

Consolidated Financial Results for the 3rd Quarter of Fiscal Year Ending March 31, 2023 (J-GAAP)

February 6, 2023

Company name: T.RAD Co., Ltd.

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, Prime Market

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February 7, 2023

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(Amounts less than one million yen have been truncated)

1. Consolidated Financial Performance for the 3rd Quarter of Fiscal Year Ending March 31, 2023

(April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	116,365	18.8	675	-85.0	1,484	-70.4	(379)	—
Nine months ended December 31, 2021	97,917	23.1	4,502	—	5,017	—	3,088	—

Note: Comprehensive income

Nine months ended December 31, 2022: ¥ 4,109 million (-10.3%)

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

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended December 31, 2022	(58.06)		—	
Nine months ended December 31, 2021	435.70		—	

(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, 2022	104,718	49,224	45.3	7,271.27
Fiscal year ended March 31, 2022	93,756	46,732	47.5	6,810.22

Reference: Shareholders' equity

As of December 31, 2022: ¥47,430 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)				0.00	80.00

Note: Revisions to dividend forecasts since the latest official announcement: Yes

For revisions to dividend forecasts, please refer to “Notice of Revisions to Forecasts of Financial Performance and Dividend Forecasts” that we announced today (February 6, 2023).

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	150,200	12.4	1,100	-78.2	2,100	-65.0	(3,700)	—	(567.23)

Note: Revisions to the forecast of consolidated financial performance since the latest official announcement: Yes
For revisions to forecasts of consolidated and non-consolidated financial performance, please refer to “Notice of Revisions to Forecasts of Financial Performance and Dividend Forecasts” that we announced today (February 6, 2023).

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 December 31, 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 December 31, 2022: 189,455 shares

As of March 31, 2022: 177,519 shares

3) Average number of shares outstanding during the period

Nine months ended December 31, 2022: 6,528,920 shares

Nine months ended December 31, 2021: 7,087,843 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 Third Quarter of Fiscal Year Ending March 31, 2023

(1) Consolidated financial performance

The economic environment showed signs of picking up during the third 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 impact of novel coronavirus, a shortage of semiconductors, and soaring raw material prices etc.

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 Asia 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 third quarter increased by 18,448 million yen from the previous fiscal year, amounting to 116,365 million yen (up 18.8% year on year), operating income decreased by 3,827 million yen, amounting to 675 million yen (down 85.0% year on year) and ordinary income decreased by 3,533 million yen, amounting to 1,484 million yen (down 70.4% year on year). Loss attributable to owners of parent of 379 million yen was posted, worsening by 3,467 million yen year on year.

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, 2021	Nine months ended December 31, 2022	Increase/Decrease	Percentage change (on a foreign currency basis)*	Nine months ended December 31, 2021	Nine months ended December 31, 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	44,556	48,988	4,431	9.9	1,045	1,000	-45	-4.3
United States	21,677	31,019	9,342	10.6	(397)	(3,011)	-2,613	—
Europe	3,203	4,241	1,037	4.2	(117)	(442)	-324	—
Asia	10,748	14,455	3,706	11.6	1,733	2,098	364	1.3
China	17,551	17,490	-61	-14.8	2,182	846	-1,335	-67.1
Others(including eliminations)	179	170	-8	-4.7	56	184	127	225.3
Total	97,917	116,365	18,448	5.4	4,502	675	-3,827	-86.8

*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 remained steady, despite the impact of a semiconductor shortage and other factors. 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 4,431 million yen, resulting in 48,988 million yen.

Operating income decreased by 45 million yen from the same period of the previous year to 1,000 million yen due to the soaring costs of materials, parts, and electricity etc.

(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 9,342 million yen from the same period of the previous year, resulting in 31,019 million yen. On a foreign currency basis, it increased by 10.6%.

The operating income decreased by 2,613 million yen year-on-year, resulting in operating loss of 3,011 million yen due to the soaring costs of materials and parts and an increase in labor and distribution expenses etc. The costs of materials, parts, and distribution increased significantly. This increase was due in part to market price rises. In addition, there was a lockdown due to the COVID-19 pandemic in the countries from which parts are procured. The supply instability caused by the lockdown increased these costs due to temporary changes in suppliers and transportation methods. The labor costs increased, partly due to wage increases to resolve personnel shortages. In addition, the cost increase was not passed on to customers as planned, resulting in a significant decrease in profit.

(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 1,037 million yen from the same period of the previous year, to 4,241 million yen. On a foreign currency basis, it increased by 4.2%.

Operating income decreased by 324 million yen year-on-year, resulting in operating loss of 442 million yen due to soaring costs of materials, parts, and electricity etc.

<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 nine months ending December 31, 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 December 31, 2022.

(iv) Asia

The net sales of products for automobile industry increased from the same period of the previous year. This increase was due to the start of the mass production of newly ordered models in Thailand and the recovery of orders in Indonesia and Vietnam. As a result, the net sales in the Asia segment increased by 3,706 million yen from the same period of the previous year, resulting in 14,455 million yen. On a foreign currency basis, it increased by 11.6%.

Operating income increased by 364 million yen from the same period of the previous year, resulting in 2,098 million yen. On a foreign currency basis, it increased by 1.3%.

(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 deteriorating Chinese demand associated with the impact of novel coronavirus and a shortage of semiconductors etc. As a result, the net sales in this segment decreased by 61 million yen from the same period of the previous year, to 17,490 million yen. On a foreign currency basis, it decreased by 14.8%.

Operating income was 846 million yen. It decreased by 1,335 million yen from the same period of the previous year due to a significant decrease in sales of products for commercial vehicles to local customers at a subsidiary in Qingdao and the provision for product warranties recorded (673 million yen). On a foreign currency basis, it decreased by 67.1%.

(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 104,718 million yen (up 10,962 million yen from the end of the previous fiscal year) due to the increase of accounts receivable-trade, inventories and tangible fixed assets etc.

Total liabilities resulted in 55,494 million yen (up 8,469 million yen) due to the increase of accounts payable-trade and loans payable etc.

Net assets resulted in 49,224 million yen (up 2,492 million yen) due to the increase of foreign currency translation adjustment etc.

2) Cash flows

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 4,570 million yen, a decrease of 2,202 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 5,324 million yen, a decrease of 922 million yen year on year due to the increase of capital investment etc.

Free cash flow, the sum of net cash provided by operating activities and net cash used in investing activities, decreased by 3,125 million yen year-on-year. The result was a cash outflow of 754 million yen.

Furthermore, net cash used in financing activities was 1,391 million yen, an increase of 1,737 million yen year on year due to the increase of loans payable and decrease of purchase of treasury stock etc.

As an above result, cash and cash equivalents at the end of the current third quarter of the fiscal year under review totaled 12,296 million yen, decrease of 2,011 million yen from the end of the previous fiscal year.

(3) Future projections including forecasts of consolidated financial performance

We revised the forecasts of consolidated and non-consolidated financial performance released on May 16, 2022. For details, please refer to "Notice of Revisions to Forecasts of Financial Performance and Dividend Forecasts" that we announced today (February 6, 2023).

2. Quarterly Consolidated Financial Statements and main notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY2021	FY2022_3Q
	As of March 31, 2022	As of December 31, 2022
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	13,264	12,502
Notes receivable-trade	2,004	1,014
Electronically recorded monetary claims-operating	3,012	3,308
Accounts receivable-trade	23,832	27,882
Short-term investment securities	489	489
Merchandise and finished goods	3,805	4,615
Work in process	902	852
Raw materials and supplies	8,152	10,567
Others	2,542	2,959
Allowance for doubtful accounts	(172)	(208)
Total current assets	57,835	63,984
Noncurrent assets		
Tangible fixed assets		
Building and structures, net	5,715	6,877
Machinery, equipment and vehicles, net	15,077	17,275
Land	2,384	2,482
Lease assets, net	364	1,419
Construction in progress	4,904	3,681
Other tangible fixed assets, net	1,754	2,248
Total tangible fixed assets	30,200	33,984
Intangible assets		
Others	1,613	2,039
Total intangible assets	1,613	2,039
Investments and other assets		
Investment securities	2,392	2,847
Net defined benefit asset	1,020	998
Deferred tax assets	149	241
Others	549	627
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	4,106	4,710
Total noncurrent assets	35,921	40,734
Total assets	93,756	104,718

(Millions of yen)

	FY2021	FY2022_3Q
	As of March 31, 2022	As of December 31, 2022
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	13,994	16,320
Electronically recorded obligations – operating	4,249	6,382
Short-term loans payable	10,390	11,836
Lease obligations	495	493
Income taxes payable	948	492
Accrued expenses	3,081	3,629
Provision for bonuses	1,421	898
Provision for directors' bonuses	72	41
Provision for product warranties	272	880
Provision for loss on order received	187	207
Electronically recorded obligations - non-operating	474	845
Others	1,788	1,342
Total current liabilities	37,377	43,369
Noncurrent liabilities		
Long-term loans payable	6,720	7,623
Lease obligations	1,576	2,755
Deferred tax liabilities	867	1,187
Net defined benefit liability	287	341
Provision for share awards	—	25
Asset retirement obligations	92	92
Others	102	99
Total noncurrent liabilities	9,646	12,124
Total liabilities	47,024	55,494
(Net assets)		
Shareholders' equity		
Capital stock	8,570	8,570
Capital surplus	7,352	7,353
Retained earnings	27,004	25,317
Treasury stock	(421)	(452)
Total shareholders' equity	42,505	40,789
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	9
Foreign currency translation adjustment	948	5,594
Remeasurements of defined benefit plans	1,049	1,036
Total accumulated other comprehensive income	1,998	6,641
Non-controlling interests	2,228	1,794
Total net assets	46,732	49,224
Total liabilities and net assets	93,756	104,718

(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, 2021 (Apr. 1, 2021–December 31, 2021)	Nine months ended December 31, 2022 (Apr. 1, 2022–December 31, 2022)
	Amount	Amount
Net sales	97,917	116,365
Cost of sales	85,859	107,167
Gross profit	12,057	9,198
Selling, general and administrative expenses		
Packing and delivery expenses	1,336	1,253
Salaries and allowances	1,757	1,832
Provision for bonuses	215	230
Provision for directors' bonuses	45	41
Retirement benefit expenses	56	52
Welfare expenses	861	1,152
Provision for product warranties	394	1,041
Research and development expenses	914	856
Provision for share awards	—	25
Others	1,973	2,037
Total selling, general and administrative expenses	7,555	8,522
Operating income (loss)	4,502	675
Non-operating income		
Interest income	112	96
Dividends income	2	5
Equity in earnings of affiliates	303	315
Foreign exchange gains	105	421
Subsidy income	8	—
Others	170	216
Total non-operating income	703	1,056
Non-operating expenses		
Interest expenses	174	229
Others	14	18
Total non-operating expenses	188	247
Ordinary income (loss)	5,017	1,484

(Millions of yen)

	Nine months ended December 31, 2021 (Apr. 1, 2021–December 31, 2021)	Nine months ended December 31, 2022 (Apr. 1, 2022–December 31, 2022)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	10	12
Reversal of allowance for doubtful accounts	5	—
Gain on sales of golf memberships	11	—
Total extraordinary income	26	12
Extraordinary loss		
Loss on sales of noncurrent assets	6	15
Loss on retirement of noncurrent assets	64	59
Loss on reversal of foreign currency translation adjustment	—	401
Total extraordinary loss	71	477
Income (loss) before income taxes	4,972	1,019
Income taxes-current	1,502	1,638
Income taxes-deferred	293	229
Total income taxes	1,795	1,867
Profit (loss)	3,176	(847)
Profit (loss) attributable to non-controlling interests	88	(468)
Profit (loss) attributable to owners of parent	3,088	(379)

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	Nine months ended December 31, 2021 (Apr. 1, 2021–December 31, 2021)	Nine months ended December 31, 2022 (Apr. 1, 2022–December 31, 2022)
	Amount	Amount
Profit (loss)	3,176	(847)
Other comprehensive income		
Valuation difference on available-for-sale securities	—	9
Foreign currency translation adjustment	1,451	4,791
Remeasurements of defined benefit plans, net of tax	(8)	(12)
Share of other comprehensive income of associates accounted for using equity method	(40)	168
Total other comprehensive income	1,403	4,957
Comprehensive income	4,579	4,109
(Breakdown)		
Comprehensive income attributable to owners of the parent	4,301	4,263
Comprehensive income attributable to non-controlling interests	278	(154)

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2021 (Apr. 1, 2021–December 31, 2021)	Nine months ended December 31, 2022 (Apr. 1, 2022–December 31, 2022)
	Amount	Amount
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	4,972	1,019
Depreciation and amortization	4,232	4,740
Retirement benefit expenses	(13)	(17)
Increase(decrease) in net defined benefit liability	31	35
Increase (decrease) in allowance for doubtful accounts	(2)	7
Increase (decrease) in provision for bonuses	(305)	(527)
Increase (decrease) in provision for directors' bonuses	45	(30)
Increase (decrease) in provision for product warranties	(69)	569
Loss on retirement of noncurrent assets	64	59
Loss(gain) on sales of tangible fixed assets	(3)	3
Interest and dividends income	(115)	(102)
Interest expenses	174	229
Foreign exchange losses (gains)	(39)	(39)
Equity in (earnings) losses of affiliates	(303)	(315)
Decrease(increase) in notes and accounts receivable-trade	(632)	(1,069)
Decrease(increase) in inventories	(2,240)	(1,877)
Increase(decrease) in notes and accounts payable-trade	2,473	2,912
Loss on reversal of foreign currency translation adjustment	—	401
Decrease(increase) in other current assets	(236)	(210)
Increase (decrease) in other current liabilities	(31)	958
Other, net	46	58
Subtotal	8,047	6,804
Interest and dividends income received	208	132
Interest expenses paid	(159)	(227)
Income taxes paid	(1,323)	(2,139)
Net cash provided by (used in) operating activities	6,772	4,570

(Millions of yen)

	Nine months ended December 31, 2021 (Apr. 1, 2021–December 31, 2021)	Nine months ended December 31, 2022 (Apr. 1, 2022–December 31, 2022)
	Amount	Amount
Net cash provided by (used in) investing activities		
Purchase of tangible assets	(3,727)	(4,580)
Proceeds from sales of tangible fixed assets	26	106
Purchase of intangible assets	(406)	(565)
Proceeds from sales of investment securities	7	—
Payments into time deposit	(1,036)	(1,245)
Proceeds from withdrawal of time deposits	765	963
Payments for asset retirement obligations	(100)	—
Others	69	(3)
Net cash provided by (used in) investing activities	(4,402)	(5,324)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(647)	(333)
Proceeds from long-term loans payable	3,820	3,140
Repayment of long-term loans payable	(4,096)	(2,184)
Purchase of treasury stock	(1,501)	(116)
Cash dividends paid	(281)	(1,307)
Cash dividends paid to non-controlling shareholders	(103)	(224)
Others	(319)	(365)
Net cash provided by (used in) financing activities	(3,129)	(1,391)
Effect of exchange rate change on cash and cash equivalents	452	1,219
Net increase (decrease) in cash and cash equivalents	(306)	(927)
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	14,308	12,296

(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 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 452 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 third 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 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

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	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

II Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	48,988	31,019	4,241	14,455	17,490	116,195	170	116,365
Intersegment sales or Transfers	5,531	77	90	309	1,794	7,802	1,510	9,312
Total	54,520	31,096	4,331	14,764	19,284	123,997	1,680	125,678
Segment income (loss)	1,000	(3,011)	(442)	2,098	846	490	37	528

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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	490
Income for “Others”	37
Intersegment eliminations	147
Operating income on consolidated statements of income	675

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, 2021 (Apr. 1, 2021–December.31, 2021)		Nine months ended December 31, 2022 (Apr. 1, 2022–December.31, 2022)		Increase/Decrease		FY2021 (Apr 1, 2021-Mar 31, 2022)	
	Amount	Amount	Amount	%	Amount	%	Amount	%
For Automobile	71,343	72.9	89,719	77.1	18,375	25.8	97,452	73.0
For Construction & Industrial machine	23,080	23.6	22,881	19.7	-198	-0.9	31,814	23.8
For Air conditioner	1,621	1.6	1,629	1.4	7	0.5	2,128	1.6
Other	1,872	1.9	2,136	1.8	264	14.1	2,186	1.6
Total	97,917	100.0	116,365	100.0	18,448	18.8	133,581	100.0

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