

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023 (Six Months Ended September 30, 2022)

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: November 11, 2022
 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, 2022 at 13:20 (GMT +9).

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

1. Consolidated Financial Results (April 1, 2022 – September 30, 2022)

(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, 2022	42,105	27.5	7,549	21.3	8,258	25.9	5,978	31.6
Six months ended Sep. 30, 2021	33,027	25.5	6,226	63.9	6,559	63.9	4,543	55.6

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2022: 10,313 (up 62.9%)

Six months ended Sep. 30, 2021: 6,332 (up 133.9%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Six months ended Sep. 30, 2022	358.92	—
Six months ended Sep. 30, 2021	261.61	—

Notes: The Company conducted a 2-for-1 common stock split effective on July 1, 2021. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2022	106,248	81,794	77.0	4,969.27
As of Mar. 31, 2022	101,189	78,712	77.8	4,567.35

Reference: Shareholders' equity (million yen) As of Sep. 30, 2022: 81,794 As of Mar. 31, 2022: 78,712

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2022	—	0.00	—	130.00	130.00
Fiscal year ending Mar. 31, 2023	—	0.00			
Fiscal year ending Mar. 31, 2023 (forecast)			—	180.00	180.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	82,000	13.4	14,000	0.4	14,600	(0.0)	10,900	12.6	658.25

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, 2022:	19,756,080 shares	As of Mar. 31, 2022:	19,756,080 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2022:	3,295,934 shares	As of Mar. 31, 2022:	2,522,368 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2022:	16,657,888 shares	Six months ended Sep. 30, 2021:	17,368,693 shares
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Note: The Company conducted a 2-for-1 common stock split effective on July 1, 2021. The average number of shares outstanding during the period has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

*** 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 4 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 ending on March 31, 2023 (hereinafter “the period under review”), despite the progress being made in balancing infection controls against COVID-19 and economic activities, the outlook for the Japanese economy remains uncertain. This is due to the concerns over the impacts of the persistent lockdown in Shanghai and other major cities in China as well as the recent situations in Ukraine. In addition, the Japanese economy also suffered from the soaring natural resource prices and restrictions on supplies along with the rapid fall of yen.

In the electronic device market, which is the Uyemura Group’s main market area, demands for semiconductors and electronic components remained at a high level despite the persistent supply shortage of semiconductors in some areas. This was backed by the expansion of technologies for IoT, AI and 5G as well as electrification of and autonomous driving for automobiles.

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 net sales for the period under review were 42,105 million yen (up 27.5% year-over-year), operating profit 7,549 million yen (up 21.3%), ordinary profit 8,258 million yen (up 25.9%), and profit attributable to owners of parent 5,978 million yen (up 31.6%).

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

1) Surface finishing materials business

Both segment sales and profit of mainstay plating chemicals for package PWBs saw year-over-year increases thanks to an increase in demand in 5G and semiconductor markets.

Consequently, net sales in the surface finishing materials business increased 28.4% year-over-year to 35,253 million yen and segment profit increased 29.1% year-over-year to 7,276 million yen.

2) Surface finishing machinery business

Segment sales of the surface finishing machinery business increased year-over-year thanks to the strong demands for the surface finishing machineries for semiconductors and electronic components especially in Japanese and Taiwan markets. However, segment profit decreased year-over-year. This was due to difficulties in procuring components and prolonged lead time to procurement resulting from the global supply shortage of components. In addition, there were also soaring prices of various components used to manufacture the surface finishing machineries such as resin plates, electronic components, and filters.

Consequently, net sales in the surface finishing machinery business increased 42.2% year-over-year to 3,995 million yen but segment profit decreased 21.5% year-over-year to 230 million yen.

3) Plating job business

Plating job business for PWBs in Taiwan continued to show strong performance. Furthermore, segment sales for the plating job business for automobile industries in Thailand and Indonesia achieved a year-over-year increase because the business recovered from the extremely stagnant situation in the previous fiscal year adversely impacted by COVID-19 although the recovery was not full-fledged. On the profit front, there was an impact of the soaring raw material prices such as non-ferrous metals.

Consequently, net sales in the plating job business increased 4.6% year-over-year to 2,435 million yen but segment loss was 227 million yen (compared with segment profit of 35 million yen in the same period of the previous fiscal year).

4) Real estate rental business

The occupancy rate of properties owned by the Company remained strong including office buildings for rent in Shin-Osaka.

Consequently, net sales in the real estate rental business increased 1.0% year-over-year to 422 million yen and segment profit increased 2.8% year-over-year to 260 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 at the end of the period under review increased 5,059 million yen from the end of the previous fiscal year to 106,248 million yen. This was primarily attributable to a 2,135 million yen increase in notes and accounts receivable-trade, and contract assets, a 699 million yen increase in raw materials and supplies, and a 585 million yen increase in cash and deposits, which were partially offset by a 363 million yen decrease in investment securities.

Total liabilities increased 1,976 million yen from the end of the previous fiscal year to 24,453 million yen. This was primarily attributable to an 803 million yen increase in contract liabilities, a 543 million yen increase in deferred tax liabilities, and a 531 million yen increase in electronically recorded obligations-operating, which were partially offset by a 106 million yen decrease in provision for bonuses for directors (and other officers).

Total net assets increased 3,082 million yen from the end of the previous fiscal year to 81,794 million yen. This was primarily attributable to a 4,543 million yen increase in foreign currency translation adjustment and a 3,738 million yen increase in retained earnings, which were partially offset by a 4,985 million yen increase in treasury shares.

As a result, the equity ratio decreased by 0.8 percentage points from 77.8% at the end of the previous fiscal year to 77.0%.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the period under review decreased 39 million yen from the end of the previous fiscal year to 26,241 million yen.

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

(Cash flows from operating activities)

Net cash provided by operating activities was 5,303 million yen (compared with net cash provided of 3,567 million yen in the same period of the previous fiscal year). Positive factors included profit before income taxes of 8,963 million yen and depreciation of 965 million yen, while negative factors included income taxes paid of 2,532 million yen, net gain on sale and retirement of non-current assets of 639 million yen, and a 512 million yen increase in trade receivables.

(Cash flows from investing activities)

Net cash provided by investing activities was 374 million yen (compared with net cash used of 1,682 million yen in the same period of the previous fiscal year). Positive factors included proceeds from withdrawal of time deposits of 1,231 million yen and proceeds from sale of non-current assets of 1,076 million yen, while negative factors included payments into time deposits of 1,247 million yen and purchase of non-current assets of 841 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 7,359 million yen (compared with 3,666 million yen used in the same period of the previous fiscal year). Negative factors included purchase of treasury shares of 4,999 million yen and dividends paid of 2,240 million yen.

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

Based on recent performance trends, we have revised the full-year consolidated forecast that we announced on May 13, 2022.

For more details, please refer to the press release titled “Differences between First Half Forecasts and Results and Revisions to Consolidated Forecast for the Fiscal Year Ending March 31, 2023” (Japanese version only) announced today (November 11, 2022).

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

	(Thousands of yen)	
	FY3/2022 (As of Mar. 31, 2022)	Second quarter of FY3/2023 (As of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	31,052,681	31,637,806
Notes and accounts receivable-trade, and contract assets	21,291,971	23,427,207
Securities	51,629	45,646
Merchandise and finished goods	4,462,996	4,807,351
Work in process	2,740,296	2,822,826
Raw materials and supplies	3,752,141	4,452,033
Other	2,763,683	3,940,459
Allowance for doubtful accounts	(118,500)	(209,111)
Total current assets	65,996,900	70,924,220
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,200,066	24,260,548
Accumulated depreciation	(14,565,835)	(15,513,348)
Buildings and structures, net	8,634,230	8,747,200
Machinery, equipment and vehicles	12,386,592	13,844,859
Accumulated depreciation	(10,089,611)	(11,354,144)
Machinery, equipment and vehicles, net	2,296,981	2,490,715
Land	6,100,030	5,978,640
Leased assets	632,136	675,220
Accumulated depreciation	(172,631)	(228,510)
Leased assets, net	459,504	446,709
Construction in progress	80,488	191,477
Other	5,906,725	6,407,509
Accumulated depreciation	(4,795,595)	(5,203,263)
Other, net	1,111,130	1,204,246
Total property, plant and equipment	18,682,365	19,058,988
Intangible assets	332,714	320,308
Investments and other assets		
Investment securities	14,786,928	14,423,664
Retirement benefit asset	187,004	179,257
Deferred tax assets	572,463	675,118
Other	705,357	747,582
Allowance for doubtful accounts	(74,571)	(80,682)
Total investments and other assets	16,177,182	15,944,940
Total non-current assets	35,192,261	35,324,237
Total assets	101,189,162	106,248,458

	(Thousands of yen)	
	FY3/2022 (As of Mar. 31, 2022)	Second quarter of FY3/2023 (As of Sep. 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,113,405	4,214,581
Electronically recorded obligations-operating	4,233,185	4,764,888
Short-term borrowings	457,789	468,300
Lease obligations	198,163	227,833
Income taxes payable	2,680,544	2,656,978
Contract liabilities	3,255,950	4,059,645
Provision for bonuses	170,901	350,837
Provision for bonuses for directors (and other officers)	213,050	106,525
Other	2,146,079	1,805,462
Total current liabilities	17,469,070	18,655,052
Non-current liabilities		
Long-term guarantee deposits	680,334	681,205
Lease obligations	460,663	480,530
Deferred tax liabilities	2,142,944	2,686,142
Retirement benefit liability	1,111,771	1,274,915
Long-term accounts payable-other	255,664	255,664
Other	356,401	420,104
Total non-current liabilities	5,007,780	5,798,563
Total liabilities	22,476,850	24,453,616
Net assets		
Shareholders' equity		
Share capital	1,336,936	1,336,936
Capital surplus	1,276,650	1,272,277
Retained earnings	76,245,125	79,983,591
Treasury shares	(6,515,214)	(11,501,205)
Total shareholders' equity	72,343,497	71,091,599
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	707,807	500,341
Foreign currency translation adjustment	5,610,272	10,153,429
Remeasurements of defined benefit plans	50,733	49,469
Total accumulated other comprehensive income	6,368,814	10,703,241
Total net assets	78,712,311	81,794,841
Total liabilities and net assets	101,189,162	106,248,458

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

	(Thousands of yen)	
	First six months of FY3/2022 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/2023 (Apr. 1, 2022 – Sep. 30, 2022)
Net sales	33,027,489	42,105,823
Cost of sales	21,636,231	28,657,569
Gross profit	11,391,257	13,448,253
Selling, general and administrative expenses	5,164,740	5,898,547
Operating profit	6,226,517	7,549,706
Non-operating income		
Interest income	68,443	80,746
Dividend income	41,527	48,111
Valuable resource recovery income	35,222	21,491
Foreign exchange gains	94,742	489,735
Subsidy income	58,760	71,624
Technical advisory fee income	11,460	7,390
Other	52,507	42,561
Total non-operating income	362,664	761,661
Non-operating expenses		
Interest expenses	5,000	7,544
Commission expenses	8,461	17,958
Commission for purchase of treasury shares	5,920	12,130
Loss on disposal of inventories	6,084	1,702
Other	3,902	13,365
Total non-operating expenses	29,369	52,701
Ordinary profit	6,559,813	8,258,666
Extraordinary income		
Gain on sale of non-current assets	15,858	641,478
Gain on redemption of investment securities	–	65,492
Total extraordinary income	15,858	706,971
Extraordinary losses		
Loss on sale and retirement of non-current assets	13,055	1,994
Total extraordinary losses	13,055	1,994
Profit before income taxes	6,562,616	8,963,643
Income taxes-current	1,836,517	2,403,891
Income taxes-deferred	182,204	580,901
Total income taxes	2,018,721	2,984,793
Profit	4,543,895	5,978,849
Profit attributable to:		
Profit attributable to owners of parent	4,543,895	5,978,849
Other comprehensive income		
Valuation difference on available-for-sale securities	84,017	(207,465)
Foreign currency translation adjustment	1,705,557	4,543,157
Remeasurements of defined benefit plans, net of tax	(1,403)	(1,264)
Total other comprehensive income	1,788,171	4,334,427
Comprehensive income	6,332,066	10,313,276
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	6,332,066	10,313,276

(3) Consolidated Statements of Cash Flows

	(Thousands of yen)	
	First six months of FY3/2022 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/2023 (Apr. 1, 2022 – Sep. 30, 2022)
Cash flows from operating activities		
Profit before income taxes	6,562,616	8,963,643
Depreciation	926,972	965,647
Increase (decrease) in allowance for doubtful accounts	4,841	69,016
Increase (decrease) in provision for bonuses for directors (and other officers)	(88,625)	(106,525)
Increase (decrease) in retirement benefit liability	49,044	41,624
Decrease (increase) in retirement benefit asset	(2,937)	8,102
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(193,765)	–
Interest and dividend income	(109,971)	(128,857)
Interest expenses	5,000	7,544
Loss (gain) on redemption of investment securities	–	(65,492)
Loss (gain) on sale and retirement of non-current assets	(2,803)	(639,484)
Decrease (increase) in trade receivables	(721,590)	(512,884)
Decrease (increase) in inventories	(1,909,837)	13,258
Increase (decrease) in trade payables	351,816	19,819
Increase (decrease) in long-term accounts payable-other	255,664	–
Other, net	579,442	(919,267)
Subtotal	5,705,867	7,716,145
Interest and dividends received	113,363	126,557
Interest paid	(5,381)	(7,229)
Income taxes paid	(2,246,560)	(2,532,328)
Net cash provided by (used in) operating activities	3,567,288	5,303,145
Cash flows from investing activities		
Payments into time deposits	(1,349,395)	(1,247,275)
Proceeds from withdrawal of time deposits	1,418,150	1,231,637
Purchase of non-current assets	(1,786,806)	(841,428)
Proceeds from sale of non-current assets	42,925	1,076,929
Purchase of investment securities	(5,302)	(6,868)
	–	110,357
Other, net	(1,775)	51,413
Net cash provided by (used in) investing activities	(1,682,204)	374,765
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,080	2,489
Repayments of lease obligations	(76,418)	(121,329)
Purchase of treasury shares	(2,000,549)	(4,999,922)
Dividends paid	(1,591,238)	(2,240,382)
Net cash provided by (used in) financing activities	(3,666,126)	(7,359,144)
Effect of exchange rate change on cash and cash equivalents	544,862	1,642,197
Net increase (decrease) in cash and cash equivalents	(1,236,179)	(39,036)
Cash and cash equivalents at beginning of period	26,149,130	26,280,122
Cash and cash equivalents at end of period	24,912,950	26,241,086

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

Not applicable.

Significant Changes in Shareholders' Equity

Following the resolution approved by its Board of Directors meeting held on March 10, 2022, and also the partial changes resolved by its Board of Directors meeting held on May 13, 2022, the Company acquired 777,500 shares of its treasury shares. In addition, the number of treasury shares decreased by 4,022 shares due to disposal of treasury shares as restricted stock compensation which was implemented on August 5, 2022. Primarily from these events, treasury shares increased 4,985,991 thousand yen during the period under review to 11,501,205 thousand yen as of the end of the period under review.

Segment and Other Information**Segment Information**

I. First six months of FY3/2022 (Apr. 1, 2021 – Sep. 30, 2021)

1. Information related to sales and profit or loss for each reportable segment and on breakdown of revenues

(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				
Net sales									
Japan	9,543,535	1,963,120	—	—	11,506,655	8,665	11,515,321	—	11,515,321
Taiwan	7,365,313	305,282	523,195	—	8,193,790	—	8,193,790	—	8,193,790
China	5,323,688	308,277	—	—	5,631,965	—	5,631,965	—	5,631,965
South Korea	1,857,299	4,574	—	—	1,861,874	—	1,861,874	—	1,861,874
Singapore	1,313,954	209,478	—	—	1,523,432	—	1,523,432	—	1,523,432
Thailand	95,055	—	1,630,649	—	1,725,705	—	1,725,705	—	1,725,705
North America	1,965,167	17,747	—	—	1,982,914	—	1,982,914	—	1,982,914
Other	—	—	174,257	—	174,257	—	174,257	—	174,257
Revenue from contracts with customers	27,464,013	2,808,481	2,328,102	—	32,600,597	8,665	32,609,263	—	32,609,263
Other revenue	—	—	—	418,226	418,226	—	418,226	—	418,226
Sales to third parties	27,464,013	2,808,481	2,328,102	418,226	33,018,824	8,665	33,027,489	—	33,027,489
Intersegment sales and transfers	68	231	—	—	299	—	299	(299)	—
Total	27,464,082	2,808,712	2,328,102	418,226	33,019,123	8,665	33,027,789	(299)	33,027,489
Segment profit	5,636,880	293,221	35,416	253,419	6,218,938	7,579	6,226,517	—	6,226,517

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

3. Net sales are broken down by reportable segment into the countries or regions where the Company and its consolidated subsidiaries are located.

II. First six months of FY3/2023 (Apr. 1, 2022 – Sep. 30, 2022)

1. Information related to sales and profit or loss for each reportable segment and on breakdown of revenues

(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				
Net sales									
Japan	12,032,656	2,000,844	—	—	14,033,501	11,091	14,044,593	—	14,044,593
Taiwan	8,985,746	1,404,845	478,272	—	10,868,864	—	10,868,864	—	10,868,864
China	6,899,062	262,990	—	—	7,162,053	—	7,162,053	—	7,162,053
South Korea	2,636,304	1,371	—	—	2,637,675	—	2,637,675	—	2,637,675
Singapore	1,757,774	283,943	—	—	2,041,718	—	2,041,718	—	2,041,718
Thailand	59,965	—	1,788,905	—	1,848,870	—	1,848,870	—	1,848,870
North America	2,882,298	29,459	—	—	2,911,757	—	2,911,757	—	2,911,757
Other	—	—	167,940	—	167,940	—	167,940	—	167,940
Revenue from contracts with customers	35,253,807	3,983,456	2,435,117	—	41,672,381	11,091	41,683,473	—	41,683,473
Other revenue	—	—	—	422,349	422,349	—	422,349	—	422,349
Sales to third parties	35,253,807	3,983,456	2,435,117	422,349	42,094,731	11,091	42,105,823	—	42,105,823
Intersegment sales and transfers	—	11,697	—	—	11,697	—	11,697	(11,697)	—
Total	35,253,807	3,995,153	2,435,117	422,349	42,106,428	11,091	42,117,520	(11,697)	42,105,823
Segment profit (loss)	7,276,719	230,314	(227,825)	260,552	7,539,761	9,945	7,549,706	—	7,549,706

- 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.
3. Net sales are broken down by reportable segment into the countries or regions where the Company and its consolidated subsidiaries are located.

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.