

Consolidated Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2023 (J-GAAP)

November 7, 2022

Company name: T.RAD Co., Ltd.

Code No.: 7236

Representative: Tomio Miyazaki, President & CEO & COO

Contact: Norio Kanai, Managing Director & CFO

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, Prime Market

URL: <http://www.trad.co.jp>

Tel: +81-3-3373-1101

November 8, 2022

November 30, 2022

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Performance for the 2nd Quarter of Fiscal Year Ending March 31, 2023

(April 1, 2022 to September 30, 2022)

(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, 2022	74,015	12.9	822	-75.9	1,929	-44.6	306	-83.6
Six months ended September 30, 2021	65,574	34.5	3,417	—	3,483	—	1,864	—

Note: Comprehensive income

Six months ended September 30, 2022: ¥ 4,800 million (40.6%)

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

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2022	46.88		—	
Six months ended September 30, 2021	259.32		—	

(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, 2022	102,257	50,562	47.1	7,385.20
Fiscal year ended March 31, 2022	93,756	46,732	47.5	6,810.22

Reference: Shareholders' equity

As of September 30, 2022: ¥48,173 million

As of March 31, 2022 : ¥44,504 million

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	40.00	—	120.00	160.00
Fiscal year ending March 31, 2023	—	80.00			
Fiscal year ending March 31, 2023 (Forecast)			—	80.00	160.00

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, 2023

(April 1, 2022 to March 31, 2023)

(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, 2023	158,400	18.6	4,200	-16.7	4,600	-23.3	1,500	-58.3	229.54

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): Yes

(Note) Excluded: 2, TRM LLC, TRM Corporation B.V.

(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: None

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, 2022: 6,712,411 shares

As of March 31, 2022: 6,712,411 shares

2) Number of shares of treasury stock at end of period

As of September 30, 2022: 189,372 shares

As of March 31, 2022: 177,519 shares

3) Average number of shares outstanding during the period

Six months ended September 30, 2022: 6,531,458 shares

Six months ended September 30, 2021: 7,190,968 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, 2023

(1) Consolidated financial performance

The economic environment showed signs of picking up during the second quarter of the current consolidated cumulative period. However, there are concerns that the difficult situation will continue due to the prolonged invasion of Ukraine, deteriorating Chinese demand associated with the Shanghai lockdown, a shortage of semiconductors, and soaring raw material prices.

Under the circumstances, the net sales of the T.RAD Group (on a foreign currency basis) increased from the same period of the previous year except China. Operating income decreased from the same period of the previous year except Japan due to soaring costs of materials and parts etc. In addition, the deconsolidation of Russian subsidiaries resulted in extraordinary loss of 401 million yen. The profit attributable to owners of parent also decreased year-on-year.

As a result, net sales during the consolidated cumulative second quarter increased by 8,441 million yen from the previous fiscal year, amounting to 74,015 million yen (up 12.9% year on year), operating income decreased by 2,595 million yen, amounting to 822 million yen (down 75.9% year on year), ordinary income decreased by 1,553 million yen, amounting to 1,929 million yen (down 44.6% year on year) and profit attributable to owners of parent decreased by 1,558 million yen, amounting to 306 million yen (down 83.6% year on year).

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, 2021	Six months ended September 30, 2022	Increase/Decrease	Percentage change (on a foreign currency basis)*	Six months ended September 30, 2021	Six months ended September 30, 2022	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	28,534	31,705	3,170	11.1	138	542	403	291.4
United States	14,750	19,453	4,702	6.7	(12)	(1,625)	-1,612	—
Europe	2,352	2,964	612	1.8	27	(229)	-257	—
Asia	7,497	9,080	1,583	5.3	1,281	1,238	-43	-16.6
China	12,328	10,713	-1,614	-27.6	1,864	870	-993	-60.8
Others (including eliminations)	112	99	-12	-11.6	117	25	-92	-78.4
Total	65,574	74,015	8,441	1.2	3,417	822	-2,595	-79.4

*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

The net sales of products for automobile industry were affected by a shortage of semiconductors. However, demand was firm, and the net sales of products for construction industrial machines were generally favorable, both increasing from the same period of the previous year. As a result, the net sales in the Japan segment increased by 3,170 million yen, resulting in 31,705 million yen.

Due to the soaring costs of materials, parts, and electricity, the operating income decreased. However, operating income increased by 403 million yen from the same period of the previous year to 542 million yen, mainly due to increased sales.

(ii) United States

Net sales of products for automotive industry increased from the same period of the previous year due to the commencement of mass production of models for which orders were newly received. As a result, the net sales in the United States segment increased by 4,702 million yen from the same period of the previous year, resulting in 19,453 million yen. On a foreign currency basis, it increased by 6.7%.

The operating income decreased by 1,612 million yen year-on-year, resulting in operating loss of 1,625 million yen due to the soaring costs of materials and parts and an increase in labor and distribution expenses.

(iii) Europe

The net sales of products for automobile industry increased year-on-year mainly due to an increase in orders for heavy-duty trucks in the Czech Republic. The net sales in this segment increased by 612 million yen from the same period of the previous year, to 2,964 million yen. On a foreign currency basis, it increased by 1.8%.

Operating income decreased by 257 million yen year-on-year, resulting in operating loss of 229 million yen due to soaring costs of materials and parts.

<Withdrawal from Russian Business>

On April 5, 2022, we announced our intention to withdraw from the Russian market. In this connection, in September 2022, the procedure to make the Company's non-voting share conversion was completed. Therefore, we have excluded our Russian subsidiary TRM LLC and Dutch holding company TRM Corporation B.V. from the scope of consolidation as of the end of the second quarter of the current consolidated cumulative period. The second quarter income statement for both subsidiaries (for January 2022 through June 2022) is included in the consolidated income statement for the six months ending September 30, 2022. However, the income statements of those companies from the third quarter onward (after July 2022) will not be included in the current fiscal year's income statement. Furthermore, the balance sheets as of the end of June 2022 for both subsidiaries are not included in our balance sheet as of September 30, 2022.

(iv) Asia

The net sales of products for automobile industry decreased due to a shortage of semiconductors in Vietnam. However, the sales in Thailand increased from the same period of the previous year due to the start of the mass production of newly ordered models and the recovery of orders in Indonesia. As a result, the net sales in the Asia segment increased by 1,583 million yen from the same period of the previous year, resulting in 9,080 million yen. On a foreign currency basis, it increased by 5.3%.

Operating income decreased by 43 million yen from the same period of the previous year due to soaring costs of materials and parts etc., resulting in 1,283 million yen. On a foreign currency basis, it decreased by 16.6%.

(v) China

The net sales of products for automobile industry and construction industrial machines decreased from the same period of the previous year, mainly due to the Shanghai lockdown and a shortage of semiconductors. As a result, the net sales in this segment decreased by 1,614 million yen from the same period of the previous year, to 10,713 million yen. On a foreign currency basis, it decreased by 27.6%.

The operating income decreased by 993 million yen from the same period of the previous year due to soaring costs of materials and parts etc., resulting in 870 million yen. On a foreign currency basis, it decreased by 60.8%.

(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 102,257 million yen (up 8,500 million yen from the end of the previous fiscal year) due to the increase of cash and deposits, inventories and tangible fixed assets etc.

Total liabilities resulted in 51,694 million yen (up 4,670 million yen) due to the increase of accounts payable-trade and loans payable etc.

Net assets resulted in 50,562 million yen (up 3,830 million yen) due to the increase of 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 14,262 million yen, decrease of 1,826 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 4,274 million yen, a decrease of 851 million yen year on year due to the decrease of profit before income taxes and increase of income taxes paid etc.

Net cash used in investing activities was 3,759 million yen, an increase of 684 million yen year on year due to the increase of capital investment etc.

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 514 million yen (a decrease of 1,535 million yen year-on-year).

Furthermore, net cash used in financing activities was 688 million yen, an increase of 311 million yen year on year due to the decrease of 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 16, 2022, 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)

	FY2021	FY2022_2Q
	As of March 31, 2022	As of September 30, 2022
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	13,264	14,299
Notes receivable-trade	2,004	670
Electronically recorded monetary claims-operating	3,012	2,341
Accounts receivable-trade	23,832	26,234
Short-term investment securities	489	489
Merchandise and finished goods	3,805	4,228
Work in process	902	722
Raw materials and supplies	8,152	10,413
Others	2,542	3,054
Allowance for doubtful accounts	(172)	(205)
Total current assets	57,835	62,249
Noncurrent assets		
Tangible fixed assets		
Building and structures, net	5,715	6,913
Machinery, equipment and vehicles, net	15,077	17,053
Land	2,384	2,466
Lease assets, net	364	1,379
Construction in progress	4,904	3,429
Other tangible fixed assets, net	1,754	2,035
Total tangible fixed assets	30,200	33,277
Intangible assets		
Others	1,613	1,916
Total intangible assets	1,613	1,916
Investments and other assets		
Investment securities	2,392	2,936
Net defined benefit asset	1,020	1,006
Deferred tax assets	149	215
Others	549	660
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	4,106	4,813
Total noncurrent assets	35,921	40,007
Total assets	93,756	102,257

(Millions of yen)

	FY2021	FY2022_2Q
	As of March 31, 2022	As of September 30, 2022
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	13,994	16,260
Electronically recorded obligations – operating	4,249	4,160
Short-term loans payable	10,390	11,310
Lease obligations	495	571
Income taxes payable	948	717
Accrued expenses	3,081	3,474
Provision for bonuses	1,421	1,492
Provision for directors' bonuses	72	27
Provision for product warranties	272	200
Provision for loss on order received	187	206
Electronically recorded obligations - non-operating	474	467
Others	1,788	961
Total current liabilities	37,377	39,850
Noncurrent liabilities		
Long-term loans payable	6,720	7,658
Lease obligations	1,576	2,616
Deferred tax liabilities	867	1,010
Net defined benefit liability	287	332
Provision for share awards	—	20
Asset retirement obligations	92	92
Others	102	112
Total noncurrent liabilities	9,646	11,843
Total liabilities	47,024	51,694
(Net assets)		
Shareholders' equity		
Capital stock	8,570	8,570
Capital surplus	7,352	7,353
Retained earnings	27,004	26,526
Treasury stock	(421)	(451)
Total shareholders' equity	42,505	41,998
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	10
Foreign currency translation adjustment	948	5,127
Remeasurements of defined benefit plans	1,049	1,037
Total accumulated other comprehensive income	1,998	6,175
Non-controlling interests	2,228	2,389
Total net assets	46,732	50,562
Total liabilities and net assets	93,756	102,257

(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, 2021	Six months ended September 30, 2022
	(Apr. 1, 2021–September 30, 2021)	(Apr. 1, 2022–September 30, 2022)
	Amount	Amount
Net sales	65,574	74,015
Cost of sales	57,181	67,936
Gross profit	8,392	6,079
Selling, general and administrative expenses		
Packing and delivery expenses	874	803
Salaries and allowances	900	998
Provision for bonuses	467	411
Provision for directors' bonuses	30	27
Retirement benefit expenses	37	35
Welfare expenses	565	747
Provision for product warranties	106	272
Research and development expenses	620	585
Provision for share awards	—	20
Others	1,371	1,355
Total selling, general and administrative expenses	4,975	5,257
Operating income (loss)	3,417	822
Non-operating income		
Interest income	71	79
Dividends income	2	5
Equity in earnings of affiliates	13	269
Foreign exchange gains	—	765
Others	119	120
Total non-operating income	205	1,239
Non-operating expenses		
Interest expenses	114	115
Foreign exchange losses	16	—
Others	8	16
Total non-operating expenses	139	132
Ordinary income (loss)	3,483	1,929

(Millions of yen)

	Six months ended September 30, 2021 (Apr. 1, 2021–September 30, 2021)	Six months ended September 30, 2022 (Apr. 1, 2022–September 30, 2022)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	5	14
Gain on sales of golf memberships	11	—
Total extraordinary income	16	14
Extraordinary loss		
Loss on sales of noncurrent assets	1	15
Loss on retirement of noncurrent assets	44	31
Loss on reversal of foreign currency translation adjustment	—	401
Total extraordinary loss	46	448
Income (loss) before income taxes	3,453	1,495
Income taxes-current	1,033	1,210
Income taxes-deferred	372	76
Total income taxes	1,406	1,286
Profit (loss)	2,046	208
Profit (loss) attributable to non-controlling interests	181	(97)
Profit (loss) attributable to owners of parent	1,864	306

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	Six months ended September 30, 2021 (Apr. 1, 2021–September 30, 2021)	Six months ended September 30, 2022 (Apr. 1, 2022–September 30, 2022)
	Amount	Amount
Profit (loss)	2,046	208
Other comprehensive income		
Valuation difference on available-for-sale securities	—	10
Foreign currency translation adjustment	1,367	4,318
Remeasurements of defined benefit plans, net of tax	(7)	(12)
Share of other comprehensive income of associates accounted for using equity method	8	274
Total other comprehensive income	1,368	4,591
Comprehensive income	3,414	4,800
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,069	4,483
Comprehensive income attributable to non-controlling interests	345	316

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
	(Apr. 1, 2021–September 30, 2021)	(Apr. 1, 2022–September 30, 2022)
	Amount	Amount
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	3,453	1,495
Depreciation and amortization	2,788	3,018
Retirement benefit expenses	(9)	(11)
Increase(decrease) in net defined benefit liability	18	19
Increase (decrease) in allowance for doubtful accounts	4	7
Increase (decrease) in provision for bonuses	545	66
Increase (decrease) in provision for directors' bonuses	30	(44)
Increase (decrease) in provision for product warranties	(180)	(106)
Loss on retirement of noncurrent assets	44	31
Loss(gain) on sales of tangible fixed assets	(3)	1
Interest and dividends income	(73)	(84)
Interest expenses	114	115
Foreign exchange losses (gains)	(5)	(139)
Equity in (earnings) losses of affiliates	(13)	(269)
Decrease(increase) in notes and accounts receivable-trade	363	1,601
Decrease(increase) in inventories	(1,080)	(1,525)
Increase(decrease) in notes and accounts payable-trade	334	835
Loss on reversal of foreign currency translation adjustment	—	401
Decrease(increase) in other current assets	(170)	(455)
Increase (decrease) in other current liabilities	(311)	737
Other, net	56	60
Subtotal	5,905	5,755
Interest and dividends income received	166	84
Interest expenses paid	(97)	(108)
Income taxes paid	(849)	(1,457)
Net cash provided by (used in) operating activities	5,125	4,274

(Millions of yen)

	Six months ended September 30, 2021 (Apr. 1, 2021–September 30, 2021)	Six months ended September 30, 2022 (Apr. 1, 2022–September 30, 2022)
	Amount	Amount
Net cash provided by (used in) investing activities		
Purchase of tangible assets	(2,749)	(3,327)
Proceeds from sales of tangible fixed assets	12	103
Purchase of intangible assets	(277)	(390)
Proceeds from sales of investment securities	7	—
Payments into time deposit	(432)	(776)
Proceeds from withdrawal of time deposits	462	649
Payments for asset retirement obligations	(100)	—
Others	1	(17)
Net cash provided by (used in) investing activities	(3,074)	(3,759)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	468	(561)
Proceeds from long-term loans payable	3,520	3,140
Repayment of long-term loans payable	(3,980)	(2,031)
Purchase of treasury stock	(687)	(115)
Cash dividends paid	—	(784)
Cash dividends paid to non-controlling shareholders	(108)	(106)
Others	(211)	(229)
Net cash provided by (used in) financing activities	(999)	(688)
Effect of exchange rate change on cash and cash equivalents	422	1,211
Net increase (decrease) in cash and cash equivalents	1,473	1,038
Cash and cash equivalents at beginning of period	14,614	13,404
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(180)
Cash and cash equivalents at end of period	16,088	14,262

(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 August 8, 2022, we purchased 25,100 shares of treasury stock on August 9, 2022. Furthermore, based on the resolution of the Board of Directors' meeting held on July 19, 2022, we disposed of 13,599 shares of treasury stock on August 19, 2022, as restricted stock compensation for Directors and Managing Executive Officers.

As a result, treasury stock increased by 30 million yen and capital surplus (gain on the disposal of treasury stock) increased by 1 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 451 million yen, and the capital surplus amounted to 7,353 million yen.

(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 the COVID 19 pandemic on the Group's business as described in the Additional Information section of the Annual Securities Report for the previous fiscal year.

(Transactions in which the Company's shares are issued to employees through a trust)

(1) Outline of transaction

At a meeting of the Board of Directors held on May 16, 2022, the Company resolved details of a new incentive plan called the Employee Stock Ownership Plan (J-ESOP, hereinafter referred to as the "Plan") for employees. The Plan is a system to provide the Company's shares to its employees who satisfy certain requirements under the Share Benefit Regulations to be established by the Company in advance.

The Company will grant points to its employees based on their position, performance, and other factors. The Company's shares equivalent to the points granted will be paid to the employees when they acquire the right of entitlement under certain conditions stipulated in the Share Benefit Regulations. The shares to be provided to employees shall be acquired following the amount set up in advance, including the future portion, and shall be segregated and managed as trust assets.

The introduction of the Plan will enable employees to share the economic benefits with shareholders by reflecting the benefits in the Company's stock price based on the Company's performance. As "working shareholders," the Company will increase its employees' sense of ownership and participation in management even more than before. At the same time, the Plan is intended to share the Company's vision and plans and contribute to the Company's sustainable growth through a high level of voluntary commitment and challenge.

(2) Shares of the Company remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock under net assets at their book value. The book value of the Company's shares at the end of the second quarter of the current consolidated cumulative period is 49 million yen, and the number of shares is 22,100.

(Transition from a consolidated tax payment system to a group totalization system)

Since the first quarter of the current consolidated cumulative period, the Company and its consolidated domestic subsidiaries have shifted from a consolidated tax payment system to a group totalization system. Accordingly, the accounting treatment and disclosure of corporate and local income taxes and tax-effect accounting have been changed following the Treatment for Auditing of Reserve under Special Taxation Measures Law and Reserve under Special Laws (Practical Issues Task Force No. 42, August 12, 2021). Furthermore, in accordance with Paragraph 32 (1) of the Practical Issues Task Force No. 42, the Company has assumed that there is no impact from the change in accounting policy resulting from the adoption of the Practical Issues Task Force No. 42.

(Segment information)

I 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

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	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

II Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

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	31,705	19,453	2,964	9,080	10,713	73,916	99	74,015
Intersegment sales or transfers	3,802	60	86	168	1,142	5,260	969	6,230
Total	35,507	19,513	3,050	9,249	11,855	79,177	1,068	80,245
Segment income (loss)	542	(1,625)	(229)	1,238	870	796	15	812

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	796
Income for “Others”	15
Intersegment eliminations	9
Operating income on consolidated statements of income	822

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, 2021 (Apr. 1, 2021–September 30, 2021)		Six months ended September 30, 2022 (Apr. 1, 2022–September 30, 2022)		Increase/Decrease		FY2021 (Apr 1, 2021–Mar 31, 2022)	
	Amount	%	Amount	%	Amount	%	Amount	%
For Automobile	48,683	74.2	56,754	76.7	8,070	16.6	97,452	73.0
For Construction & Industrial machine	14,780	22.6	14,766	20.0	-13	-0.1	31,814	23.8
For Air conditioner	997	1.5	1,114	1.5	116	11.7	2,128	1.6
Other	1,113	1.7	1,380	1.8	267	24.0	2,186	1.6
Total	65,574	100.0	74,015	100.0	8,441	12.9	133,581	100.0

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