



November 11, 2020

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2021
(Six Months Ended September 30, 2020)**

[Japanese GAAP]

Company name: **C. Uyemura & Co., Ltd.** Listing: Second Section of the Tokyo Stock Exchange
 Stock code: 4966 URL: <https://www.uyemura.co.jp/>
 Representative: Hiroya Uyemura, President
 Contact: Shigeo Sakabe, Director and Head of Corporate Management Division
 Telephone: +81-6-6202-8518

Scheduled date of filing of Quarterly Report: November 11, 2020

Starting date of dividend payment: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on November 11, 2020 at 13:20 (GMT +9).

(All amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results (April 1, 2020 – September 30, 2020)

(1) Results of operations (Percentages represent year-over-year changes.)

| | Sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------------------|-------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Six months ended Sep. 30, 2020 | 26,319 | 8.2 | 3,799 | 12.4 | 4,003 | 15.1 | 2,920 | 19.4 |
| Six months ended Sep. 30, 2019 | 24,335 | (3.3) | 3,380 | (16.3) | 3,477 | (18.6) | 2,445 | (11.3) |

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2020: 2,706 (up 57.2%)

Six months ended Sep. 30, 2019: 1,721 (up 11.1%)

| | Net income per share (basic) | Net income per share (diluted) |
|--------------------------------|------------------------------|--------------------------------|
| | Yen | Yen |
| Six months ended Sep. 30, 2020 | 329.85 | - |
| Six months ended Sep. 30, 2019 | 271.66 | - |

(2) Financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Sep. 30, 2020 | 78,788 | 64,975 | 82.5 | 7,349.95 |
| As of Mar. 31, 2020 | 79,117 | 63,887 | 80.8 | 7,202.86 |

Reference: Shareholders' equity (million yen) As of Sep. 30, 2020: 64,975 As of Mar. 31, 2020: 63,887

2. Dividends

| | Dividend per share | | | | |
|---|--------------------|--------|--------|----------|--------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended Mar. 31, 2020 | - | 0.00 | - | 160.00 | 160.00 |
| Fiscal year ending Mar. 31, 2021 | - | 0.00 | - | - | - |
| Fiscal year ending Mar. 31, 2021 (forecast) | - | - | - | 160.00 | 160.00 |

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(Percentages represent year-over-year changes.)

| | Sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Net income per share |
|-----------|-------------|-----|------------------|-----|-----------------|-----|---|-------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 52,600 | 0.7 | 7,800 | 3.4 | 8,200 | 4.2 | 5,200 | (3.0) | 580.85 |

Note: Revisions to the most recently announced consolidated forecast: Yes

***Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of the specific method for accounting treatment for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

| | | | |
|----------------------|------------------|----------------------|------------------|
| As of Sep. 30, 2020: | 9,878,040 shares | As of Mar. 31, 2020: | 9,878,040 shares |
|----------------------|------------------|----------------------|------------------|

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

| | | | |
|----------------------|------------------|----------------------|------------------|
| As of Sep. 30, 2020: | 1,037,787 shares | As of Mar. 31, 2020: | 1,008,245 shares |
|----------------------|------------------|----------------------|------------------|

3) Average number of shares outstanding during the period

| | | | |
|---------------------------------|------------------|---------------------------------|------------------|
| Six months ended Sep. 30, 2020: | 8,852,860 shares | Six months ended Sep. 30, 2019: | 9,001,898 shares |
|---------------------------------|------------------|---------------------------------|------------------|

***The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.**

***Cautionary statement with respect to forward-looking statements and other special items**

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company, but are not promises by the Company regarding future performance. Actual results are affected by various factors and may differ substantially. For discussion of the assumptions and notes of caution for usage, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attachments.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

For the first half of the fiscal year under review (hereinafter “the period under review”), the Japanese economy deteriorated rapidly as consumer spending and corporate activities were significantly restricted to prevent the spread of the COVID-19 infection. Outlook for the global economy also remains extremely uncertain due to factors such as growing concerns over the re-spread of the COVID-19 infection as well as impacts of the U.S.-China trade friction, despite signs of economic activities resuming around China and other countries.

In the electronic devices market, which is the Uyemura Group’s main market area, market for products for automobiles remained weak due to the COVID-19 pandemic. However, demand for servers remained solid backed by the commercialization of the 5G mobile communication system and the wider spread of telework.

In this environment, the Group has focused on the development of high value-added products, and proposal and sales activities for these products to make the operations more profitable.

As a result, consolidated sales for the period under review were 26,319 million yen (up 8.2% year-over-year), operating profit 3,799 million yen (up 12.4%), ordinary profit 4,003 million yen (up 15.1%), and profit attributable to owners of parent 2,920 million yen (up 19.4%).

The results of operations by business segment are shown as below.

1) Surface finishing materials business

Sales of the mainstay plating chemicals for printed wiring boards (PWBs) and package PWBs for car electronics were sluggish due to a decrease in the number of automobile units sold. Nevertheless, both segment sales and profit increased year-over-year because of a continued strong demand for semiconductors and electronic components used for PCs and data centers that got a boost from the rapid spread of teleworking and online learning.

Consequently, sales in the surface finishing materials business increased 8.4% year-over-year to 19,744 million yen and segment profit increased 18.7% year-over-year to 3,531 million yen.

2) Surface finishing machinery business

Sales and segment profit increased year-over-year because of an increase in sales of high value-added plating machines for semiconductor wafers in addition to sales of mechanical equipment for the aircraft industry.

Consequently, sales in the surface finishing machinery business increased 40.9% year-over-year to 4,206 million yen and segment profit increased 81.9% year-over-year to 225 million yen.

3) Plating job business

Both segment sales and profit of the plating job business decreased year-over-year, affected by the continued slowdown of the automotive industry in Thailand and Indonesia.

Consequently, sales in the plating job business decreased 29.9% year-over-year to 1,976 million yen and segment loss was 191 million yen (compared with segment profit of 73 million yen in the same period of the previous fiscal year).

4) Real estate rental business

Both segment sales and profit of the real estate rental business increased year-over-year thanks to the rent revision for an office building for rent in Shin-Osaka.

Consequently, sales in the real estate rental business increased 5.3% year-over-year to 404 million yen and segment profit increased 12.1% year-over-year to 229 million yen.

It is noted that sales of the segments above include intersegment sales and transfers.

(2) Explanation of Financial Position

1) Changes in financial position

Total assets decreased 328 million yen from the end of the previous fiscal year to 78,788 million yen at the end of the period under review. This was primarily attributable to a 1,619 million yen decrease in work in process and a 345 million yen decrease in buildings and structures, net, which were partially offset by a 778 million yen increase in investment securities, a 660 million yen increase in merchandise and finished goods and a 512 million yen increase in cash and deposits.

Total liabilities decreased 1,415 million yen from the end of the previous fiscal year to 13,813 million yen. This was primarily attributable to a 988 million yen decrease in electronically recorded obligations-operating and a 450 million yen decrease in notes and accounts payable-trade, which were partially offset by a 201 million yen increase in deferred tax liabilities and a 112 million yen increase in provision for bonuses.

Total net assets increased 1,087 million yen from the end of the previous fiscal year to 64,975 million yen. This was primarily attributable to a 1,501 million yen increase in retained earnings, which was partially offset by a 422 million yen decrease in foreign currency translation adjustment.

As a result, the equity ratio increased by 1.7 percentage point from 80.8% at the end of the previous fiscal year to 82.5%.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the period under review decreased 554 million yen from the end of the previous fiscal year to 22,590 million yen.

A summary of cash flows for the period year under review is as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was 3,545 million yen (compared with net cash provided of 1,663 million yen in the same period of the previous fiscal year). Positive factors included profit before income taxes of 4,010 million yen, depreciation of 1,048 million yen, and a 641 million yen decrease in inventories, while negative factors included income taxes paid of 1,155 million yen and a 1,125 million yen decrease in trade payables.

(Cash flows from investing activities)

Net cash used in investing activities was 2,297 million yen (compared with net cash used of 1,173 million yen in the same period of the previous fiscal year). Positive factors included proceeds from withdrawal of time deposits of 123 million yen, while negative factors included payments into time deposits of 1,218 million yen and purchase of non-current assets of 749 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 1,667 million yen (compared with 1,495 million yen used in the same period of the previous fiscal year). Negative factors included dividends paid of 1,419 million yen and purchase of treasury shares of 199 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Based on recent performance trends, we have revised the full-year consolidated forecasts that we announced on May 14, 2020.

For more details, please refer to the press release titled “Revisions to Consolidated Forecast for the Fiscal Year Ending March 31, 2021” (Japanese version only) announced today (November 11, 2020).

2. Quarterly Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheets**

(Thousands of yen)

| | FY3/2020 (As of Mar. 31, 2020) | Second quarter of FY3/2021 (As of Sep. 30, 2020) |
|--|-----------------------------------|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 26,472,648 | 26,984,775 |
| Notes and accounts receivable-trade | 14,874,974 | 15,106,815 |
| Securities | 45,471 | 43,398 |
| Merchandise and finished goods | 2,254,642 | 2,914,746 |
| Work in process | 2,653,921 | 1,034,307 |
| Raw materials and supplies | 1,350,852 | 1,591,967 |
| Other | 1,342,568 | 886,348 |
| Allowance for doubtful accounts | (72,060) | (54,456) |
| Total current assets | 48,923,020 | 48,507,902 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 21,991,903 | 21,889,120 |
| Accumulated depreciation | (12,574,873) | (12,817,745) |
| Buildings and structures, net | 9,417,029 | 9,071,374 |
| Machinery, equipment and vehicles | 11,407,297 | 11,424,784 |
| Accumulated depreciation | (8,725,302) | (8,915,107) |
| Machinery, equipment and vehicles, net | 2,681,994 | 2,509,676 |
| Land | 4,259,787 | 4,237,706 |
| Leased assets | 297,336 | 301,898 |
| Accumulated depreciation | (146,690) | (132,650) |
| Leased assets, net | 150,645 | 169,247 |
| Construction in progress | 527,407 | 518,288 |
| Other | 5,463,815 | 5,407,962 |
| Accumulated depreciation | (4,211,277) | (4,305,779) |
| Other, net | 1,252,537 | 1,102,182 |
| Total property, plant and equipment | 18,289,402 | 17,608,476 |
| Intangible assets | 296,239 | 289,058 |
| Investments and other assets | | |
| Investment securities | 10,791,241 | 11,569,604 |
| Retirement benefit asset | 64,650 | 66,886 |
| Deferred tax assets | 293,805 | 290,077 |
| Other | 527,004 | 524,091 |
| Allowance for doubtful accounts | (68,275) | (67,116) |
| Total investments and other assets | 11,608,426 | 12,383,542 |
| Total non-current assets | 30,194,068 | 30,281,078 |
| Total assets | 79,117,088 | 78,788,981 |

| | (Thousands of yen) | |
|--|-----------------------------------|---|
| | FY3/2020 (As of Mar. 31, 2020) | Second quarter of FY3/2021 (As of Sep. 30, 2020) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 2,431,413 | 1,980,825 |
| Electronically recorded obligations-operating | 3,789,010 | 2,800,524 |
| Short-term borrowings | 516,642 | 533,727 |
| Lease obligations | 125,823 | 114,604 |
| Income taxes payable | 2,489,948 | 2,260,855 |
| Provision for bonuses | 169,408 | 281,644 |
| Provision for bonuses for directors (and other officers) | 159,150 | 79,575 |
| Other | 1,614,198 | 1,557,703 |
| Total current liabilities | 11,295,595 | 9,609,461 |
| Non-current liabilities | | |
| Long-term guarantee deposits | 624,406 | 623,126 |
| Lease obligations | 179,314 | 201,653 |
| Deferred tax liabilities | 1,821,132 | 2,023,132 |
| Provision for retirement benefits for directors (and other officers) | 182,165 | 187,875 |
| Retirement benefit liability | 846,136 | 883,183 |
| Other | 280,482 | 285,170 |
| Total non-current liabilities | 3,933,637 | 4,204,141 |
| Total liabilities | 15,229,233 | 13,813,603 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,336,936 | 1,336,936 |
| Capital surplus | 1,269,750 | 1,269,750 |
| Retained earnings | 62,391,536 | 63,892,539 |
| Treasury shares | (4,327,166) | (4,527,144) |
| Total shareholders' equity | 60,671,056 | 61,972,081 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 358,230 | 564,055 |
| Foreign currency translation adjustment | 2,881,214 | 2,459,093 |
| Remeasurements of defined benefit plans | (22,646) | (19,851) |
| Total accumulated other comprehensive income | 3,216,798 | 3,003,296 |
| Total net assets | 63,887,855 | 64,975,377 |
| Total liabilities and net assets | 79,117,088 | 78,788,981 |

(2) Consolidated Statements of Income and Comprehensive Income
(For the Six-month Period)

| | (Thousands of yen) | |
|---|--|--|
| | First six months of FY3/2020 (Apr. 1, 2019 – Sep. 30, 2019) | First six months of FY3/2021 (Apr. 1, 2020 – Sep. 30, 2020) |
| Net sales | 24,335,532 | 26,319,911 |
| Cost of sales | 15,938,193 | 17,771,902 |
| Gross profit | 8,397,339 | 8,548,009 |
| Selling, general and administrative expenses | 5,017,054 | 4,748,623 |
| Operating profit | 3,380,285 | 3,799,385 |
| Non-operating income | | |
| Interest income | 72,110 | 79,359 |
| Dividend income | 36,931 | 34,006 |
| Valuable resource recovery income | 19,558 | 50,198 |
| Subsidy income | 49,106 | 68,308 |
| Technical advisory fee income | 7,875 | - |
| Other | 71,502 | 90,398 |
| Total non-operating income | 257,083 | 322,270 |
| Non-operating expenses | | |
| Interest expenses | 6,865 | 5,777 |
| Foreign exchange losses | 123,447 | 70,856 |
| Commission expenses | 6,744 | 7,901 |
| Other | 22,925 | 33,704 |
| Total non-operating expenses | 159,982 | 118,239 |
| Ordinary profit | 3,477,386 | 4,003,415 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 2,165 | 10,673 |
| Total extraordinary income | 2,165 | 10,673 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 12,827 | 4,009 |
| Total extraordinary losses | 12,827 | 4,009 |
| Profit before income taxes | 3,466,723 | 4,010,079 |
| Income taxes-current | 1,028,471 | 977,649 |
| Income taxes-deferred | (7,240) | 112,294 |
| Total income taxes | 1,021,231 | 1,089,944 |
| Profit | 2,445,492 | 2,920,135 |
| Profit attributable to: | | |
| Profit attributable to owners of parent | 2,445,492 | 2,920,135 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (11,484) | 205,824 |
| Foreign currency translation adjustment | (715,617) | (422,120) |
| Remeasurements of defined benefit plans, net of tax | 3,471 | 2,794 |
| Total other comprehensive income | (723,630) | (213,501) |
| Comprehensive income | 1,721,861 | 2,706,633 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of parent | 1,721,861 | 2,706,633 |

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

| | First six months of FY3/2020 (Apr. 1, 2019 – Sep. 30, 2019) | First six months of FY3/2021 (Apr. 1, 2020 – Sep. 30, 2020) |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,466,723 | 4,010,079 |
| Depreciation | 1,032,835 | 1,048,408 |
| Increase (decrease) in allowance for doubtful accounts | (35,470) | (15,285) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (83,325) | (79,575) |
| Increase (decrease) in retirement benefit liability | 33,009 | 40,692 |
| Decrease (increase) in retirement benefit asset | 4,233 | (2,235) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (29,160) | 5,710 |
| Interest and dividend income | (109,041) | (113,365) |
| Interest expenses | 6,865 | 5,777 |
| Losses (gains) on sales and retirement of non-current assets | 10,732 | (6,663) |
| Decrease (increase) in trade receivables | 840,472 | (376,298) |
| Decrease (increase) in inventories | (459,609) | 641,484 |
| Increase (decrease) in trade payables | (899,161) | (1,125,848) |
| Other, net | (775,939) | 555,724 |
| Subtotal | 3,003,165 | 4,588,605 |
| Interest and dividends received | 116,570 | 117,176 |
| Interest paid | (6,641) | (5,318) |
| Income taxes paid | (1,450,063) | (1,155,154) |
| Net cash provided by (used in) operating activities | 1,663,031 | 3,545,309 |
| Cash flows from investing activities | | |
| Payments into time deposits | (245,238) | (1,218,504) |
| Proceeds from withdrawal of time deposits | 285,537 | 123,040 |
| Purchase of non-current assets | (1,243,451) | (749,464) |
| Proceeds from sales of non-current assets | 2,671 | 18,818 |
| Purchase of investment securities | (5,152) | (504,225) |
| Other, net | 32,396 | 33,062 |
| Net cash provided by (used in) investing activities | (1,173,237) | (2,297,273) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (78,098) | 20,720 |
| Repayments of lease obligations | (66,701) | (68,831) |
| Purchase of treasury shares | (103) | (199,978) |
| Dividends paid | (1,350,286) | (1,419,167) |
| Net cash provided by (used in) financing activities | (1,495,190) | (1,667,256) |
| Effect of exchange rate change on cash and cash equivalents | (361,223) | (135,625) |
| Net increase (decrease) in cash and cash equivalents | (1,366,620) | (554,846) |
| Cash and cash equivalents at beginning of period | 30,593,368 | 23,145,215 |
| Cash and cash equivalents at end of period | 29,226,747 | 22,590,369 |

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment Information

I. First six months of FY3/2020 (Apr. 1, 2019 – Sep. 30, 2019)

1. Information related to sales and profit or loss for each reportable segment (Thousands of yen)

| | Reportable segment | | | | | Other (Note 1) | Total | Adjustment | Amounts shown on consolidated statements of income/comprehensive income (Note 2) |
|----------------------------------|-----------------------------|-----------------------------|-------------|--------------------|------------|-------------------|------------|------------|--|
| | Surface Finishing Materials | Surface Finishing Machinery | Plating Job | Real Estate Rental | Subtotal | | | | |
| Sales | | | | | | | | | |
| Sales to third parties | 18,193,471 | 2,933,701 | 2,818,207 | 383,949 | 24,329,329 | 6,202 | 24,335,532 | - | 24,335,532 |
| Intersegment sales and transfers | 22,223 | 51,280 | - | - | 73,504 | - | 73,504 | (73,504) | - |
| Total | 18,215,695 | 2,984,981 | 2,818,207 | 383,949 | 24,402,834 | 6,202 | 24,409,037 | (73,504) | 24,335,532 |
| Segment profit | 2,973,807 | 123,776 | 73,177 | 204,394 | 3,375,156 | 5,129 | 3,380,285 | - | 3,380,285 |

Notes: 1. The "Other" business segment consists of activities that are not included in any of the four reportable segments, and its sales include loyalty revenue.

2. Total segment profit is equal to operating profit shown on the quarterly consolidated statements of income and comprehensive income.

II. First six months of FY3/2021 (Apr. 1, 2020 – Sep. 30, 2020)

1. Information related to sales and profit or loss for each reportable segment (Thousands of yen)

| | Reportable segment | | | | | Other (Note 1) | Total | Adjustment | Amounts shown on consolidated statements of income/comprehensive income (Note 2) |
|----------------------------------|-----------------------------|-----------------------------|-------------|--------------------|------------|-------------------|------------|------------|--|
| | Surface Finishing Materials | Surface Finishing Machinery | Plating Job | Real Estate Rental | Subtotal | | | | |
| Sales | | | | | | | | | |
| Sales to third parties | 19,727,860 | 4,205,613 | 1,976,218 | 404,284 | 26,313,976 | 5,934 | 26,319,911 | - | 26,319,911 |
| Intersegment sales and transfers | 16,536 | 1,075 | - | - | 17,611 | - | 17,611 | (17,611) | - |
| Total | 19,744,396 | 4,206,688 | 1,976,218 | 404,284 | 26,331,588 | 5,934 | 26,337,523 | (17,611) | 26,319,911 |
| Segment profit (loss) | 3,531,054 | 225,197 | (191,018) | 229,065 | 3,794,297 | 5,087 | 3,799,385 | - | 3,799,385 |

Notes: 1. The "Other" business segment consists of activities that are not included in any of the four reportable segments, and its sales include royalty revenue.

2. Total segment profit (loss) is equal to operating profit shown on the quarterly consolidated statements of income and comprehensive income.

Note: This report of consolidated financial results is solely a translation of summary of Japanese "Kessan Tanshin" (including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer English translation. All readers are recommended to refer to the original version in Japanese of the report for complete information.