

## Consolidated Earnings Report for the Third Quarter of Fiscal 2023 [Japanese GAAP]

January 26, 2023

Company Name:	<b>KOITO MANUFACTURING CO., LTD.</b>
Stock Listing:	Prime Market, Tokyo Stock Exchange
Code Number:	7276
URL:	<a href="https://www.koito.co.jp/english/">https://www.koito.co.jp/english/</a>
Representative Director:	Michiaki Kato, President
Inquiries:	Hideharu Konagaya, Senior Managing Director
Tel:	+81-3-3443-7111
Filing of Quarterly Securities Report:	February 3, 2023
Scheduled Payment of Dividends:	—
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	Yes

(¥ millions are rounded down)

### 1. Consolidated Results for the Third Quarter of Fiscal 2023 (April 1, 2022 to December 31, 2022)

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

Third Quarter	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent
Fiscal 2023	635,488    15.0%	32,157    △16.1%	32,914    △23.9%	21,665    △21.1%
Fiscal 2022	552,397    10.6%	38,325    12.3%	43,263    16.9%	27,463    25.6%

Note: Comprehensive income or loss: December 31, 2022: ¥32,629 million (△17.8%),  
December 31, 2021: ¥39,701 million (19.6%)

Third Quarter	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2023	67.39	67.37
Fiscal 2022	85.43	85.41

Note: A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. “Net income per share” and “Net income per share (diluted)” are calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

(2) Consolidated Financial Position (¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
December 31, 2022	861,774	650,018	70.9	1,899.33
March 31, 2022	855,237	627,315	69.1	1,838.24

Reference: Equity: December 31, 2022: ¥ 610,620 million, March 31, 2022: ¥ 590,958 million

Note: A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. “Net assets per share” is calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

### 2. Dividends

	Dividend per share (¥)				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
Fiscal 2022	—	24.00	—	30.00	54.00
Fiscal 2023	—	24.00	—		
Fiscal 2023(forecast)				—	—

Notes (1) Revisions to recent dividend forecasts: None

(2) The dividend record date is March 31, as prescribed by KOITO’s Articles of Incorporation; the dividend forecast for the March 31, 2023 is currently undecided.

(3) A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. The dividends per share are the amount before the stock split.

### 3. Forecast of Consolidated Results for Fiscal 2023 (April 1, 2022 to March 31, 2023)

(¥ 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	864,000	13.6%	47,000	△12.0%	48,500	△20.0%	32,000	△16.5%	99.54

Notes (1) Revisions to recent consolidated business forecasts: Yes

(2) A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. “Net income per share” presents the amount after the stock split.

#### \*Notes

(1) Changes to important subsidiaries during the third 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.”

(4) Number of shares issued (common stock)

① Number of shares issued (including treasury stock):

Fiscal 2023, 3Q	321,578,872	Fiscal 2022	321,578,872
Fiscal 2023, 3Q	86,424	Fiscal 2022	97,810
Fiscal 2023, 3Q	321,488,078	Fiscal 2022, 3Q	321,477,496

② Number of treasury stock:

③ Average number of stock during the third quarter:

Note: A 2-for-1 stock split of common stock was conducted, on effective October 1, 2022. “Number of shares issued (including treasury stock)”, “Number of treasury stock” and “Average number of stock during the second quarter” are calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

\*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 2023, the year ending March 2023 is calculated as 1.0 US\$ = ¥135.1 and 1.0 CNY = ¥19.6

(Supplementary materials for financial results)

KOITO is scheduled to have an earnings release conference for securities analysts and institutional investors on February 10, 2023. Supplementary materials will be available on our website.

《 For Reference Only 》

**Forecast of Non-consolidated Result for Fiscal 2023 (April 1, 2022 to March 31, 2023)**

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

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
Full year	299,000	1.5%	13,500	△24.0%	32,500	△15.4%	27,000	16.1%	83.98

Notes (1) Revisions to recent non-consolidated business forecasts: Yes

(2) A 2-for-1 stock split of common stock was conducted, effective on October 1, 2022. “Net income per share” presents the amount after the stock split.

## 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 2023 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
Third quarter, for the nine months ended December 31.....	6
(3) Quarterly Consolidated Statements of Cash Flows.....	8
(4) Notes on Quarterly Consolidated Financial Statements.....	10
(Going Concern Assumption) .....	10
(Note Regarding Significant Changes in Shareholders' Equity).....	10
(Note Regarding Changes in accounting policies) .....	10
(Segment Information).....	11

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

### **(1) Explanation Regarding Consolidated Operating Results**

Regarding the economic condition in Japan and overseas during the consolidated cumulative third quarter of fiscal 2023, although there is a sign of normalization from prolonged COVID-19 effects, the recovery was slow and the outlook remained uncertain due to rapid rising prices and currency fluctuations, etc.

As for the global automobile production volume, the recovery was slow due to frequent suspensions of production, especially in Japan and China, by COVID-19 effects and constraint in supply and demand of semiconductors.

Under these circumstances, net sales for the third quarter increased 15.0% year on year to ¥ 635.4 billion due to a recovery in production, an increase in new orders, and the effects of foreign exchange conversion in North America and Asia, etc., while net sales decreased in Japan and China.

Regarding profits, despite initiatives implemented to improve and rationalize operations, operating income decreased 16.1% year on year to ¥32.1 billion, recurring profits decreased 23.9% year on year to ¥32.9 billion, and net income attributable to owners of parents decreased 21.1% year on year to ¥21.6 billion due to a rise in various costs such as raw material costs, distribution costs, and utility costs around the world, increased labor costs caused by the tight employment situations mainly in North America and Europe, and sudden fluctuations in production in Japan and China.

### **(2) Explanation Regarding Consolidated Financial Position**

#### **-1. Analysis of assets, liabilities and net assets**

Total assets at the end of this third quarter increased by ¥ 6.5 billion from the end of the previous fiscal year to ¥ 861.7 billion due to an increase in property, plant and equipment for equipment investment.

Total liabilities decreased ¥16.1 billion from the end of the previous fiscal year to ¥ 211.7 billion due to a decrease in loan.

Total net assets increased ¥22.7 billion from the end of the previous fiscal year to ¥650.0 billion due to an increase in the retained earnings by the quarterly net profit attributable to owners of parent.

#### **-2. Analysis of cash flow**

Cash flows from the operating activities provided ¥44.5 billion (third quarter of the previous fiscal year: ¥45.2 billion) after payment of taxes, mainly reflecting the net income before income taxes of ¥36.3 billion and depreciation of ¥30.0 billion.

Net cash provided by investing activities resulted in payments of ¥44.3 billion (third quarter of the previous fiscal year: proceeds of ¥32.2 billion) as a result of proceeds from time deposits of ¥107.0 billion, payments into time deposits of ¥116.5 billion, and acquisition of property and equipment of ¥27.6 billion.

Financing activities resulted in net cash loss of ¥19.2 billion (third quarter of the previous fiscal year: payment of ¥7.7 billion) the result of mainly reflecting the dividends paid of ¥9.6 billion.

As a result, the balance of cash and cash equivalents at the end of the period decreased by ¥18.7 billion from the end of the previous fiscal year to ¥150.7 billion.

### **(3) Explanation Regarding Forecast of Consolidated Results for Fiscal 2023 and Other Future Projections**

Regarding the KOITO's business forecast for the fiscal 2023, the year ending March 31, 2023, while production recovery in Japan and China has been slow due to constraints in the supply and demand of semiconductor, net sales are expected to increase year on year due to an increase in new orders, production recovery in other regions, and the effects of foreign exchange conversion.

Regarding profits, although we expect benefits of rationalization activities, such as cost recovery and cost reduction activities in each region in response to rising costs, and improved personnel performance and productivity in North America, the operating income, the recurring profit and the net income attributable to owners of the parent are expected to decrease year on year due to the impact of increased fixed costs in Japan and China.

Based on the latest operational trend and by recording gain on sales of property and equipment as extraordinary gains, KOITO has revised the previous business result forecast (both consolidated and non-consolidated) for fiscal 2023 announced in the “Consolidated Earnings Report for the Second Quarter of Fiscal 2023” released on October 27, as follows.

Forecast of Consolidated Results

Forecast of Fiscal 2023 (April 1, 2022 to March 31, 2023)

(Rounded Down)  
(¥ millions)

	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent	Net income per share (¥)
Previously Announced forecast (A)	885,000	53,500	58,000	29,500	91.76
Revised forecast (B)	864,000	47,000	48,500	32,000	99.54
Difference (B-A)	△21,000	△6,500	△9,500	2,500	—
Change (%)	△2.4	△12.1	△16.4	8.5	—
(Reference) Actual results for fiscal 2022	760,719	53,434	60,613	38,340	119.27

(Reference) Forecast of Non-Consolidated Results

Forecast of Fiscal 2023 (April 1, 2022 to March 31, 2023)

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously Announced forecast (A)	308,000	15,500	36,500	21,000	65.32
Revised forecast (B)	299,000	13,500	32,500	27,000	83.98
Difference (B-A)	△9,000	△2,000	△4,000	6,000	—
Change (%)	△2.9	△12.9	△11.0	28.6	—
(Reference) Actual results for fiscal 2022	294,463	17,760	38,416	23,253	72.33

Note: A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. “Net income per share” is calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

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

(¥ millions)

	Fiscal 2022	Third Quarter of Fiscal 2023
	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash and time deposits	323,943	315,757
Trade notes	3,797	2,111
Electronically recorded monetary claims-operating	9,888	9,193
Accounts receivable	113,437	110,177
Contract Assets	918	2,363
Inventories	90,760	94,508
Other current assets	36,723	39,411
Allowance for doubtful accounts	△382	△594
<b>Total current assets</b>	<b>579,086</b>	<b>572,928</b>
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures (net)	55,831	55,477
Machinery and transportation equipment (net)	75,334	78,670
Fixtures, equipment and tools (net)	17,453	18,725
Land	16,181	16,238
Construction in progress	17,054	16,840
Other property, plant and equipment	752	4,501
<b>Total property, plant and equipment</b>	<b>182,608</b>	<b>190,453</b>
<b>Intangible fixed assets</b>	<b>3,103</b>	<b>2,756</b>
<b>Investments and other assets:</b>		
Investment securities	73,856	77,063
Claims provable in bankruptcy, claims provable in rehabilitation and other	16	14
Deferred income tax assets	10,863	12,807
Net defined assets for retirement benefits	2,804	2,793
Other investments	3,034	3,090
Allowance for doubtful accounts	△136	△134
<b>Total investments and other assets</b>	<b>90,438</b>	<b>95,635</b>
<b>Total non-current assets</b>	<b>276,150</b>	<b>288,845</b>
<b>Total assets</b>	<b>855,237</b>	<b>861,774</b>

(¥ millions)

	Fiscal 2022 As of March 31, 2022	Third Quarter of Fiscal 2023 As of December 31, 2022
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Trade notes and accounts payable	102,641	98,538
Electronically recorded monetary obligations-operating	5,050	3,525
Short-term loans	24,531	15,529
Accrued expenses	23,781	21,580
Income taxes payable	7,319	4,219
Contract liabilities	1,872	1,591
Allowance for employees' bonuses	5,527	3,709
Reserve for product warranties	3,108	4,754
Other current liabilities	7,573	9,333
<b>Total current liabilities</b>	<b>181,404</b>	<b>162,782</b>
<b>Non-current liabilities:</b>		
Long-term debt	490	—
Deferred income tax liabilities	15,473	17,129
Allowance for directors' and corporate auditors' retirement benefits	298	309
Reserve for product warranties	5,151	4,608
Allowance for environmental strategies	10	0
Net defined liability for retirement benefits	23,097	22,306
Other non-current liabilities	1,995	4,619
<b>Total non-current liabilities</b>	<b>46,517</b>	<b>48,973</b>
<b>Total liabilities</b>	<b>227,922</b>	<b>211,756</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Common stock	14,270	14,270
Additional paid-in capital	13,399	13,420
Retained earnings	509,958	522,943
Treasury common stock, at cost	△49	△44
<b>Total shareholders' equity</b>	<b>537,578</b>	<b>550,591</b>
<b>Accumulated other comprehensive income:</b>		
Valuation adjustment on marketable securities	23,560	22,451
Translation adjustments	27,924	35,959
Adjustments in defined benefit plans	1,895	1,618
<b>Total accumulated other comprehensive income</b>	<b>53,379</b>	<b>60,029</b>
<b>Subscription rights to shares</b>	<b>199</b>	<b>171</b>
<b>Non-controlling interests</b>	<b>36,157</b>	<b>39,226</b>
<b>Total net assets</b>	<b>627,315</b>	<b>650,018</b>
<b>Total liabilities and net assets</b>	<b>855,237</b>	<b>861,774</b>



**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
(Third quarter, for the nine months ended December 31)

(¥ millions)

	Third Quarter of Fiscal 2022 April 1, 2021 to December 31, 2021	Third Quarter of Fiscal 2023 April 1, 2022 to December 31, 2022
<b>Net sales</b>	552,397	635,488
Cost of sales	482,472	567,537
<b>Gross profit</b>	69,924	67,950
Selling, general and administrative expenses	31,598	35,793
<b>Operating income</b>	38,325	32,157
Non-operating income:		
Interest income	980	1,259
Dividends	1,088	1,191
Gain on Foreign exchange	898	—
Gain on operation of Investment Business Association	899	—
Other non-operating income	2,290	2,189
Total non-operating income	6,157	4,640
Non-operating expenses		
Interest expenses	513	779
Shares of loss of entities accounted for using equity method	473	544
Foreign exchange losses	—	1,298
Other non-operating expenses	233	1,261
Total non-operating expenses	1,219	3,883
<b>Recurring profit</b>	43,263	32,914
Extraordinary gains:		
Gain on sales of property and equipment	38	11,994
Others	—	187
Total extraordinary gains	38	12,181
Extraordinary losses:		
Loss on sales and disposal of property and equipment	358	685
Loss on valuation of investment securities	3	7,130
Impairment loss	—	609
Loss on disasters	—	321
Total extraordinary losses	362	8,746
<b>Income before income taxes</b>	42,939	36,349
Total income taxes	13,020	11,437
Profit	29,918	24,912
(Break down)		
Profit attributable to owners of parent	27,463	21,665
Profit attributable to non-controlling interests	2,454	3,246

(¥ millions)

	Third Quarter of Fiscal 2022 April 1, 2021 to December 31, 2021	Third Quarter of Fiscal 2023 April 1, 2022 to December 31, 2022
Other comprehensive income		
Valuation difference on available-for-sale securities	2,410	△1,089
Translation adjustments	7,691	9,043
Adjustments in defined benefit plans	△340	△276
Share of other comprehensive income of entities accounted for using equity method	20	41
Total other comprehensive income	9,782	7,717
Comprehensive income	39,701	32,629
(Break down)		
Comprehensive income attributable to owners of parent	37,414	28,315
Comprehensive income attributable to non-controlling interests	2,286	4,314

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

(¥ millions)

	Third Quarter of Fiscal 2022 April 1, 2021 to December 31, 2021	Third Quarter of Fiscal 2023 April 1, 2022 to December 31, 2022
<b>Cash flows from operating activities</b>		
Income before income taxes	42,939	36,349
Depreciation	25,821	30,010
Impairment loss	—	609
Equity in earnings of affiliated companies	473	544
Provision for allowance for doubtful accounts	80	218
Net defined asset and liability for retirement benefits	△1,104	△847
Provision for reserve for bonuses	△3,121	△1,795
Reserve for product warranties	△36	1,136
Interest and dividends received	△2,069	△2,451
Compensation income from damage	—	△187
Interest payments	513	779
Loss on valuation of marketable and investment securities	3	7,287
Gain or loss on sale of property and equipment	320	△11,308
Loss on disasters	—	321
Increase in trade notes and accounts receivable	13,872	6,665
Decrease in inventories	△10,181	△3,089
Increase or decrease in other current assets	△4,492	5,140
Decrease in trade notes and accounts payable	△3,181	△6,880
Decrease in accrued expenses and other current liabilities	△66	△3,226
Others	△5,063	△3,532
Sub total	54,707	55,743
Interest and dividends received	2,066	2,448
Interest paid	△513	△779
Lost related to the Act on Prohibition to Private	—	△68
Received from damages	—	187
Income taxes paid	△10,994	△12,990
<b>Net cash provided by operating activities</b>	<b>45,266</b>	<b>44,541</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	△91,796	△116,527
Proceeds from time deposits	86,189	107,041
Payments for purchase of marketable and investment securities	△5,248	△13,205
Proceeds from sale of marketable and investment securities	0	—
Acquisition of property and equipment	△21,065	△27,617
Proceeds from sale and disposal of property and equipment	388	12,313
Payments for new loans	△4	△5,801
Proceeds from loan repayments	6	4
Others	△737	△603
<b>Net cash used in investing activities</b>	<b>△32,267</b>	<b>△44,395</b>

(¥ millions)

	Third Quarter of Fiscal 2022 April 1, 2021 to December 31, 2021	Third Quarter of Fiscal 2023 April 1, 2022 to December 31, 2022
<b>Cash flows from financing activities</b>		
Increase in short-term loans	1,668	△9,043
Increase in long-term debt	332	—
Repayment of long-term debt	△342	△635
Payments for repurchase of treasury stock	△1	△1
Proceeds from exercise of share options	0	0
Dividends paid by parent company	△8,419	△8,418
Dividends paid to non-controlling interests	△992	△1,198
<b>Net cash used in financing activities</b>	<b>△7,755</b>	<b>△19,297</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,046</b>	<b>353</b>
<b>Increase in cash and cash equivalents</b>	<b>6,290</b>	<b>△18,797</b>
<b>Cash and cash equivalents at beginning of quarter</b>	<b>161,855</b>	<b>169,581</b>
<b>Cash and cash equivalents at end of quarter</b>	<b>168,145</b>	<b>150,783</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)

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

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021, Accounting Standards Board of Japan,"), from the beginning of the fiscal 2023. The company has prospectively applied new accounting policies based on the Implementation Guidance on Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 27-2 of Accounting Standard for Fair Value Measurement. There is no impact on consolidated financial statements for fiscal 2023 by this application.

(Application of FASB Accounting Standards Codification (ASC) Topic 842, "Leases")

The Company's overseas subsidiaries that apply U.S. GAAP have adopted ASC Topic 842, "Leases," effective as of the beginning of the first quarter of the fiscal 2023. Consequently, the Company recognizes all leases as assets and liabilities on its balance sheets.

As a result, at the end of the third quarter of the fiscal 2023, "other" in property, plant and equipment increased by ¥3,633 million, "other" in current liabilities increased by ¥577 million, and "other" in noncurrent liabilities increased by ¥3,056 million. The impact on the Consolidated Statements of Income for the third quarter of the fiscal 2023 is immaterial.

## (Segment Information)

## 【Segment Information】

## I. Third Quarter of fiscal 2022 (April 1, 2021 to December 31, 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	231,659	132,310	79,879	77,475	24,474	6,597	552,397	—	552,397
Inter-segment sales and transfers	21,371	5	2,542	2,911	138	△0	26,968	(26,968)	—
Total	253,030	132,315	82,421	80,387	24,612	6,597	579,366	(26,968)	552,397
Segment operating income or loss (△)	22,758	266	9,805	6,724	△2,241	61	37,373	952	38,325

Notes 1. The ¥952 million adjustment in segment (operating income or loss) includes ¥ 4,904 million in intersegment eliminations and ¥△3,952 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. Third Quarter of fiscal 2023 (April 1, 2022 to December 31, 2022)

## 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	227,034	185,091	75,366	108,004	30,791	9,201	635,488	—	635,488
Inter-segment sales and transfers	18,312	51	1,608	2,889	47	—	22,909	(22,909)	—
Total	245,346	185,142	76,974	110,893	30,839	9,201	658,397	(22,909)	635,488
Segment operating income or loss (△)	14,889	△10	4,226	10,489	△121	633	30,106	2,050	32,157

Notes 1. The ¥2,050 million adjustment in segment (operating income or loss) includes ¥6,187 million in intersegment eliminations and ¥△4,136 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.