 revised the forecast of non-consolidated financial performance released on May 17, 2021.

Regarding the forecast of consolidated financial performance, we did not revise the forecast released on May 17, 2021, as it is expected that the profit will decrease compared to the forecast. This decrement is due to the impact of reduced production by customers owing to semiconductor shortages at our subsidiaries, including U.S. and Chinese subsidiaries.

For details, please refer to “Notice of Revisions to Forecast of Non-Consolidated Financial Performance” that we announced today (February 7, 2022).

2. Quarterly Consolidated Financial Statements and main notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY2020	FY2021_3Q
	As of March 31, 2021	As of December 31, 2021
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	14,403	14,388
Notes and accounts receivable-trade	24,145	25,372
Electronically recorded monetary claims-operating	3,025	3,457
Short-term investment securities	489	489
Merchandise and finished goods	2,962	3,541
Work in process	523	730
Raw materials and supplies	5,290	7,248
Others	2,650	2,776
Allowance for doubtful accounts	(165)	(185)
Total current assets	53,326	57,818
Noncurrent assets		
Tangible fixed assets		
Building and structures, net	5,844	5,704
Machinery, equipment and vehicles, net	14,537	14,073
Land	2,344	2,363
Lease assets, net	424	386
Construction in progress	3,642	4,830
Other tangible fixed assets, net	1,883	1,695
Total tangible fixed assets	28,676	29,054
Intangible assets		
Goodwill	11	—
Others	1,222	1,483
Total intangible assets	1,234	1,483
Investments and other assets		
Investment securities	2,009	2,179
Net defined benefit asset	848	826
Deferred tax assets	89	134
Others	628	614
Allowance for doubtful accounts	(13)	(5)
Total investments and other assets	3,563	3,748
Total noncurrent assets	33,474	34,287
Total assets	86,800	92,105

(Millions of yen)

	FY2020	FY2021_3Q
	As of March 31, 2021	As of December 31, 2021
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	13,074	14,464
Electronically recorded obligations – operating	3,295	5,065
Short-term loans payable	10,675	8,649
Lease obligations	444	542
Income taxes payable	484	603
Accrued expenses	2,628	2,843
Provision for bonuses	1,116	812
Provision for directors' bonuses	—	45
Provision for product warranties	578	524
Provision for loss on order received	148	156
Electronically recorded obligations - non-operating	461	419
Others	1,774	1,497
Total current liabilities	34,681	35,626
Noncurrent liabilities		
Long-term loans payable	5,910	7,565
Lease obligations	1,856	1,594
Deferred tax liabilities	694	1,028
Net defined benefit liability	230	241
Asset retirement obligations	91	92
Others	117	106
Total noncurrent liabilities	8,900	10,628
Total liabilities	43,582	46,255
(Net assets)		
Shareholders' equity		
Capital stock	8,570	8,570
Capital surplus	7,521	7,533
Retained earnings	27,466	30,272
Treasury stock	(2,258)	(3,722)
Total shareholders' equity	41,299	42,654
Accumulated other comprehensive income		
Foreign currency translation adjustment	(1,171)	50
Remeasurements of defined benefit plans	920	912
Total accumulated other comprehensive income	(250)	962
Non-controlling interests	2,169	2,233
Total net assets	43,218	45,849
Total liabilities and net assets	86,800	92,105

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

(Millions of yen)

	Nine months ended December 31, 2020 (Apr. 1, 2020–December 31, 2020)	Nine months ended December 31, 2021 (Apr. 1, 2021–December 31, 2021)
	Amount	Amount
Net sales	79,569	97,917
Cost of sales	73,174	85,859
Gross profit	6,394	12,057
Selling, general and administrative expenses		
Packing and delivery expenses	947	1,336
Salaries and allowances	1,576	1,757
Provision for bonuses	147	215
Provision for directors' bonuses	0	45
Retirement benefit expenses	63	56
Welfare expenses	836	861
Provision for product warranties	180	394
Research and development expenses	851	914
Others	2,091	1,973
Total selling, general and administrative expenses	6,693	7,555
Operating income (loss)	(299)	4,502
Non-operating income		
Interest income	95	112
Dividends income	3	2
Equity in earnings of affiliates	—	303
Foreign exchange gains	17	105
Subsidy income	112	8
Others	197	170
Total non-operating income	427	703
Non-operating expenses		
Interest expenses	210	174
Equity in losses of affiliates	122	—
Others	13	14
Total non-operating expenses	345	188
Ordinary income (loss)	(217)	5,017

(Millions of yen)

	Nine months ended December 31, 2020 (Apr. 1, 2020–December 31, 2020)	Nine months ended December 31, 2021 (Apr. 1, 2021–December 31, 2021)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	43	10
Reversal of allowance for doubtful accounts	—	5
Gain on sales of golf memberships	—	11
Total extraordinary income	43	26
Extraordinary loss		
Loss on sales of noncurrent assets	33	6
Loss on retirement of noncurrent assets	156	64
Loss on liquidation of subsidiaries and associates	11	—
Surcharges	3	—
Total extraordinary loss	205	71
Income (loss) before income taxes	(379)	4,972
Income taxes-current	1,030	1,502
Income taxes-deferred	(17)	293
Total income taxes	1,013	1,795
Profit (loss)	(1,393)	3,176
Profit (loss) attributable to non-controlling interests	313	88
Profit (loss) attributable to owners of parent	(1,706)	3,088

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	Nine months ended December 31, 2020 (Apr. 1, 2020–December 31, 2020)	Nine months ended December 31, 2021 (Apr. 1, 2021–December 31, 2021)
	Amount	Amount
Profit (loss)	(1,393)	3,176
Other comprehensive income		
Valuation difference on available-for-sale securities	1	—
Foreign currency translation adjustment	(1,057)	1,451
Remeasurements of defined benefit plans, net of tax	(5)	(8)
Share of other comprehensive income of associates accounted for using equity method	(134)	(40)
Total other comprehensive income	(1,195)	1,403
Comprehensive income	(2,588)	4,579
(Breakdown)		
Comprehensive income attributable to owners of the parent	(2,855)	4,301
Comprehensive income attributable to non-controlling interests	267	278

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2020 (Apr. 1, 2020–December 31, 2020)	Nine months ended December 31, 2021 (Apr. 1, 2021–December 31, 2021)
	Amount	Amount
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	(379)	4,972
Depreciation and amortization	4,679	4,232
Retirement benefit expenses	(9)	(13)
Increase(decrease) in net defined benefit liability	46	31
Increase (decrease) in provision for directors' retirement benefits	(4)	—
Increase (decrease) in allowance for doubtful accounts	90	(2)
Increase (decrease) in provision for bonuses	(762)	(305)
Increase (decrease) in provision for directors' bonuses	(43)	45
Increase (decrease) in provision for product warranties	33	(69)
Loss on retirement of noncurrent assets	156	64
Loss(gain) on sales of tangible fixed assets	(9)	(3)
Surcharges	3	—
Interest and dividends income	(99)	(115)
Interest expenses	210	174
Foreign exchange losses (gains)	(11)	(39)
Equity in (earnings) losses of affiliates	122	(303)
Decrease(increase) in notes and accounts receivable-trade	249	(632)
Decrease(increase) in inventories	765	(2,240)
Increase(decrease) in notes and accounts payable-trade	1,741	2,473
Decrease(increase) in other current assets	(183)	(236)
Increase (decrease) in other current liabilities	261	(31)
Other, net	60	46
Subtotal	6,916	8,047
Interest and dividends income received	91	208
Interest expenses paid	(205)	(159)
Income taxes paid	(1,294)	(1,323)
Surcharges paid	(3)	—
Net cash provided by (used in) operating activities	5,505	6,772

(Millions of yen)

	Nine months ended December 31, 2020 (Apr. 1, 2020–December 31, 2020)	Nine months ended December 31, 2021 (Apr. 1, 2021–December 31, 2021)
	Amount	Amount
Net cash provided by (used in) investing activities		
Purchase of tangible assets	(3,524)	(3,727)
Proceeds from sales of tangible fixed assets	174	26
Purchase of intangible assets	(210)	(406)
Proceeds from sales of investment securities	1	7
Payments into time deposit	(786)	(1,036)
Proceeds from withdrawal of time deposits	761	765
Payments for asset retirement obligations	—	(100)
Others	42	69
Net cash provided by (used in) investing activities	(3,540)	(4,402)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,616	(647)
Proceeds from long-term loans payable	—	3,820
Repayment of long-term loans payable	(760)	(4,096)
Purchase of treasury stock	(0)	(1,501)
Cash dividends paid	(359)	(281)
Cash dividends paid to non-controlling shareholders	(97)	(103)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(59)	—
Others	(402)	(319)
Net cash provided by (used in) financing activities	(64)	(3,129)
Effect of exchange rate change on cash and cash equivalents	(346)	452
Net increase (decrease) in cash and cash equivalents	1,554	(306)
Cash and cash equivalents at beginning of period	13,724	14,614
Cash and cash equivalents at end of period	15,279	14,308

(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 485,700 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 1,462 million yen and capital surplus (gain on the disposal of treasury stock) increased by 12 million yen in the third quarter of the current consolidated cumulative period. As of the end of the third quarter of the current consolidated cumulative period, the treasury stock amounted to 3,722 million yen, and the capital surplus amounted to 7,533 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 third cumulative quarterly consolidated accounting period decreased by 24 million yen. The operating income, ordinary income, and quarterly net profit before taxes each increased by 24 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 third 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 Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	35,566	17,152	1,875	8,119	16,057	78,771	798	79,569
Intersegment sales or Transfers	3,872	188	177	82	1,059	5,380	1,322	6,703
Total	39,439	17,341	2,052	8,202	17,116	84,151	2,120	86,272
Segment income (loss)	(1,248)	(1,563)	(317)	632	2,099	(397)	18	(379)

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

AsiaThailand, 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)	(397)
Income(loss) for “Others”	18
Intersegment eliminations	79
Operating income on consolidated statements of income(loss)	(299)

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 Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	44,556	21,677	3,203	10,748	17,551	97,738	179	97,917
Intersegment sales or Transfers	5,650	90	201	138	1,423	7,504	1,436	8,940
Total	50,207	21,767	3,405	10,886	18,975	105,242	1,615	106,857
Segment income (loss)	1,045	(397)	(117)	1,733	2,182	4,445	38	4,484

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

AsiaThailand, 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	4,445
Income for “Others”	38
Intersegment eliminations	18
Operating income on consolidated statements of income	4,502

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)

	Nine months ended December 31, 2020 (Apr. 1, 2020–December 31, 2020)		Nine months ended December 31, 2021 (Apr. 1, 2021–December 31, 2021)		Increase/Decrease		FY2020 (Apr 1, 2020–Mar 31, 2021)	
	Amount	%	Amount	%	Amount	%	Amount	%
For Automobile	60,036	75.5	71,343	72.9	11,307	18.8	85,817	75.9
For Construction & Industrial machine	15,866	19.9	23,080	23.6	7,213	45.5	22,381	19.8
For Air conditioner	1,510	1.9	1,621	1.6	110	7.3	1,961	1.7
Other	2,155	2.7	1,872	1.9	-282	-13.1	2,885	2.6
Total	79,569	100.0	97,917	100.0	18,348	23.1	113,046	100.0

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