



## Consolidated Earnings Report for the Second Quarter of Fiscal 2022 [Japanese GAAP]

October 28, 2021

Company Name:	<b>KOITO MANUFACTURING CO., LTD.</b>
Stock Listing:	First Section, Tokyo Stock Exchange
Code Number:	7276
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Filing of Quarterly Securities Report:	November 2, 2021
Scheduled Payment of Dividends:	December 6, 2021
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	Yes

(¥ millions are rounded down)

### 1. Consolidated Results for the Second Quarter of Fiscal 2022 (April 1, 2021 to September 30, 2021)

(1) Consolidated Operating Results (¥millions; percentage figures represent year-on-year changes)

Second Quarter	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent	
Fiscal 2022	352,724	21.3%	24,152	210.3%	26,050	146.6%	15,965	148.6%
Fiscal 2021	290,695	△27.2%	7,784	△81.3%	10,564	△75.3%	6,420	△77.9%

Note: Comprehensive income or loss: September 30, 2021: ¥19,340million (106.1%),  
September 30, 2020: ¥9,383 million (△61.0%)

Second Quarter	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2022	99.32	99.30
Fiscal 2021	39.95	39.94

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
September 30, 2022	787,334	583,076	70.1	3,433.47
March 31, 2021	782,163	569,438	68.7	3,344.65

Note: Equity: September 30, 2021: ¥ 551,898 million, March 31, 2021: ¥ 537,605 million

### 2. Dividends

	Dividend per share (¥)				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
Fiscal 2021	—	20.00	—	30.00	50.00
Fiscal 2022	—	24.00			
Fiscal 2022(forecast)			—	—	—

Notes: 1. Revisions to recent dividend forecasts: Yes

2. The dividend record date is March 31, as prescribed by KOITO's Articles of Incorporation; the dividend forecast for the March 31, 2022 is currently undecided.

### 3. Forecast of Consolidated Results for Fiscal 2022 (April 1, 2021 to March 31, 2022)

(¥ millions; percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent		Net income per share (¥)
Full year	723,000	2.4%	47,000	△17.1%	50,000	△18.2%	32,000	△14.9%	199.08

Note: Revisions to recent consolidated business forecasts: Yes

**\*Notes**

(1) Changes to important subsidiaries during the second quarter (changes in specified subsidiaries resulting in revised scope of consolidation): None

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, accounting estimates and restatements

① Changes in accounting policies in conjunction with revisions to accounting standards: Yes

② Other changes: None

③ Changes in accounting estimates: None

④ Restatements: None

Note: For details, please refer to the attached material P.10 “2. Quarterly Consolidated Financial Statements and Notes (4) Note Regarding Changes in accounting policies in conjunction with revisions to accounting standards (Note Regarding Changes in accounting policies in conjunction with revisions to accounting standards)”

(4) Number of shares issued (common stock)

① Number of shares issued (including treasury stock):

② Number of treasury stock:

③ Average number of stock during the second quarter:

Fiscal 2022, 2Q	160,789,436	Fiscal 2021	160,789,436
Fiscal 2022, 2Q	48,722	Fiscal 2021	53,614
Fiscal 2022, 2Q	160,737,941	Fiscal 2021, 2Q	160,734,255

\*This quarterly financial report is not subject to the quarterly audit procedure to be conducted by certified public accountants or auditing firms.

\*Explanations concerning proper use of business forecasts and other noteworthy matters

(Notes on future assumptions)

The above forecasts are based on information available, and certain assumptions that are judged to be reasonable, at the time of the release of this report. KOITO is not promising that the Company will achieve these forecasts. Actual results could differ from forecasts due to a variety of factors.

The exchange conversion rate based on the business forecast for fiscal 2022, the year ending March 2022 is calculated as 1.00 US\$ = ¥107.6 and 1 CNY = ¥16.8.

(Supplementary materials for financial results)

KOITO is scheduled to have an earnings release conference for securities analysts and institutional investors on November 4, 2021. Supplementary materials will be available on our website.

《 For Reference Only 》

**Forecast of Non-consolidated Result for Fiscal 2022 (April 1, 2021 to March 31, 2022)**

(¥ millions; percentage figures represent year-on-year changes)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Full year	295,000 $\triangle$ 5.5%	16,000 $\triangle$ 24.3%	34,000 $\triangle$ 11.0%	26,000 $\triangle$ 31.7%	161.75

Note: Revisions to recent non-consolidated business forecasts: Yes

## Table of Contents of Supplementary Materials

1. Qualitative Information Concerning Quarterly Financial Statements and Other Matters.....	2
(1) Explanation Regarding Consolidated Operating Results.....	2
(2) Explanation Regarding Consolidated Financial Position.....	2
(3) Explanation Regarding Forecast of Consolidated Results for Fiscal 2022 and Other Future Projections.....	2
2. Quarterly Consolidated Financial Statements and Notes.....	4
(1) Quarterly Consolidated Balance Sheets.....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	6
Second quarter, for the six months ended September 30.....	6
(3) Quarterly Consolidated Statements of Cash Flows.....	8
(4) Notes on Quarterly Consolidated Financial Statements.....	9
(Going Concern Assumption) .....	9
(Note Regarding Significant Changes in Shareholders' Equity).....	9
(Note Regarding Changes in accounting policies in conjunction with revisions to accounting standards) .....	9
(Segment Information).....	11

## 1. Qualitative Information Concerning Quarterly Financial Statements and Other Matters

### (1) Explanation Regarding Consolidated Operating Results

The economic condition of Japan and overseas in the consolidated cumulative period of second quarter of fiscal 2022 indicated a recovery tendency, accompanying the progress of the vaccinations for COVID-19. However, the outlook is in an extremely uncertain condition due to such factors as the continuous constraints in the supply and demand of semiconductors, a rise in material prices, stagnation of the supply chains, and confusion of the distribution network.

Although the global automobile production volume of the consolidated cumulative period of this second quarter increased year on year due to the recovery from the drastic decrease in production caused by production adjustments and suspensions accompanying the spread of the COVID-19 infections, the condition remains severe because production adjustments continue due to the impacts of the constraints in the supply and demand of semiconductors and the stagnation of the supply chains.

In this climate, due to an increase in the automobile production in the automotive lighting equipment business and increase in new orders mainly in North America and Asia, the net sales of the consolidated cumulative period of this second quarter increased 21.3% year on year to ¥352.7 billion, as a result of a 6.7% increase in Japan, 45.3% increase in North America, 2.4% increase in China, and 48.7% increase in Asia.

With regard to profits, due to increased income, each profit increased year on year; operating income by 3.1 times to ¥24.1 billion, recurring profit by 2.4 times to ¥26.0 billion, and profit attributable to owners of parent by 2.4 times to ¥15.9 billion.

### (2) Explanation Regarding Consolidated Financial Position

While account receivable decrease, total assets at the end of the second quarter increased by ¥5.1 billion from the end of the previous fiscal year to ¥787.3 billion due to an increase in cash and deposits, while a decrease in trade receivables.

Total liabilities decreased by ¥8.4 billion from the end of the previous fiscal year to ¥204.2 billion due to an decrease in trade notes and account payable.

Total net assets increased by ¥13.6 billion from the end of the previous fiscal year to ¥583.0 billion due to an increase in the retained earnings led by an increased profit attributable to owners of parents.

### -2. Analysis of cash flows

Cash flows from the operating activities provided ¥40.1 billion (second quarter of the previous fiscal year: ¥18.1 billion), mainly reflecting the net income before income taxes of ¥25.8 billion and depreciation of ¥16.5 billion, which secured net cash of ¥45.9 billion after payment of taxes.

Cash flows from investing activities resulted in payments of ¥22.0 billion (second quarter of the previous fiscal year: proceeds of ¥7.7 billion) as a result of payments into time deposits of ¥43.7 billion, and acquisitions of property and equipment of ¥13.5 billion.

Cash flows from financing activities resulted in payments of ¥3.8 billion (second quarter of the previous fiscal year: payment of ¥11.9 billion), the result of mainly reflecting the dividend paid of ¥5.8 billion.

As a result, the balance of cash and cash equivalents at the end of the period increased ¥14.4 billion from the end of the previous fiscal year to ¥176.2 billion.

### (3) Explanation Regarding Forecast of Consolidated Results for Fiscal 2022 and Other Future Projections

Regarding the KOITO's business forecast for fiscal 2022, the year ending March 31, 2022, although there is a projection that automobile production volume recovers from the current trend of decreasing, there are predictions that the constraints in the supply and demand of semiconductors and the stagnation of the supply chains can be prolonged more than expected. Under these circumstances, net sales are expected to be unchanged year on year due to an expectation to increase in new orders.

Regarding profits, although we have been promoting improvements and rationalization in domestic and overseas continuously, each profit including the operating income, recurring profit, and profit attributable to owners of parent are expected to decrease year on year, due to a rise in material prices, increase in the fixed costs accompanying the fluctuation in production and investment in R&D for the future.

KOITO's policy is to continuously pay stable dividends to shareholders based on the comprehensive evaluation of our present business results, business climate, etc.

In view of the uncertain business climate, forecasts for the interim and year-end dividends had been remained to be determined. Based on the business result of this second quarter and in line with the above policy, KOITO has decided to pay an interim dividend of ¥24 per share, which is ¥4 higher than dividend amount for the same period of the previous fiscal year. The forecast for the year-end dividend this year has yet to be determined and will be announced when decided.

Looking ahead, KOITO will continue efforts to improve its business performance in order to meet the expectations of all shareholders.

Based on the latest operational trend, KOITO has revised the previous business result forecast (both consolidated and non-consolidated) for fiscal 2022 announced in the “Consolidated Earnings Report for the Second Quarter of Fiscal 2022” released on July 28, as follows.

Forecast of Consolidated Results

Forecast of Fiscal 2022 (April 1, 2021 to March 31, 2022)

(¥ millions)

	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent	Net income per share (¥)
Previously Announced forecast (A)	775,000	65,000	67,000	44,000	273.74
Revised forecast (B)	723,000	47,000	50,000	32,000	199.08
Difference (B-A)	△52,000	△18,000	△17,000	△12,000	—
Change (%)	△6.7	△27.7	△25.4	△27.3	—
(Reference) Actual results for fiscal 2021	706,376	56,707	61,107	37,612	234.00

(Reference) Forecast of Non-Consolidated Results

Forecast of Fiscal 2022 (April 1, 2021 to March 31, 2022)

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously Announced forecast (A)	326,000	22,000	41,000	31,500	195.97
Revised forecast (B)	295,000	16,000	34,000	26,000	161.75
Difference (B-A)	△31,000	△6,000	△7,000	△5,500	—
Change (%)	△9.5	△27.3	△17.1	△17.5	—
(Reference) Actual results for fiscal 2021	312,201	21,138	38,185	38,048	236.72

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

(¥ millions)

	Fiscal 2021	Second Quarter of Fiscal 2022
	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
<b>Current assets:</b>		
Cash and time deposits	303,887	324,308
Trade notes and accounts receivable	115,950	—
Trade notes, accounts receivable and contract assets	—	84,757
Electronically recorded monetary claims-operating	12,957	11,066
Inventories	73,751	84,909
Other current assets	32,239	35,047
Allowance for doubtful accounts	△370	△383
<b>Total current assets</b>	<b>538,416</b>	<b>539,706</b>
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures (net)	53,493	52,647
Machinery and transportation equipment (net)	69,993	69,484
Fixtures, equipment and tools (net)	14,391	16,394
Land	15,561	15,681
Construction in progress	17,457	15,887
Other property, plant and equipment	718	709
<b>Total property, plant and equipment</b>	<b>171,615</b>	<b>170,805</b>
<b>Intangible fixed assets</b>	<b>3,125</b>	<b>2,920</b>
<b>Investments and other assets:</b>		
Investment securities	56,570	60,328
Claims provable in bankruptcy, claims provable in rehabilitation and other	18	18
Deferred income tax assets	7,755	8,933
Net defined assets for retirement benefits	2,556	2,578
Other investments	2,244	2,182
Allowance for doubtful accounts	△139	△139
<b>Total investments and other assets</b>	<b>69,005</b>	<b>73,902</b>
<b>Total non-current assets</b>	<b>243,747</b>	<b>247,628</b>
<b>Total assets</b>	<b>782,163</b>	<b>787,334</b>

(¥ millions)

	Fiscal 2021 As of March 31, 2021	Second Quarter of Fiscal 2022 As of September 30, 2021
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Trade notes and accounts payable	95,989	84,316
Electronically recorded monetary obligations-operating	7,867	6,622
Short-term loans	20,715	22,862
Accrued expenses	23,366	25,040
Income taxes payable	5,267	2,916
Allowance for employees' bonuses	5,420	6,157
Reserve for product warranties	2,622	3,070
Other current liabilities	10,679	9,266
<b>Total current liabilities</b>	<b>171,928</b>	<b>160,254</b>
<b>Non-current liabilities:</b>		
Long-term debt	230	547
Deferred income tax liabilities	7,938	11,807
Allowance for directors' and corporate auditors' retirement benefits	275	272
Reserve for product warranties	5,641	5,194
Allowance for environmental strategies	17	18
Net defined liability for retirement benefits	24,701	24,236
Other non-current liabilities	1,991	1,926
<b>Total non-current liabilities</b>	<b>40,796</b>	<b>44,003</b>
<b>Total liabilities</b>	<b>212,724</b>	<b>204,258</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Common stock	14,270	14,270
Additional paid-in capital	13,380	13,399
Retained earnings	480,214	491,440
Treasury common stock, at cost	△52	△48
<b>Total shareholders' equity</b>	<b>507,813</b>	<b>519,062</b>
<b>Accumulated other comprehensive income:</b>		
Valuation adjustment on marketable securities	23,690	26,310
Translation adjustments	4,291	4,941
Adjustments in defined benefit plans	1,810	1,583
<b>Total accumulated other comprehensive income</b>	<b>29,792</b>	<b>32,835</b>
<b>Subscription rights to shares</b>	<b>222</b>	<b>199</b>
<b>Non-controlling interests</b>	<b>31,610</b>	<b>30,978</b>
<b>Total net assets</b>	<b>569,438</b>	<b>583,076</b>
<b>Total liabilities and net assets</b>	<b>782,163</b>	<b>787,334</b>



**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
(Second quarter, for the six months ended September 30)

(¥ millions)

	Second Quarter of Fiscal 2021 April 1, 2020 to September 30, 2020	Second Quarter of Fiscal 2022 April 1, 2021 to September 30, 2021
<b>Net sales</b>	290,695	352,724
Cost of sales	263,215	307,816
<b>Gross profit</b>	27,479	44,907
Selling, general and administrative expenses	19,694	20,755
<b>Operating income</b>	7,784	24,152
Non-operating income:		
Interest income	577	656
Dividends	501	580
Foreign exchange losses	—	208
Other non-operating income	2,645	1,289
Total non-operating income	3,724	2,735
Non-operating expenses		
Interest expenses	303	311
Shares of loss of entities accounted for using equity method	276	304
Foreign exchange losses	164	—
Other non-operating expenses	200	221
Total non-operating expenses	945	837
<b>Recurring profit</b>	10,564	26,050
Extraordinary gains:		
Gain on sales of property and equipment	5	27
Gain on sales of investment securities	66	—
Gain on sales of shares in subsidiaries	2	—
Total extraordinary gains	74	27
Extraordinary losses:		
Loss on sales and disposal of property and equipment	379	262
Loss on sales of investment securities	2	—
Loss on valuation of investment securities	—	2
Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade	41	—
Total extraordinary losses	423	264
<b>Income before income taxes</b>	10,215	25,812
Total income taxes	3,181	8,293
Profit	7,033	17,519
(Break down)		
Profit attributable to owners of parent	6,420	15,965
Profit attributable to non-controlling interests	612	1,554

(¥ millions)

	Second Quarter of Fiscal 2021 April 1, 2020 to September 30, 2020	Second Quarter of Fiscal 2022 April 1, 2021 to September 30, 2021
Other comprehensive income		
Valuation difference on available-for-sale securities	1,515	2,626
Translation adjustments	589	△584
Adjustments in defined benefit plans	280	△227
Share of other comprehensive income of entities accounted for using equity method	△36	5
Total other comprehensive income	2,349	1,820
Comprehensive income	9,383	19,340
(Break down)		
Comprehensive income attributable to owners of parent	8,426	19,008
Comprehensive income attributable to non-controlling interests	956	331

**(3) Quarterly Consolidated Statements of Cash Flows**

(¥ millions)

	Second Quarter of Fiscal 2021 April 1, 2020 to September 30, 2020	Second Quarter of Fiscal 2022 April 1, 2021 to September 30, 2021
<b>Cash flows from operating activities</b>		
Income before income taxes	10,215	25,812
Depreciation	17,764	16,568
Equity in earnings of affiliated companies	276	304
Provision for allowance for doubtful accounts	△2	10
Net defined liability for retirement benefits	275	△704
Provision for reserve for bonuses	615	757
Reserve for product warranties	△282	0
Interest and dividends received	△1,078	△1,237
Interest payments	303	311
Gain on sale of marketable and investment securities	△63	—
Loss on valuation of marketable and investment securities	—	2
Loss on sale of property and equipment	373	234
Decrease on sale of shares in subsidiaries	△2	—
Loss on related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade	41	—
Increase in trade notes and accounts receivable	5,090	33,375
Increase in inventories	△9,029	△10,229
Increase or decrease in other current assets	2,387	△3,625
Decrease in trade notes and accounts payable	△4,516	△13,491
Increase in accrued expenses and other current liabilities	3,655	1,591
Others	△2,332	△3,740
Sub total	23,689	45,942
Interest and dividends received	1,076	1,234
Interest paid	△303	△311
Expenses for damages	△91	—
Income taxes paid	△6,246	△6,724
<b>Net cash provided by operating activities</b>	<b>18,124</b>	<b>40,141</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	△34,934	△43,713
Proceeds from time deposits	60,020	35,667
Payments for purchase of marketable and investment securities	△203	△346
Proceeds from sale of marketable and investment securities	728	0
Proceeds from sale of shares in subsidiaries resulting in revised scope of consolidation	2,221	—
Acquisition of property and equipment	△20,437	△13,597
Proceeds from sale and disposal of property and equipment	296	285
Payments for new loans	△3	△3
Proceeds from loan repayments	3	4
Others	88	△326
<b>Net cash used in investing activities</b>	<b>7,781</b>	<b>△22,029</b>

(¥ millions)

	Second Quarter of Fiscal 2021 April 1, 2020 to September 30, 2020	Second Quarter of Fiscal 2022 April 1, 2021 to September 30, 2021
<b>Cash flows from financing activities</b>		
Increase in short-term loans	2,594	1,857
Increase in long-term debt	—	319
Repayment of long-term debt	△8,958	△240
Payments for repurchase of treasury stock	△0	△0
Proceeds from exercise of share options	0	0
Dividends paid by parent company	△3,215	△4,819
Dividends paid to non-controlling interests	△2,384	△988
<b>Net cash used in financing activities</b>	<b>△11,966</b>	<b>△3,872</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>306</b>	<b>174</b>
<b>Increase in cash and cash equivalents</b>	<b>14,246</b>	<b>14,414</b>
<b>Cash and cash equivalents at beginning of quarter</b>	<b>104,202</b>	<b>161,855</b>
<b>Cash and cash equivalents at end of quarter</b>	<b>118,449</b>	<b>176,269</b>

#### **(4) Notes on Quarterly Consolidated Financial Statements**

(Going Concern Assumption)

None

(Note Regarding Significant Changes in Shareholders' Equity)

None

(Note Regarding Changes in accounting policies in conjunction with revisions to accounting standards)

(Application of Accounting Standards, etc. for Revenue Recognition)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2020, Accounting Standards Board of Japan"), etc. from the beginning of the first quarter of fiscal 2022.

The Company has applied the Accounting Standard for Revenue Recognition transitionally, in accordance with the proviso in Article 84 of the standard. The cumulative effect amount, applying with the new accounting policy retrospectively prior to the beginning of the first quarter was adjusted to retained earnings at the beginning of the first quarter and the Company has applied the new policy to the balance at the beginning of the fiscal 2022.

In addition, there is not any significant impact on the consolidated financial statement by application of the Revenue Recognition Accounting Standard, etc.

"Notes and accounts receivable – trade" is included in and presented as part of "Notes and accounts receivable – trade, and contract assets" from the first quarter. In accordance with the transitional treatment stipulated in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the amounts reported in the previous fiscal year ended March 31, 2021 are not reclassified using the new presentation method.

(Application of Accounting Standard, etc. for Fair Value Measurement)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, Accounting Standards Board of Japan,"), from the beginning of the first quarter of fiscal 2022. The company has prospectively applied new accounting policies based on the Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 19 of Accounting Standard for Fair Value Measurement and Article 44-2 of "Accounting Standard for Financial Instruments," (ASBJ Statement No.10, July 4, 2019). There is no impact on consolidated financial statements for the second quarter of fiscal 2022 by this application.

(Segment Information)

【Segment Information】

I. Second Quarter of fiscal 2021 (April 1, 2020 to September 30, 2020)

Information Concerning Net Sales and Operating Income for Each Segment

(¥ millions)

	Japan	North America	China	Asia	Europe	Other regions	Total	Adjustment (Note 1)	Amount recorded on quarterly consolidated financial statements (Note 3)
Net sales									
Sales to outside customers	141,844	58,523	47,677	31,329	9,763	1,556	290,695	—	290,695
Inter-segment sales and transfers	10,068	193	2,234	2,235	24	—	14,755	(14,755)	—
Total	151,913	58,716	49,912	33,564	9,787	1,556	305,451	(14,755)	290,695
Segment operating income or loss (△)	8,782	△3,938	5,679	105	△1,782	△487	8,359	(574)	7,784

Notes 1. The ¥△574 million adjustment in segment (operating income or loss) includes ¥2,169 million in intersegment eliminations and ¥△2,744 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

2. The breakdown of countries and regions other than Japan and China is as follows:

- (1) North America: United States and Mexico
- (2) Asia: Thailand, Indonesia, Taiwan, India and Malaysia
- (3) Europe: United Kingdom and Czech Republic
- (4) Other regions: Brazil

3. Segment operating income is adjusted to operating income in the quarterly consolidated financial statements.

II. Second Quarter of fiscal 2022 (April 1, 2021 to September 30, 2021)

Information Concerning Net Sales and Operating Income for Each Segment

(¥ millions)

	Japan	North America	China	Asia	Europe	Other regions	Total	Adjustment (Note 1)	Amount recorded on quarterly consolidated financial statements (Note 3)
Net sales									
Sales to outside customers	151,402	85,048	48,828	46,575	16,265	4,603	352,724	—	352,724
Inter-segment sales and transfers	13,985	3	1,854	2,215	121	△0	18,180	(18,180)	—
Total	165,388	85,052	50,682	48,791	16,387	4,603	370,905	(18,180)	352,724
Segment operating income or loss (△)	15,759	△756	6,474	4,122	△1,902	105	23,803	349	24,152

Notes 1. The ¥349 million adjustment in segment (operating income or loss) includes ¥3,019 million in intersegment eliminations and ¥△2,670 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

2. The breakdown of countries and regions other than Japan and China is as follows:

- (1) North America: United States and Mexico
- (2) Asia: Thailand, Indonesia, Taiwan, India and Malaysia
- (3) Europe: United Kingdom and Czech Republic
- (4) Other regions: Brazil

3. Segment operating income is adjusted to operating income in the quarterly consolidated financial statements.