

FY2021 Third Quarter Consolidated Financial Results [Japan GAAP] (April 1, 2021 through December 31, 2021)

February 10, 2022

Company Name	: ANEST IWATA Corporation
Stock Exchanges on which the shares are listed	: Tokyo Stock Exchange in Japan
Code Number	: 6381
URL	: https://www.anest-iwata.co.jp/english
Representative	: Takahiro Tsubota, President
Contact Person	: Kouichi Takano, Managing Executive Officer, General Manager of Corporate Planning Dept.
	: Tel. +81-(0)45-591-9344
Filing Date of Quarterly Securities Report	: February 14, 2022
Payment Date of Cash Dividends	: To be decided
Supplemental Materials Prepared for Quarterly Results	: Yes
Earnings Announcement for Quarterly Financial Results	: None

(Amounts are rounded to the nearest million yen)

1. Consolidated Results for FY2021 (April 1, 2021 through December 31, 2021)

(1) Consolidated Financial Results (% of change from previous 3rd Quarter)

	Net Sales		Operating Income		Ordinary Income		Quarterly Net Income Attributable to Parent Company Shareholders	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2021 3rd Quarter	30,229	18.5	3,527	42.7	4,015	33.4	2,533	30.5
FY2020 3rd Quarter	25,512	(9.5)	2,471	(13.2)	3,010	(4.0)	1,941	(3.2)

(Note) Quarterly Comprehensive Income: FY2021 3rd Quarter 4,195 million yen (up 112.8%), FY2020 3rd Quarter 1,971 million yen (down 23.3%)

	Net Income per share - Basic	Net Income per share - Diluted
	Yen	Yen
FY2021 3rd Quarter	61.69	—
FY2020 3rd Quarter	46.75	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million Yen	Million Yen	%
FY2021 3rd Quarter	53,178	38,879	65.0
FY2020	49,458	36,133	65.2

(Note) Equity capital: FY2021 3rd Quarter 34,575 million yen, FY2020 32,242 million yen

2. Cash Dividends

	Annual Cash Dividends per share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	—	12.00	—	—	—
FY2021	—	13.00	—	—	—
FY2021 (forecast)	—	—	—	13.00	26.00

(Note) Revisions to the forecast of cash dividends since latest announcement: None

3. Forecast of Consolidated Results for FY2021 (April 1, 2021 through March 31, 2022)

(% of change from FY2020)

	Net Sales		Operating Income		Ordinary Income		Current Net Income Attributable to Parent Company Shareholders		Net Income per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
FY2021	40,500	13.8	4,250	23.4	4,770	12.1	2,960	12.8	72.06

(Note) Revisions to the forecast of consolidated results since latest announcement: None

* Note

(1) Changes in significant subsidiaries during FY2021 3rd quarter: None
 (Changes in specified subsidiaries that caused a change in scope of consolidation)
 New: (company name) Excluded: (company name)

(2) Application of account processing specific to the creation of quarterly consolidated financial statements: None

(3) Change in accounting policy, change and restatement of accounting estimates

- (i) Change in accounting policy due to the revision of accounting standards, etc.: Yes
- (ii) Change in accounting policy for other reasons: None
- (iii) Change in accounting estimates: None
- (iv) Restatement: None

(4) Number of shares issued (common share)

- (i) Number of shares issued at the end of each fiscal year (including treasury shares)
- (ii) Number of treasury shares at the end of each fiscal year
- (iii) Average number of shares outstanding in the period (quarterly total)

FY2021 3rd Quarter	41,745,505 shares	FY2020	41,745,505 shares
FY2021 3rd Quarter	667,357 shares	FY2020	667,323 shares
FY2021 3rd Quarter	41,078,151 shares	FY2020 3rd Quarter	41,517,300 shares

(Note) We have introduced the performance-based stock compensation plan, "Board Benefit Trust (BBT)", since FY2019. Accordingly, in the calculation of the net income per share, the company shares owned by the Trust are included in the treasury shares, which are deducted in the calculation of the number of treasury shares at the end of each fiscal year and the average number of shares outstanding in the period.

* These quarterly financial results are not subject to quarterly reviews by certified public accountants or audit corporations.

* Explanation of the appropriate use of the expected results of operations, other special notes

Forecasts for operations and other descriptions about the future that are contained in this document are based on the information acquired at the time of publication, as well as certain premises that we judge reasonable. The actual results of operations and so on may change greatly as a result of various factors. For information about the conditions acting as the premise for the expected results of operations and notes on the use of the expected results of operations, see "(2) Explanation for the information on future prospects including the expected consolidated results of operations" on page 3 of Attachment.

Contents of Attachment

1. Qualitative information for financial results of the current quarter	2
(1) Explanation for results of operations and financial condition	3
(2) Explanation for the information on future prospects including the expected consolidated results of operations	3
2. Quarterly consolidated financial statements and main notes	4
(1) Quarterly consolidated balance sheets	4
(2) Quarterly consolidated profit and loss statements and quarterly consolidated statements of comprehensive income	6
(3) Notes on quarterly consolidated financial statements	8
(Notes on the premise of a going concern)	8
(Notes relating to cases in which there are significant changes in the amount of shareholders' equity)	8
(Change of accounting policy)	8
(Additional information)	8
(Segment information, etc.)	9
(Important subsequent events)	10

1. Qualitative information for financial results of the current quarter

(1) Explanation for results of operations and financial condition

Matters related to the future appearing in this text have been judged by our group as of the last day of the current consolidated fiscal third quarter.

(i) Overview and results of operations

During the current consolidated cumulative third quarter, the recovery of the world economy has progressed due to the easing of the measures against coronavirus disease 2019 (COVID-19) in various countries, but at the same time, the spread of infection by variants, tight demand and supply of semiconductor devices, and soaring raw material prices have a widespread influence, among others, causing uncertainty to continue. In the Japanese economy, there has been a gradual improvement in business sentiment due to the pickup in consumption activities associated with the lifting of the state of emergency, among others.

Under such circumstances, our business performance for the current consolidated cumulative third quarter is as follows: sales stood at 30,229 million yen (up 18.5% from the same consolidated cumulative quarter of the previous fiscal year), operating income at 3,527 million yen (up 42.7%), ordinary income at 4,015 million yen (up 33.4%), and quarterly net income attributable to the parent company shareholders at 2,533 million yen (up 30.5%). Note that because of the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., sales are down 252 million yen and operating income and ordinary income are down 53 million yen each.

(Reference values) Result of each division

(Amount: million yen)

Division (Product category)	Consolidated cumulative third quarter of this fiscal year April 1, 2021 - December 31, 2021			
	Consolidated net sales	Change from the corresponding period of the previous fiscal year	Consolidated operating income	Change from the corresponding period of the previous fiscal year
Air Energy Division	18,326	22.3%	2,028	53.2%
Air compressors	16,889	21.3%		
Vacuum equipment	1,437	36.1%		
Coating Division	11,903	13.0%	1,499	30.7%
Coating equipment	10,446	28.9%		
Coating systems	1,456	(40.0%)		
Total	30,229	18.5%	3,527	42.7%

(Note) The consolidated operating income of each division is calculated with our group's unique standard.

(ii) Results of operations by segment

Results of operations by regional segment, which our group adopts, are as described below. For details of the results of our operations by segment, refer to (Segment information, etc.) in "2. Quarterly consolidated financial statements and main notes - (3) Notes on quarterly consolidated financial statements".

Japan

Sales stood at 16,359 million yen (up 6.9% from the same consolidated cumulative quarter of the previous fiscal year) and segment income stood at 2,426 million yen (up 27.8%).

In the air compressor field, the supply of some parts from Southeast Asia, where lockdown measures were taken, was stagnant, but the influence has been held to a minimum because of the recovery associated with the stabilization of procurement.

In the vacuum equipment field, expansion of semiconductor demand still continues, and the sales of vacuum pumps for semiconductor manufacture-related equipment have grown greatly.

In the coating equipment field, promotion of spray guns for the car repair market has been intensified, among others, and the sales have recovered to a level before COVID-19.

In the coating system field, sales have dropped because of restriction on operating activities due to COVID-19, but the backlog

of orders is on the increase because of the progress of activities for inviting inquiries and winning orders for articles for not only the current term but also the next term, combined with the easing of epidemic prevention measures.

Europe

Sales stood at 4,207 million yen (up 32.6% from the same consolidated cumulative quarter of the previous fiscal year) and segment income stood at 356 million yen (up 41.6%).

In the air compressor field, sales have grown strongly because of improvement in sales in EU countries boosted by the normalization of economy, in addition to success in developing new market for cow milking equipment.

In the vacuum equipment field, sales have grown because finding potential customers has begun to bear fruit.

In the coating equipment field, active operating activities, such as promotions by the use of digital tools, have borne fruit, so that the sales of spray guns for the car repair market have mainly grown. In addition, demand for airbrushes continues to grow strongly.

Asia

Sales stood at 11,954 million yen (up 33.0% from the same consolidated cumulative quarter of the previous fiscal year) and segment income stood at 1,142 million yen (up 57.7%).

In the air compressor field, sales have grown because of expansion of exports and sales by the subsidiary in China and expansion of demand for the medical and vehicle-mounted compressors of the subsidiary in India.

In the vacuum equipment field, sales have grown due to expansion of demand in the semiconductor manufacture-related markets in China and East Asia and the winning of orders because of the high recognition for quick delivery, among others.

In the coating equipment field, sales have grown in East Asia, mainly China, and India.

In the coating system field, sales have grown because the project for which the construction plan had been postponed in China has been delivered steadily. In India and Southeast Asia, operating activities have become stagnant due to the behavior restrictions owing to COVID-19 and a cautious stance toward capital investment.

Other

Sales stood at 4,685 million yen (up 27.0% from the same consolidated cumulative quarter of the previous fiscal year) and segment income stood at 551 million yen (up 62.2%).

In the air compressor field, the sales of medical compressors have grown strongly in the United States and Brazil.

In the vacuum equipment field, the sales of vacuum pumps for equipment manufacturers and research institutes have grown in response to a boom in the R&D field.

In the coating equipment field, the sales of hand spray guns for the car repair market have grown due to, for example, the use of the sales channels acquired due to the transfer of part of a business in the consolidated fiscal first quarter. In addition, orders for airbrushes continue to be received steadily.

(iii) Analysis of financial condition

For assets, our current assets stood at 32,311 million yen (up 11.8% from the previous consolidated fiscal year), mainly due to, for example, an increase of 1,266 million yen in the "merchandise and finished goods" and an increase of 1,169 million yen in the "raw materials and supplies". Our noncurrent assets stood at 20,867 million yen (up 1.5%), mainly due to an increase of 37 million yen in the "goodwill" and an increase in the "software" in the "other" due to the intensification of IT investment. As a result, our total assets stood at 53,178 million yen (up 7.5%).

For liabilities, our current liabilities stood at 10,509 million yen (up 9.4%), mainly due to, for example, an increase of 981 million yen in the "notes and accounts payable-trade". Our noncurrent liabilities stood at 3,790 million yen (up 2.0%), mainly due to, for example, an increase of 68 million yen in the "net defined benefit liability". As a result, our total liabilities stood at 14,299 million yen (up 7.3%).

Our net assets stood at 38,879 million yen (up 7.6%). Our equity capital, which is calculated by subtracting the non-controlling shareholders' equity from the net assets, stood at 34,575 million yen, decreasing our equity ratio by 0.2 percentage points to 65.0%, from 65.2% at the end of the previous consolidated fiscal year.

(2) Explanation for the information on future prospects including the expected consolidated results of operations

At present, the expected consolidated results of operations and the expected dividend for the full year announced on November 5, 2021 remain unchanged.

2. Quarterly consolidated financial statements and main notes
 (1) Quarterly consolidated balance sheets

(Amount: thousand yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	12,900,314	13,264,712
Notes and accounts receivable-trade	6,636,359	7,044,162
Securities	299,992	—
Merchandise and finished goods	4,468,215	5,735,185
Work in process	1,138,424	1,246,787
Raw materials and supplies	2,433,388	3,602,730
Other	1,254,136	1,640,097
Allowance for doubtful accounts (current)	(237,777)	(221,944)
Total current assets	28,893,053	32,311,730
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,099,178	5,120,044
Other, net	6,255,755	6,054,418
Total property, plant and equipment	11,354,933	11,174,463
Intangible assets		
Goodwill	973,798	1,011,420
Other	1,795,143	2,247,345
Total intangible assets	2,768,942	3,258,766
Investments and other assets		
Investment securities	4,464,876	4,389,319
Other	1,987,598	2,055,375
Allowance for doubtful accounts (noncurrent assets)	(10,725)	(10,725)
Total investments and other assets	6,441,749	6,433,969
Total noncurrent assets	20,565,625	20,867,199
Total assets	49,458,678	53,178,930

(Amount: thousand yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of December 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,104,589	5,085,683
Short-term loans payable	1,072,130	1,109,844
Income taxes payable	677,692	500,458
Provision for bonuses	718,884	401,564
Provision for other	305,467	295,372
Other	2,728,130	3,116,381
Total current liabilities	9,606,895	10,509,304
Noncurrent liabilities		
Net defined benefit liability	2,181,792	2,250,157
Provision for share-based remuneration for directors	83,041	123,726
Other	1,453,046	1,416,711
Total noncurrent liabilities	3,717,880	3,790,594
Total liabilities	13,324,776	14,299,899
Net assets		
Shareholders' equity		
Capital stock	3,354,353	3,354,353
Capital surplus	1,017,080	1,017,080
Retained earnings	28,758,216	30,238,162
Treasury shares	(685,266)	(685,302)
Total shareholders' equity	32,444,383	33,924,294
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	414,112	388,970
Foreign currency translation adjustments	(513,712)	300,333
Remeasurements of defined benefit plans	(102,234)	(38,119)
Total accumulated other comprehensive income	(201,835)	651,184
Non-controlling shareholders' equity	3,891,353	4,303,551
Total net assets	36,133,902	38,879,030
Total liabilities and net assets	49,458,678	53,178,930

(2) Quarterly consolidated profit and loss statements and quarterly consolidated statements of comprehensive income

Quarterly consolidated profit and loss statement
Consolidated cumulative third quarter

(Amount: thousand yen)

	FY2020 (April 1, 2020 through December 31, 2020)	FY2021 (April 1, 2021 through December 31, 2021)
Net sales	25,512,177	30,229,496
Cost of sales	14,807,774	17,121,682
Gross profit	10,704,403	13,107,814
Selling, general & administrative expenses	8,232,926	9,579,826
Operating income	2,471,476	3,527,988
Non-operating income		
Interest and dividend income	107,095	109,705
Equity in earnings of affiliates	238,713	256,340
Foreign exchange gains	—	60,957
Subsidies for employment adjustment	146,968	11,738
Other	171,873	118,890
Total non-operating income	664,650	557,633
Non-operating expenses		
Interest expenses	48,712	44,372
Foreign exchange losses	21,648	—
Custom duties for prior years	30,750	—
Other	24,501	26,224
Total non-operating expenses	125,613	70,596
Ordinary income	3,010,513	4,015,025
Extraordinary income		
Gain on sales of fixed assets	4,800	3,296
Gain on sales of investment securities	—	11,950
Subsidies for employment adjustment	76,876	—
Total extraordinary income	81,676	15,247
Extraordinary losses		
Loss on sales of noncurrent assets	2,748	5,844
Loss due to Covid-19	99,621	—
Total extraordinary losses	102,370	5,844
Net income before income taxes	2,989,820	4,024,428
Income taxes - current	741,770	1,030,802
Income taxes - deferred	25,791	(37,472)
Total income taxes	767,562	993,330
Net income	2,222,258	3,031,098
Quarterly net income attributable to non-controlling shareholders	281,190	497,115
Quarterly net income attributable to parent company shareholders	1,941,067	2,533,983

Quarterly consolidated statements of comprehensive income
Consolidated cumulative third quarter

(Amount: thousand yen)

	FY2020 (April 1, 2020 through December 31, 2020)	FY2021 (April 1, 2021 through December 31, 2021)
Net income	2,222,258	3,031,098
Other comprehensive income		
Valuation difference on available-for-sale securities	78,488	(25,141)
Foreign currency translation adjustments	(361,304)	986,585
Remeasurements of defined benefit plans	90,069	64,115
Share of other comprehensive income of associates accounted for using equity method	(58,002)	138,686
Total comprehensive income	(250,749)	1,164,244
Comprehensive income	1,971,508	4,195,343
(Comprehensive income attributable to)		
Parent company shareholders	1,741,207	3,387,002
Non-controlling shareholders	230,300	808,340

(3) Notes on quarterly consolidated financial statements

(Notes on the premise of a going concern)

There are no relevant matters.

(Notes relating to cases in which there are significant changes in the amount of shareholders' equity)

There are no relevant matters.

(Change of accounting policy)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. are applied, starting at the beginning of the consolidated fiscal first quarter, so that at the time when the control over promised goods or services is transferred to the customer, the revenue can be recognized with the amount of money expected to be received in exchange for the goods or services.

The alternative treatment specified in Article 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" is applied so that if the period from shipment until control over said goods and products is transferred to the customer is a normal period, the revenue can be recognized at the time of shipment. At some overseas consolidated subsidiaries, however, the method has been changed from the conventional one, in which the revenue is recognized at the time of shipment, to the one in which the revenue is recognized at the time when control over goods and products is transferred to the customer.

Previously, part of the consideration paid to customers, such as sales incentives, was posted to the selling, general & administrative expenses, but the method has been changed to the one in which the part is subtracted from net sales.

As for the application of the Accounting Standard for Revenue Recognition, etc., we abide by the transitional treatment specified in Article 84, Proviso, of the Accounting Standard for Revenue Recognition. The cumulative effects resulting from retrospectively applying the new accounting policy earlier than the beginning of the consolidated fiscal first quarter are added to or subtracted from the retained earnings at the beginning of the consolidated fiscal first quarter, and the new accounting policy is applied, starting with the balance at the beginning of the first quarter.

Consequently, the net sales in the current consolidated cumulative third quarter are down 252,108 thousand yen, the cost of sales is down 52,465 thousand yen, the selling, general & administrative expenses are down 146,148 thousand yen, and the operating income, the ordinary income, and the net income before income taxes are down 53,493 thousand yen, respectively. The balance of retained earnings at the beginning of the current period is down 22,583 thousand yen. In accordance with the transitional treatment specified in Article 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information about the disaggregation of the revenue from contracts with customers pertaining to the previous consolidated cumulative third quarter is not contained herein.

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

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. are applied, starting at the beginning of the consolidated fiscal first quarter. In accordance with the transitional treatment specified in Article 19 of the Accounting Standard for Fair Value Measurement and Article 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), we have decided to apply any new accounting policy to be specified in the Accounting Standard for Fair Value Measurement, etc. in the future. This has no influence on quarterly consolidated financial statements.

(Additional information)

(Performance-based stock compensation plan for directors and executive officers)

In accordance with a resolution at the 73rd ordinary general shareholders' meeting, held on June 25, 2019, we have introduced a performance-based stock compensation plan, "Board Benefit Trust (BBT)" (referred to as "this plan" in the remainder of this document), targeted at our directors (excluding audit & supervisory committee members and independent directors) and executive officers who do not concurrently serve as directors (referred to collectively as "directors and others"), for the purposes of improving mid- to long-term results of operations, increasing our corporate value, and promoting management awareness that puts shareholders first.

(1) Overview of this plan

This plan is a performance-based stock compensation plan whereby the trust established by us (the trust established in accordance with this plan is referred to as "this trust" in the remainder of this document) acquires company shares by using the money contributed by us as a fund and through this trust, company shares and money equivalent to the amount of money resulting from translating company shares at market value (referred to collectively as "company shares, etc." in the remainder of this document) to directors and others according to the rules for granting shares. The time at which directors and others can be granted company shares, etc. is, in principle, the time at which the directors and others retire.

(2) Company shares that remain in the trust

Company shares that remain in the trust are recorded as treasury shares in Net assets at the book value (excluding the amount of money of incidental costs) in the trust. At the end of the previous consolidated fiscal year, the book value of the treasury shares is 179,733 thousand yen, and the number of shares is 180 thousand. At the end of the current consolidated fiscal third quarter, the book value of the treasury shares is 179,733 thousand yen, and the number of shares is 180 thousand.

(Accounting estimates concerning the impact of spread of COVID-19)

There are no significant changes in the assumptions and accounting estimates contained in the financial statements for the previous fiscal year, including when the impact of COVID-19 will end.

(Segment information, etc.)

[Segment information]

I Previous consolidated cumulative third quarter (April 1, 2020 through December 31, 2020)

1. Information about the amounts of sales and incomes in each report segment

(Amount: thousand yen)

	Report segment				Other (Note)	Total
	Japan	Europe	Asia	Total		
Sales						
Sales to external customers	11,525,448	3,011,131	7,499,940	22,036,521	3,475,656	25,512,177
Internal sales or transfers between segments	3,773,802	161,367	1,489,647	5,424,818	213,135	5,637,953
Total	15,299,251	3,172,499	8,989,588	27,461,339	3,688,791	31,150,131
Segment income	1,898,078	251,576	724,534	2,874,189	340,392	3,214,581

(Note) The "Other" category addresses those business segments not covered by the report segments; business activities of local corporations in the United States, Mexico, Brazil, Australia, Russia, and South Africa.

2. Difference between the total amounts of incomes of the report segments and the amount reported in the quarterly consolidated profit and loss statements, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Income	Amount
Report segment total	2,874,189
Income from "Other" category	340,392
Inter-segment transactions erased	(117,887)
Company-wide expenses (Note)	(625,217)
Operating income in the quarterly consolidated profit and loss statement	2,471,476

(Note) Company-wide expenses are mainly the sales expenses and general administrative expenses that cannot be attributed to the report segments.

II Current consolidated cumulative third quarter (April 1, 2021 through December 31, 2021)

1. Information about the amounts of sales and incomes in each report segment

(Amount: thousand yen)

	Report segment				Other (Note)	Total
	Japan	Europe	Asia	Total		
Sales						
Revenue from contracts with customers	11,445,810	3,940,973	10,435,199	25,821,982	4,407,514	30,229,496
Sales to external customers	11,445,810	3,940,973	10,435,199	25,821,982	4,407,514	30,229,496
Internal sales or transfers between segments	4,913,979	266,717	1,519,532	6,700,229	278,156	6,978,385
Total	16,359,789	4,207,690	11,954,731	32,522,212	4,685,670	37,207,882
Segment income	2,426,060	356,114	1,142,438	3,924,613	551,990	4,476,603

(Note) The "Other" category addresses those business segments not covered by the report segments; business activities of local corporations in the United States, Mexico, Brazil, Australia, Russia, and South Africa.

2. Difference between the total amounts of incomes of the report segments and the amount reported in the quarterly consolidated profit and loss statements, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Income	Amount
Report segment total	3,924,613
Income from "Other" category	551,990
Inter-segment transactions erased	(255,169)
Company-wide expenses (Note)	(693,445)
Operating income in the quarterly consolidated profit and loss statement	3,527,988

(Note) Company-wide expenses are mainly the sales expenses and general administrative expenses that cannot be attributed to the report segments.

3. Matters related to changes, etc. to report segments

(Application of the Accounting Standard for Revenue Recognition, etc.)

As described in Change of accounting policy, the Accounting Standard for Revenue Recognition, etc. are applied, starting at the beginning of the consolidated fiscal first quarter, changing the accounting method for revenue recognition. Thus, the method of calculating the report segment profit or loss has also been changed.

Due to the change, the segment sales in the current consolidated cumulative third quarter are down 31,577 thousand yen in "Japan", 53,341 thousand yen in "Europe", 115,725 thousand yen in "Asia", and 51,463 thousand yen in "Other", respectively, from the sales as calculated with the conventional method. The segment income is up 3,044 thousand yen in "Japan" and 6,721 thousand yen in "Other", respectively and is down 63,260 thousand yen in "Asia". In accordance with the transitional treatment specified in Article 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information about the disaggregation of the revenue from contracts with customers pertaining to the previous consolidated cumulative third quarter is not contained herein.

(Important subsequent events)

(Acquisition of treasury shares)

At the board of directors meeting on January 11, 2022, we resolved a matter concerning the acquisition of treasury shares in accordance with the provisions of Article 156 of the Companies Act, whose provision terms are to be replaced in accordance with Paragraph 3 of Article 165 of the Act, as described below.

1. Reason for acquiring treasury shares

For the purposes of the expansion and diversification of shareholders and the improvement of further liquidity, the offering of our common shares, released in the "announcement of secondary offering of shares" on January 11, 2022, (referred to as "this offering") has been implemented. We will acquire treasury shares in an effort to strengthen shareholder returns and increase capital efficiency and from the viewpoint of mitigating the impact of this offering on the supply and demand of our shares.

2. Details of the matter concerning the acquisition

(i) Type of shares to acquire	Common shares of the company
(ii) Total number of shares that can be acquired	682,000 (upper limit) (Ratio to the total number of shares issued (excluding treasury shares): 1.65%)
(iii) Total cost of acquisition of shares	500,000 thousand yen (upper limit)
(iv) Acquisition period	January 27, 2022 to June 30, 2022
(v) Acquisition method	Market buying at the Tokyo Stock Exchange, Inc.