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October 13, 2022

## Summary of Consolidated Financial Results For the First Half Ended August 31, 2022 [Japan GAAP]

Name of Company: TAKEUCHI MFG. CO., LTD.  
Stock Code: 6432  
Stock Exchange Listing: Tokyo Stock Exchange  
URL: <https://www.takeuchi-mfg.co.jp/>  
Representative: Title: President & Representative Director  
Name: Toshiya Takeuchi  
Contact Person: Title: Director, Manager of Business Management Department  
and General Affairs Department  
Name: Osamu Kobayashi  
Phone: +81-(0)268-81-1200  
Date of quarterly securities report (tentative): October 14, 2022  
Date of commencement of dividend payment (tentative): -  
Quarterly earnings supplementary explanatory documents: Yes  
Quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

### 1. Financial results for the first half of the fiscal year ending February 2023 (March 1, 2022 – August 31, 2022)

(1) Result of operations (Consolidated, year-to-date) (Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half ended August 2022	86,033	15.9	9,328	(6.3)	10,339	1.8	7,663	2.4
First half ended August 2021	74,228	39.6	9,958	46.1	10,160	50.3	7,481	52.2

(Note) Comprehensive income: 1H of FY Feb. /2023: 14,405 million yen [51.0%], 1H of FY Feb. /2022: 9,543 million yen [124.2%]

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First half ended August 2022	160.71		-	
First half ended August 2021	156.88		-	

(2) Financial Position (Consolidated)

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of August 31, 2022	149,740		115,195		76.9	
As of February 28, 2022	137,201		104,083		75.9	

(Reference) Shareholders' equity

As of August 31, 2022: 115,195 million yen As of February 28, 2022: 104,083 million yen

### 2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 2022	-	0.00	-	68.00	68.00
Fiscal year ending February 2023	-	0.00	-	-	-
Fiscal year ending February 2023 (est.)	-	-	-	98.00	98.00

(Note) Change in the estimation of dividend from the latest announcement: Yes

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### 3. Forecast for the fiscal year ending February 2023 (Consolidated, March 1, 2022 to February 28, 2023)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	173,000	22.8	20,000	12.6	21,000	16.1	15,500	16.1	325.12

(Note) Change in the forecast from the latest announcement: Yes

#### \* Notes

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation) : None

(2) Application of accounting methods specifically for the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: Yes

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(4) Number of shares outstanding (common shares)

(a) Shares outstanding (including treasury shares)

As of August 31, 2022: 48,999,000 As of February 28, 2022: 48,999,000

(b) Treasury shares

As of August 31, 2022: 1,331,562 As of February 28, 2022: 1,312,862

(c) Average number of shares

Period ended August 31, 2022: 47,682,276 Period ended August 31, 2021: 47,686,154

(Note): Treasury shares include shares held by the Board Incentive Plan Trust (58,940 shares as of February 28, 2022 and 77,640 shares as of August 31, 2022).

\* This report is exempt from the quarterly audit review.

\* Cautionary statement regarding forecasts of operating results and special notes

(1) Forward-looking statements

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "Explanation of Forecast Information such as Consolidated Earnings Forecast, etc." on page 3.

(2) Access to supplementary explanatory materials for quarterly financial results and contents of quarterly financial results briefing.

The Company plans to hold a financial result briefing (both on-site and via live audio streaming) for institutional investors and securities analysts on October 19, 2022. The presentation materials to be used at the meeting will be posted on the Company's website immediately after the meeting.

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## 1. Qualitative Information on Quarterly Financial Results

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) and others from the beginning of the first quarter of the consolidated fiscal year. For details, please see "2. Quarterly Consolidated Financial Statements and Important Notes (4) Notes to Quarterly Consolidated Financial Statement (Changes in Accounting Policies)".

### (1) Explanation of Operating Results

During the first half of the current consolidated fiscal year (March 1, 2022 to August 31, 2022), the global economy experienced shortages of parts, materials, and energy, and high prices as a result of large-scale economic sanctions in response to Russia's invasion of Ukraine, amid a persistent global shortage of goods. Historic inflation, and rapid interest rate hikes in the United States and European countries in an attempt to stabilize prices have had a negative impact on both business and consumer activities, as well as causing sharp changes in exchange rates, making the outlook for the global economy more unclear.

Despite this situation, the demand for our products remained strong in both Europe and the United States. Orders received during the first half of the current consolidated fiscal year totaled 130,833 million yen (up 15.6% year on year). On the other hand, there have been delays in parts delivery and logistics due to a combination of factors, including the prolonged impact of the spread of COVID-19, chronic parts shortages, and unstable overseas conditions. As a result, the Group's production volume was lower than in the same period of the previous year, and the order backlog at the end of the second quarter of the current consolidated fiscal year was 178,649 million yen (up 113.2% year on year).

Consequently, sales volume increased during the first half of the current consolidated fiscal year, and net sales were 86,033 million yen (up 15.9% year on year). On the profit front, operating profit was 9,328 million yen (down 6.3% year on year) due to an increase in raw material prices and transportation costs, despite factors contributing to higher profit, including increased net sales resulting from higher sales volume, product price increases, and the impact of the yen depreciation. Ordinary profit was 10,339 million yen (up 1.8% year on year) due to foreign exchange gains of 1,194 million yen, among other factors. After income taxes of 2,676 million yen, profit attributable to owners of parent was 7,663 million yen (up 2.4% year on year).

The Group is working to increase its production capacity, and the factory in South Carolina, United States, which we acquired in April 2022, started operation in September 2022.

The performance by geographic segment was as follows.

#### (a) Japan

Shipments to distributors in Europe account for most of the sales in this segment. In Europe, product demand remained strong despite an uncertain outlook, as official interest rates were raised due to rising prices caused by the Ukraine crisis and global raw material price hikes. The sales volume of compact excavators and hydraulic excavators to European distributors increased, and net sales were 29,448 million yen (up 4.9% year on year). Segment profit decreased to 5,739 million yen (down 24.8% year on year) due to increases in raw material prices and transportation costs, despite factors to increase profits such as higher sales, product price increases, and the impact of yen depreciation.

#### (b) United States

In the United States segment, product demand remained strong despite concerns about rising interest rates and shortages of lumber and other materials in the housing market. In the United States, net sales increased to 47,192 million yen (up 43.6% year on year) and segment profit increased to 4,980 million yen (up 64.0% year on year) due to a significant increase in the sales volume of track loaders, product price increases, and the impact of the yen depreciation.

#### (c) United Kingdom

In the UK segment, product demand remained strong, but local inventory was reduced, resulting in a year on year decline in sales volume. Despite product price increases and the impact of the yen depreciation, net sales were 6,022 million yen (down 25.0% year on year), and segment profit was 510 million yen (down 31.4% year on year).

#### (d) France

In the France segment, product demand was strong, but local inventory was reduced, resulting in a year on year decline in sales volume. Despite product price increases and the impact of the yen depreciation, net sales were 3,282 million yen (down 37.0% year on year), and segment profit was 236 million yen (down 32.5% year on year).

#### (e) China

In the China segment, net sales were 87 million yen (up 125.5% year on year) due to sales of products to Southeast Asia. However, due to a sharp rise in raw material costs, segment loss was 13 million yen (segment profit of 72 million yen in the same period of the previous fiscal year).

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(2) Explanation of Financial Position

(a) Assets, liabilities and net assets

(Assets)

Total assets at the end of the second quarter of the current consolidated fiscal year increased by 12,538 million yen compared to the end of the previous consolidated fiscal year to 149,740 million yen. This was mainly due to an increase of 11,038 million yen in notes and accounts receivable-trade due to increased sales, an increase of 4,747 million yen in inventories, and an increase of 5,235 million yen in property, plant and equipment due to the acquisition of the factory in the United States, despite a decrease of 9,590 million yen in cash and deposits. Of the increase in inventory, work in process increased by 2,078 million yen to 8,186 million yen. This was mainly due to an increase in local work in process inventory which resulted from shipments of work in process with some electronic components not installed (later retrofitted locally) as a response to the unstable arrival of those electronic components, and track loaders, which will be completed at the United States factory, shipped as work in process from the home office factory. In the first quarter of the consolidated fiscal year, the supply of electronic components increased, and work in process that had been stored in Europe and the United States was sold as finished products to customers, resulting in a decrease in the balance of work in process. However, during the second quarter of the current consolidated fiscal year, the supply of electronic components once again decreased and the work in process balance increased.

(Liabilities)

Total liabilities at the end of the second quarter of the current consolidated fiscal year increased by 1,426 million yen compared to the end of the previous consolidated fiscal year to 34,544 million yen. This was mainly due to decrease in income taxes payable of 797 million yen, despite increases in other current liabilities of 1,229 million yen and in accounts payable - trade of 471 million yen.

(Net assets)

Total net assets at the end of the second quarter of the current consolidated fiscal year increased by 11,112 million yen compared to the end of the previous consolidated fiscal year to 115,195 million yen. This was mainly due to the increase in retained earnings because of an increase in profit attributable to owners of parent of 7,663 million yen, despite a decrease of 3,246 million yen for dividend payments, and the increase in foreign currency translation adjustments of 6,741 million yen.

(b) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the first half of the current consolidated fiscal year decreased by 9,590 million yen to 37,057 million yen.

The following is a summary of cash flows.

(Cash-flow from operating activities)

Net cash used in operating activities was 2,581 million yen (8,414 million yen gain in the same period last year). This was mainly due to expenditure including an increase in trade receivables of 8,632 million yen, income taxes paid of 3,893 million yen, and a decrease in trade payables of 2,826 million yen, despite profit before income taxes of 10,339 million yen.

(Cash-flow from investing activities)

Net cash used in investing activities increased by 5,245 million yen year on year to 5,577 million yen. This was mainly due to payments for the purchase of property, plant and equipment of 5,133 million yen and for purchase of intangible assets of 144 million yen.

(Cash-flow from financing activities)

Net cash used in financing activities increased by 770 million yen year on year to 3,290 million yen. This was mainly due to a dividend paid of 3,233 million yen.

(3) Explanation of Forecast Information such as Consolidated Earnings Forecast, etc.

The full-year consolidated earnings forecast for the fiscal year ending February 2023 has been revised from the forecast announced on July 12, 2022. For details, please refer to "Notice Regarding Revisions of Earnings Forecast and Dividend Forecast" announced today (October 13, 2022). This forecast is based on assumed exchange rates of 135 yen to the US dollar, 150 yen to the British pound, 133 yen to the euro and 19.10 yen to the yuan.

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## 2. Quarterly Consolidated Financial Statements and Important Notes

### (1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of February 28, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	47,258	37,668
Notes and accounts receivable - trade	25,737	36,775
Merchandise and finished goods	27,569	28,555
Work in process	6,108	8,186
Raw materials and supplies	7,674	9,358
Other	3,435	3,897
Allowance for doubtful accounts	(1,079)	(1,218)
Total current assets	116,705	123,224
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,648	10,049
Machinery, equipment and vehicles, net	1,546	1,589
Land	2,627	3,603
Other, net	3,559	5,375
Total property, plant and equipment	15,382	20,618
Intangible assets	682	757
Investments and other assets		
Deferred tax assets	2,323	2,848
Other	2,128	2,312
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	4,430	5,139
Total non-current assets	20,496	26,515
Total assets	137,201	149,740

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(Million yen)

	As of February 28, 2022	As of August 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	24,491	24,963
Income taxes payable	2,862	2,065
Provision for bonuses	426	548
Provision for product warranties	1,701	2,069
Other	3,055	4,284
<b>Total current liabilities</b>	<b>32,537</b>	<b>33,931</b>
<b>Non-current liabilities</b>		
Provision for share awards for directors (and other officers)	69	86
Retirement benefit liability	80	70
Other	430	455
<b>Total non-current liabilities</b>	<b>580</b>	<b>613</b>
<b>Total liabilities</b>	<b>33,117</b>	<b>34,544</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,632	3,632
Capital surplus	3,631	3,631
Retained earnings	96,444	100,861
Treasury shares	(1,985)	(2,032)
<b>Total shareholders' equity</b>	<b>101,723</b>	<b>106,092</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(1)	1
Foreign currency translation adjustment	2,326	9,068
Remeasurements of defined benefit plans	34	32
<b>Total accumulated other comprehensive income</b>	<b>2,360</b>	<b>9,102</b>
<b>Total net assets</b>	<b>104,083</b>	<b>115,195</b>
<b>Total liabilities and net assets</b>	<b>137,201</b>	<b>149,740</b>

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(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

(For the First Half)

(Million yen)

	First half ended August 31, 2021	First half ended August 31, 2022
Net sales	74,228	86,033
Cost of sales	58,175	66,077
Gross profit	16,053	19,955
Selling, general and administrative expenses		
Transportation costs	2,880	6,771
Provision for product warranties	640	690
Provision of allowance for doubtful accounts	0	(0)
Remuneration for directors (and other officers)	146	160
Salaries and allowances	947	1,117
Provision for bonuses	121	139
Retirement benefit expenses	24	26
Provision for share awards for directors (and other officers)	5	17
Other	1,327	1,705
Total selling, general and administrative expenses	6,094	10,627
Operating profit	9,958	9,328
Non-operating income		
Interest income	22	18
Foreign exchange gains	144	1,194
Other	51	42
Total non-operating income	218	1,255
Non-operating expenses		
Loss on retirement of non-current assets	15	230
Other	0	14
Total non-operating expenses	16	244
Ordinary profit	10,160	10,339
Profit before income taxes	10,160	10,339
Income taxes - current	3,026	3,115
Income taxes - deferred	(347)	(439)
Total income taxes	2,679	2,676
Profit	7,481	7,663
Profit attributable to owners of parent	7,481	7,663



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(Quarterly Consolidated Statements of Comprehensive Income)  
(For the First Half)

(Million yen)

	First half ended August 31, 2021	First half ended August 31, 2022
Profit	7,481	7,663
Other comprehensive income		
Valuation difference on available-for-sale securities	5	3
Foreign currency translation adjustment	2,063	6,741
Remeasurements of defined benefit plans, net of tax	(6)	(1)
Total other comprehensive income	2,062	6,742
Comprehensive income	9,543	14,405
Comprehensive income attributable to owners of parent	9,543	14,405
Comprehensive income attributable to non-controlling interests	—	—

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(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	First half ended August 31, 2021	First half ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	10,160	10,339
Depreciation	745	780
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for bonuses	83	117
Increase (decrease) in provision for product warranties	204	189
Decrease (increase) in retirement benefit asset	5	5
Increase (decrease) in provision for share awards for directors (and other officers)	5	17
Interest and dividend income	(23)	(20)
Foreign exchange losses (gains)	700	912
Loss (gain) on sale of non-current assets	9	(1)
Loss on retirement of non-current assets	6	230
Decrease (increase) in trade receivables	(7,025)	(8,632)
Decrease (increase) in inventories	(119)	(606)
Increase (decrease) in trade payables	5,522	(2,826)
Decrease (increase) in other assets	(257)	(354)
Increase (decrease) in other liabilities	(41)	1,139
Other, net	(5)	(0)
Subtotal	9,969	1,291
Interest and dividends received	23	20
Income taxes paid	(1,579)	(3,893)
Net cash provided by (used in) operating activities	8,414	(2,581)
Cash flows from investing activities		
Decrease (increase) in time deposits	(2)	(300)
Proceeds from redemption of securities	300	—
Purchase of property, plant and equipment	(563)	(5,133)
Proceeds from sale of property, plant and equipment	1	1
Purchase of intangible assets	(75)	(144)
Other, net	8	(0)
Net cash provided by (used in) investing activities	(331)	(5,577)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(47)
Dividends paid	(2,519)	(3,233)
Repayments of lease obligations	(1)	(10)
Net cash provided by (used in) financing activities	(2,520)	(3,290)
Effect of exchange rate change on cash and cash equivalents	(0)	1,859
Net increase (decrease) in cash and cash equivalents	5,560	(9,590)
Cash and cash equivalents at beginning of period	39,619	46,648
Cash and cash equivalents at end of period	45,179	37,057

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(4) Notes to Quarterly Consolidated Financial Statement

(Notes to Going Concern Assumptions)

None

(Significant Change in Shareholders' Equity)

None

(Changes in Accounting Policies)

(Application of accounting standard for revenue recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) and others from the beginning of the first quarter of the consolidated fiscal year, and recognizes revenue at the time of the transfer of promised goods or services to the customer in an amount we expect to be entitled in exchange for those goods or services. As a result, we recognize revenue on export sales when the risk burden is transferred to the customer in accordance with trade terms mainly defined by Incoterms or other agreements.

In accordance with transitional treatment set out in the proviso of Paragraph 84 of the "Accounting Standard for Revenue Recognition", the cumulative effects arising from the retroactive application of these new accounting policies to all the previous fiscal years were reflected in Retained Earnings as of March 1, 2022, and the new accounting policies are applied from the beginning of the fiscal year. However, in accordance with the method stipulated in Paragraph 86 of the "Accounting Standard for Revenue Recognition", it is not applied retroactively for the contracts for which almost all revenues have been recognized under the previous accounting standard before the beginning of the first quarter of the consolidated fiscal year. In addition, following the application of the method prescribed in Paragraph 86 (1) of the "Accounting Standard for Revenue Recognition", all contracts that have been modified prior to the beginning of the first quarter of the consolidated fiscal year are accounted for based on the contract terms after reflecting the modification, and the cumulative effect of the modification is added to or subtracted from retained earnings at the beginning of the first quarter of the consolidated fiscal year.

The effect of this change in accounting policy on the quarterly consolidated financial statements is immaterial. There is no effect on the balance of retained earnings at the beginning of the period.

Additionally, according to transitional treatment set out in Paragraph 28-15 of the "Accounting Standards for Quarterly Financial Statements" (ASBJ Statement No. 12, March 31, 2020), information that breaks down revenue from contracts with customers for the first half of the previous consolidated fiscal year is not presented.

(Application of accounting standard for fair value measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the first quarter of the consolidated fiscal year. In addition, in accordance with the transitional treatment set forth in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company has decided to apply prospectively the new accounting policy set forth in the "Accounting Standard for Fair Value Measurement" and others.

There is no effect on the quarterly consolidated financial statements.

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(Segment Information, Other)

[Segment information]

I. For the first half ended August 2021 (March 1, 2021 – August 31, 2021)

1. Information about sales and profit (loss) by reporting segments

(Million yen)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the quarterly consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales (of which to outside customers)	28,083	32,864	8,031	5,210	38	74,228	—	74,228
(of which inter- segment)	39,503	0	6	3	1,468	40,982	(40,982)	—
Total	67,586	32,864	8,037	5,214	1,506	115,211	(40,982)	74,228
Segment profit	7,634	3,037	743	351	72	11,839	(1,881)	9,958

Notes: 1. Adjustment in segment profit of -1,881 million yen includes -1,160 million yen for elimination of inter-segment trade and -721 million yen for corporate expenses which has not been distributed in the segments. The corporate expenses are general expenses that are not attributed to the segments.

2. Segment profit is adjusted for operating profit in the quarterly consolidated statements of income.

II. For the first half ended August 2022 (March 1, 2022 – August 31, 2022)

1. Information about sales and profit (loss) by reporting segments and disaggregation of revenue

(Million yen)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the quarterly consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales Revenue from contracts with customers	29,448	47,192	6,022	3,282	87	86,033	—	86,033
Net sales (of which to outside customers)	29,448	47,192	6,022	3,282	87	86,033	—	86,033
(of which inter- segment)	44,889	0	6	2	1,421	46,321	(46,321)	—
Total	74,337	47,193	6,028	3,285	1,508	132,354	(46,321)	86,033
Segment profit/loss	5,739	4,980	510	236	(13)	11,454	(2,126)	9,328

Notes: 1. Adjustment in segment profit and loss of -2,126 million yen includes -1,310 million yen for elimination of inter-segment trade and -815 million yen for corporate expenses, which has not been distributed in the segments. The corporate expenses are general expenses that are not attributed to the segments.

2. Segment profit and loss are adjusted for operating profit in the quarterly consolidated statements of income.

3. The information on revenue breakdown is the same as the information on sales of reporting segments in the segment information, etc., and the breakdown information is provided by geographic region.

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2. Matters related to changes in reporting segments, etc.

As described in the Notes (Changes in Accounting Policies), the Company has applied the "Accounting Standard for Revenue Recognition" etc. from the beginning of the first quarter of the consolidated fiscal year, and has changed the accounting method for revenue recognition, and has similarly changed the method for calculating net sales and segment income (loss) in the reporting segments. The effect of this change is immaterial.

(Subsequent Events)

None