

## FY2022 Second Quarter Consolidated Financial Results [Japan GAAP] (April 1, 2022 through September 30, 2022)

November 9, 2022

|   |   |
|---|---|
| Company Name  | : ANEST IWATA Corporation   |
| Stock Exchanges on Which the Shares Are Listed                  | : Tokyo Stock Exchange in Japan   |
| Code Number   | : 6381  |
| URL   | : <a href="https://www.anestiwata-corp.com">https://www.anestiwata-corp.com</a>           |
| Representative  | : Shinichi Fukase, President, Representative Director and Chief Executive Officer         |
| Contact Person  | : Takayoshi Iribe, General Manager of Corporate Planning Dept.<br>Tel. +81-(0)45-591-9344 |
| Scheduled Filing Date of Quarterly Securities Report            | : November 10, 2022   |
| Scheduled Payment Date of Cash Dividends                        | : December 6, 2022  |
| Supplemental Materials Prepared for Quarterly Financial Results | : Yes   |
| Holding of Quarterly Financial Results Meeting                  | : Yes (for analysts and institutional investors)  |

(Amounts are rounded to the nearest million yen)

### 1. Consolidated Results for FY2022 2nd Quarter (April 1, 2022 through September 30, 2022)

(1) Consolidated Financial Results (Cumulative) (% figures represent year-on-year increase or decrease)

|                    | Net Sales   |      | Operating Profit |       | Ordinary Profit |      | Profit Attributable to Owners of Parent |      |
|--------------------|-------------|------|------------------|-------|-----------------|------|---|------|
|                    | Million Yen | %    | Million Yen      | %     | Million Yen     | %    | Million Yen                             | %    |
| FY2022 2nd Quarter | 22,613      | 11.1 | 2,340            | (1.6) | 3,098           | 16.0 | 1,973                                   | 16.9 |
| FY2021 2nd Quarter | 20,360      | 23.2 | 2,378            | 66.3  | 2,670           | 51.8 | 1,688                                   | 49.2 |

(Note) Comprehensive Income: FY2022 2nd Quarter 4,991 million yen (up 56.9%), FY2021 2nd Quarter 3,181 million yen (up 268.5%)

|                    | Basic Earnings per Share | Diluted Earnings per Share |
|--------------------|--------------------------|----------------------------|
|                    | Yen                      | Yen                        |
| FY2022 2nd Quarter | 48.75                    | —                          |
| FY2021 2nd Quarter | 41.11                    | —                          |

(2) Consolidated Financial Position

|                          | Total Assets | Net Assets  | Equity Ratio |
|--------------------------|--------------|-------------|--------------|
|                          | Million Yen  | Million Yen | %            |
| As of September 30, 2022 | 59,194       | 44,007      | 65.5         |
| As of March 31, 2022     | 55,818       | 40,210      | 63.8         |

(Reference) Equity Capital: As of September 30, 2022 38,789 million yen, As of March 31, 2022 35,623 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   |
| FY2021            | —                               | 13.00              | —                  | 17.00    | 30.00 |
| FY2022            | —                               | 16.00              |                    |          |       |
| FY2022 (forecast) |                                 |                    | —                  | 16.00    | 32.00 |

(Note) Revisions to the forecast of cash dividends since latest announcement: Yes

### 3. Forecast of Consolidated Results for FY2022 (April 1, 2022 through March 31, 2023)

(% figures represent year-on-year increase or decrease)

|        | Net Sales   |      | Operating Profit |     | Ordinary Profit |      | Profit Attributable to Owners of Parent |     | Basic Earnings per Share |
|--------|-------------|------|------------------|-----|-----------------|------|---|-----|--------------------------|
|        | Million Yen | %    | Million Yen      | %   | Million Yen     | %    | Million Yen                             | %   | Yen                      |
| FY2022 | 48,000      | 13.4 | 5,000            | 4.6 | 6,200           | 11.3 | 3,650                                   | 3.1 | 90.14                    |

(Note) Revisions to the forecast of consolidated results since latest announcement: Yes

\* Notes

- (1) Changes in significant subsidiaries during the current consolidated cumulative second quarter: None  
 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 in accounting estimates and restatements
- (i) Change in accounting policy due to the revision of accounting standards, etc. : None
  - (ii) Change in accounting policy for other reasons : None
  - (iii) Change in accounting estimates : None
  - (iv) Restatements : None

(4) Number of shares issued (common share)

|  |                          |                   |                      |                   |
|--|--------------------------|-------------------|----------------------|-------------------|
| (i) Number of shares issued (including treasury shares) at the period-end  | As of September 30, 2022 | 41,745,505 shares | As of March 31, 2022 | 41,745,505 shares |
| (ii) Number of treasury shares at the period-end                           | As of September 30, 2022 | 1,284,292 shares  | As of March 31, 2022 | 1,089,092 shares  |
| (iii) Average number of shares outstanding in the period (quarterly total) | FY2022 2nd Quarter       | 40,491,927 shares | FY2021 2nd Quarter   | 41,078,153 shares |

(Note) We have introduced the performance-based stock compensation plan, "Board Benefit Trust (BBT)," since FY2019. Accordingly, in the calculation of the basic earnings 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 period-end 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 4 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 .....  | 2  |
| (2) Explanation for the information on future prospects including the expected consolidated<br>results of operations ..... | 4  |
| 2. Quarterly consolidated financial statements and main notes .....  | 5  |
| (1) Quarterly consolidated balance sheet.....  | 5  |
| (2) Quarterly consolidated profit and loss statement and quarterly consolidated<br>statement of comprehensive income ..... | 7  |
| (3) Quarterly consolidated cash flow statement .....   | 7  |
| (4) Notes on quarterly consolidated financial statements.....  | 11 |
| (Notes on the premise of a going concern).....   | 11 |
| (Notes relating to cases in which there are significant changes in the amount of<br>shareholders' equity) .....            | 11 |
| (Additional information).....  | 11 |
| (Segment information, etc.) .....  | 12 |

## 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 second quarter.

### (i) Overview and results of operations

During the current consolidated cumulative second quarter, the global economy continued to face uncertain conditions due to prolonged conflicts in eastern Europe, heightened geopolitical risks in East Asia and other regions, steep rise in raw material and resource prices, and the impact on exchange rates according to the financial policies of various countries.

As the prices of raw materials and consumer goods continue to soar, the Japanese economy is focusing on activities that prioritize the normalization of economic activities, and the future prospects of capital investment are somewhat encouraging.

Under these circumstances, our business performance for the current consolidated cumulative second quarter is as follows: sales standing at 22,613 million yen (up 11.1% from the same consolidated cumulative quarter of the previous fiscal year), operating profit at 2,340 million yen (down 1.6%), ordinary profit at 3,098 million yen (up 16.0%) and profit attributable to owners of parent at 1,973 million yen (up 16.9%).

(Reference values) Results of each division

(Amount: million yen)

| Division            | (Product category) | Six months ended September 30, 2022 |  |                               |  |
|---------------------|--------------------|-------------------------------------|--|-------------------------------|--|
|                     |                    | Consolidated net sales              | Change from the corresponding period of the previous fiscal year | Consolidated operating profit | Change from the corresponding period of the previous fiscal year |
| Air Energy Division |                    | 13,701                              | 13.1%  | 1,330                         | 6.4%   |
|                     | Air Compressors    | 12,586                              | 12.4%  |                               |  |
|                     | Vacuum Equipment   | 1,115                               | 21.9%  |                               |  |
| Coating Division    |                    | 8,911                               | 8.1%   | 1,009                         | (10.5%)  |
|                     | Coating Equipment  | 8,055                               | 12.6%  |                               |  |
|                     | Coating Systems    | 856                                 | (21.4%)  |                               |  |
| Total               |                    | 22,613                              | 11.1%  | 2,340                         | (1.6%)   |

(Note) The consolidated operating profit 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. The classification of report segments has changed from the consolidated first quarter of this fiscal year. For details, refer to (Segment information, etc.) in "2. Quarterly consolidated financial statements and main notes - (4) Notes on quarterly consolidated financial statements."

#### Japan

Sales stood at 11,467 million yen (up 2.2% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 1,488 million yen (down 13.5%). The fall in income was mainly due to an increase in cost of sales caused by higher purchase prices resulting from surging raw material prices and a decrease in sales of coating systems.

In the air compressor field, the impact of supply shortages in electrical equipment, etc. is gradually easing as a result of our focus on stable procurement, and orders are on a recovering trend as supply deadlines are normalizing.

In the vacuum equipment field, the boom of the semiconductor market seems to have calmed down, and the sales of vacuum pumps for semiconductor manufacture-related equipment have slightly decreased.

In the coating equipment field, the sales of spray guns progressed steadily. Also, the order status of coating booths is recovering as a result of enhanced sales promotion activities.

In the coating system field, sales decreased year-on-year due to the large number of projects scheduled for delivery in the second half.

#### Europe

Sales stood at 3,682 million yen (up 22.6% from the same consolidated cumulative quarter of the previous fiscal year) and segment income stood at 259 million yen (down 13.9%). The decrease in income was mainly due to increased labor costs and increased costs related to sales promotion activities for coating equipment.

In the air compressor field, work is being done to build a sales network centered on Germany, and the sales of oil-free air compressors in the EU countries continue to be favorable.

In the vacuum equipment field, sales increased due to the steady progress in cultivating new customers.

In the coating equipment field, we launched in advance a flagship model of a spray gun for automobile repairing,

which has undergone a model change. We actively participated in large-scale exhibitions held in Italy, Germany, France, and succeeded in introducing new products by strengthening the appeal, which caused sales to grow.

#### Americas

Sales stood at 2,930 million yen (up 12.6% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 340 million yen (up 1.5%).

In the air compressor field, overall sales were progressing favorably due to an increase in inquiries in the United States as a result of our fast delivery times, and an increase in demand for air compressors for in-vehicle use in Brazil.

In the vacuum equipment field, sales increased as a result of successfully cultivating new customers.

In the coating equipment field, the sales of spray guns remained strong not only in the car repair market but also in other markets due to the successful development of sales channels through the transfer of a part of the business carried out in the previous consolidated fiscal year.

#### China

Sales stood at 5,128 million yen (up 11.2% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 309 million yen (up 48.7%). The increase in income was due to factors such as a decrease in purchase prices owing to the impact of exchange rates and an increase in sales of vacuum equipment.

In the air compressor field, there was a temporary impact due to the lockdown in Shanghai, but this impact was limited as sales recovered with the lifting of the lockdown.

In the vacuum equipment field, sales of vacuum pumps for equipment manufacturers grew due to the boom in the semiconductor manufacturing market and in-vehicle battery manufacturing market, as well as the fact that we were able to get new customers due to our short delivery times that were highly valued.

In the coating equipment field, business activities saw a stagnation due to the impact of the lockdown in Shanghai, but as economic activity normalized, the order status showed an improving trend.

In the coating system field, sales decreased due to the reaction to the previous consolidated fiscal year.

#### Other

Sales stood at 4,661 million yen (up 28.3% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 694 million yen (up 47.7%). The increase in income was mainly due to increased sales of mainstream air compressors and coating equipment in India.

In the air compressor field, besides the sale of general-purpose air compressors, the sales of air compressors for medical use and in-vehicle use showed a favorable shift in India. In Southeast Asia, sales are recovering to pre-COVID-19 levels thanks to the positive effects of market development.

In the vacuum equipment field, the sales in East Asia were affected by the lockdown in China, but increased slightly with the resumption of shipping.

In the coating equipment field, sales increased for automobile manufacturing in India, and due to the normalization of economic activities in Southeast Asia.

In the coating systems field, sales increased in Southeast Asia due to the delivery of projects that had been delayed owing to customer circumstances.

#### (iii) Analysis of financial condition

For assets, our current assets stood at 35,920 million yen (up 4.6% from the previous consolidated fiscal year). This was mainly due to increases of 1,388 million yen in "Notes and accounts receivable-trade" and 1,146 million yen in "Raw materials and supplies." Our non-current assets stood at 23,274 million yen (up 8.3%). This was mainly due to an increase of 669 million yen in "Buildings and structures, net." As a result, our total assets stood at 59,194 million yen (up 6.0%).

For liabilities, our current liabilities stood at 11,972 million yen (up 3.1%). This was mainly due to an increase of 612 million yen in "Notes and accounts payable-trade." Our non-current liabilities stood at 3,213 million yen (down 19.5%). This was mainly due to a decrease of 988 million yen in "Retirement benefit liability" as a result of the establishment of a retirement benefit trust. As a result, our total liabilities stood at 15,186 million yen (down 2.7%).

Our net assets stood at 44,007 million yen (up 9.4%). This was mainly due to an increase of 2,026 million yen in "Foreign currency translation adjustment" owing to the depreciation of yen. Our equity capital, which is calculated by subtracting the non-controlling interests from the net assets, stood at 38,789 million yen, increasing our equity ratio by 1.7 percentage points to 65.5%, from 63.8% at the end of the previous consolidated fiscal year.

#### (iv) Cash flow

Cash and cash equivalents (referred to as "funds" in the remainder of this document) for the current consolidated cumulative second quarter decreased by 1,224 million yen from the end of the previous consolidated fiscal year, to 11,692 million yen (down 9.5% from the end of the previous consolidated fiscal year). Each cash flow in the current consolidated cumulative second quarter, as well as the causes, is as described below.

##### 1) Cash flows from operating activities

As a result of operating activities, the fund balance shows earnings of 797 million yen (down 59.1% from the same period of the previous year), mainly due to an increase of 485 million yen in "Profit before income taxes" and an increase of 1,000 million yen in "Contribution to retirement benefit trust."

2) Cash flows from investing activities

As a result of investing activities, the fund balance shows expenses of 1,568 million yen (up 133.2% from the same period of the previous year), mainly due to increases of 688 million yen in "Payments into time deposits" and 640 million yen in "Purchase of property, plant and equipment."

3) Cash flows from financing activities

As a result of financing activities, the fund balance shows expenses of 1,324 million yen (up 59.3% from the same period of the previous year), mainly due to increases of 159 million yen in "Purchase of treasury shares" and 198 million yen in "Dividends paid."

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

The expected results of operations and dividend for the fiscal year ending March 31, 2023 has been revised from the expected dividend announced on May 10, 2022. For details, please refer to the "Notice Revision of Consolidated Financial Results Forecast and Concerning Dividends of Surplus (Interim Dividend)" announced on November 9, 2022.

## 2. Quarterly consolidated financial statements and main notes

### (1) Quarterly consolidated balance sheet

(Amount: thousand yen)

|                                     | As of<br>March 31, 2022 | As of<br>September 30, 2022 |
|-------------------------------------|-------------------------|-----------------------------|
| <b>Assets</b>                       |                         |                             |
| Current assets                      |                         |                             |
| Cash and deposits                   | 14,319,597              | 13,566,764                  |
| Notes and accounts receivable-trade | 8,004,883               | 9,393,522                   |
| Merchandise and finished goods      | 6,326,762               | 5,982,961                   |
| Work in process                     | 1,280,101               | 1,327,848                   |
| Raw materials and supplies          | 3,222,945               | 4,369,576                   |
| Other                               | 1,434,802               | 1,619,872                   |
| Allowance for doubtful accounts     | (262,772)               | (340,163)                   |
| Total current assets                | 34,326,320              | 35,920,381                  |
| Non-current assets                  |                         |                             |
| Property, plant and equipment       |                         |                             |
| Buildings and structures, net       | 5,193,424               | 5,863,052                   |
| Other, net                          | 6,255,105               | 6,614,336                   |
| Total property, plant and equipment | 11,448,530              | 12,477,389                  |
| Intangible assets                   |                         |                             |
| Goodwill                            | 981,998                 | 955,832                     |
| Other                               | 2,324,697               | 2,629,564                   |
| Total intangible assets             | 3,306,695               | 3,585,397                   |
| Investments and other assets        |                         |                             |
| Investment securities               | 4,530,045               | 4,802,720                   |
| Other                               | 2,217,671               | 2,419,300                   |
| Allowance for doubtful accounts     | (10,725)                | (10,725)                    |
| Total investments and other assets  | 6,736,991               | 7,211,295                   |
| Total non-current assets            | 21,492,217              | 23,274,083                  |
| Total assets                        | 55,818,537              | 59,194,464                  |

(Amount: thousand yen)

|   | As of<br>March 31, 2022 | As of<br>September 30, 2022 |
|---|-------------------------|-----------------------------|
| <b>Liabilities</b>  |                         |                             |
| Current liabilities   |                         |                             |
| Notes and accounts payable-trade                              | 5,225,044               | 5,837,203                   |
| Short-term borrowings   | 867,228                 | 971,708                     |
| Income taxes payable  | 902,879                 | 912,652                     |
| Provision for bonuses   | 751,950                 | 768,453                     |
| Other provisions  | 336,655                 | 296,676                     |
| Other   | 3,532,522               | 3,186,046                   |
| <b>Total current liabilities</b>                              | <b>11,616,282</b>       | <b>11,972,741</b>           |
| Non-current liabilities                                       |                         |                             |
| Retirement benefit liability                                  | 2,231,837               | 1,243,036                   |
| Provision for share awards for directors (and other officers) | 136,788                 | 168,131                     |
| Other   | 1,623,624               | 1,802,804                   |
| <b>Total non-current liabilities</b>                          | <b>3,992,250</b>        | <b>3,213,972</b>            |
| <b>Total liabilities</b>                                      | <b>15,608,532</b>       | <b>15,186,714</b>           |
| Net assets  |                         |                             |
| Shareholders' equity  |                         |                             |
| Share capital   | 3,354,353               | 3,354,353                   |
| Capital surplus   | 1,008,864               | 1,008,864                   |
| Retained earnings   | 31,245,575              | 32,525,291                  |
| Treasury shares   | (1,025,936)             | (1,185,263)                 |
| <b>Total shareholders' equity</b>                             | <b>34,582,856</b>       | <b>35,703,246</b>           |
| Accumulated other comprehensive income                        |                         |                             |
| Valuation difference on available-for-sale securities         | 378,134                 | 392,768                     |
| Foreign currency translation adjustment                       | 679,490                 | 2,705,903                   |
| Remeasurements of defined benefit plans                       | (17,285)                | (12,204)                    |
| <b>Total accumulated other comprehensive income</b>           | <b>1,040,339</b>        | <b>3,086,468</b>            |
| Non-controlling interests                                     | 4,586,809               | 5,218,035                   |
| <b>Total net assets</b>                                       | <b>40,210,005</b>       | <b>44,007,750</b>           |
| <b>Total liabilities and net assets</b>                       | <b>55,818,537</b>       | <b>59,194,464</b>           |



(2) Quarterly consolidated profit and loss statement and quarterly consolidated statement of comprehensive income  
Quarterly consolidated profit and loss statement  
Consolidated cumulative second quarter

(Amount: thousand yen)

|   | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2022 |
|---|--|--|
| Net sales   | 20,360,199                             | 22,613,463                             |
| Cost of sales   | 11,526,265                             | 12,917,195                             |
| Gross profit  | 8,833,933                              | 9,696,268                              |
| Selling, general and administrative expenses                  | 6,455,012                              | 7,355,933                              |
| Operating profit  | 2,378,920                              | 2,340,335                              |
| Non-operating income  |  |  |
| Interest and dividend income                                  | 69,034                                 | 56,222                                 |
| Foreign exchange gains  | 10,441                                 | 515,225                                |
| Share of profit of entities accounted for using equity method | 171,438                                | 176,539                                |
| Other   | 87,577                                 | 58,991                                 |
| Total non-operating income                                    | 338,491                                | 806,978                                |
| Non-operating expenses  |  |  |
| Interest expenses   | 30,129                                 | 25,261                                 |
| Other   | 16,351                                 | 23,599                                 |
| Total non-operating expenses                                  | 46,481                                 | 48,860                                 |
| Ordinary profit   | 2,670,931                              | 3,098,453                              |
| Extraordinary income  |  |  |
| Gain on sale of non-current assets                            | 2,012                                  | 4,006                                  |
| Gain on sale of investment securities                         | 1,604                                  | —                                      |
| Gain on liquidation of subsidiaries                           | —                                      | 56,510                                 |
| Total extraordinary income                                    | 3,617                                  | 60,517                                 |
| Extraordinary losses  |  |  |
| Loss on sale and retirement of non-current assets             | 4,682                                  | 3,918                                  |
| Total extraordinary losses                                    | 4,682                                  | 3,918                                  |
| Profit before income taxes                                    | 2,669,865                              | 3,155,052                              |
| Income taxes - current  | 823,728                                | 970,457                                |
| Income taxes - deferred                                       | (127,742)                              | (138,431)                              |
| Total income taxes  | 695,985                                | 832,025                                |
| Profit  | 1,973,880                              | 2,323,027                              |
| Profit attributable to non-controlling interests              | 285,343                                | 349,091                                |
| Profit attributable to owners of parent                       | 1,688,536                              | 1,973,935                              |

Quarterly consolidated statement of comprehensive income  
 Consolidated cumulative second quarter

(Amount: thousand yen)

|   | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2022 |
|---|--|--|
| Profit  | 1,973,880                              | 2,323,027                              |
| Other comprehensive income  |  |  |
| Valuation difference on available-for-sale securities                             | 83,500                                 | 14,634                                 |
| Foreign currency translation adjustment   | 961,284                                | 2,255,855                              |
| Remeasurements of defined benefit plans, net of tax                               | 46,931                                 | 5,081                                  |
| Share of other comprehensive income of entities accounted for using equity method | 116,099                                | 392,529                                |
| Total other comprehensive income  | 1,207,815                              | 2,668,101                              |
| Comprehensive income  | 3,181,695                              | 4,991,128                              |
| Comprehensive income attributable to  |  |  |
| Comprehensive income attributable to owners of parent                             | 2,630,539                              | 4,020,064                              |
| Comprehensive income attributable to non-controlling interests                    | 551,155                                | 971,063                                |

## (3) Quarterly consolidated cash flow statement

(Amount: thousand yen)

|   | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2022 |
|---|--|--|
| <b>Cash flows from operating activities</b>   |  |  |
| Profit before income taxes  | 2,669,865                              | 3,155,052                              |
| Depreciation  | 716,763                                | 853,382                                |
| Amortization of goodwill  | 125,490                                | 138,100                                |
| Increase (decrease) in allowance for doubtful accounts                                  | (15,466)                               | 32,364                                 |
| Increase (decrease) in provision for bonuses  | (35,129)                               | 12,455                                 |
| Increase (decrease) in provision for product warranties                                 | 11,228                                 | 281                                    |
| Increase (decrease) in retirement benefit liability                                     | 89,831                                 | (5,131)                                |
| Decrease (increase) in retirement benefit asset   | (15,077)                               | (12,992)                               |
| Contribution to retirement benefit trust  | —                                      | (1,000,000)                            |
| Increase (decrease) in provision for bonuses for directors<br>(and other officers)      | (48,738)                               | (42,717)                               |
| Increase (decrease) in provision for share awards for<br>directors (and other officers) | 27,122                                 | 31,343                                 |
| Interest and dividend income  | (69,034)                               | (56,222)                               |
| Interest expenses   | 30,129                                 | 25,261                                 |
| Share of loss (profit) of entities accounted for using equity<br>method                 | (9,230)                                | 40,662                                 |
| Loss (gain) on sale and retirement of non-current assets                                | 2,669                                  | (88)                                   |
| Loss (gain) on sale of investment securities  | (1,604)                                | —                                      |
| Loss (gain) on liquidation of subsidiaries  | —                                      | (56,510)                               |
| Decrease (increase) in trade receivables  | (672,600)                              | (469,359)                              |
| Decrease (increase) in inventories  | (872,643)                              | 286,543                                |
| Increase (decrease) in trade payables   | 601,296                                | (353,767)                              |
| Other   | 99,488                                 | (815,102)                              |
| <b>Subtotal</b>   | <b>2,634,361</b>                       | <b>1,763,556</b>                       |
| Interest and dividends received   | 69,214                                 | 56,374                                 |
| Interest paid   | (30,129)                               | (25,261)                               |
| Income taxes paid   | (724,128)                              | (997,477)                              |
| <b>Net cash provided by (used in) operating activities</b>                              | <b>1,949,319</b>                       | <b>797,192</b>                         |
| <b>Cash flows from investing activities</b>   |  |  |
| Payments into time deposits   | (566,983)                              | (1,255,011)                            |
| Proceeds from withdrawal of time deposits   | 534,178                                | 956,972                                |
| Purchase of property, plant and equipment   | (479,343)                              | (1,120,325)                            |
| Proceeds from sale of property, plant and equipment                                     | 8,135                                  | 8,498                                  |
| Purchase of intangible assets   | (266,390)                              | (224,713)                              |
| Purchase of investment securities   | (206)                                  | —                                      |
| Proceeds from sale of investment securities   | 35,335                                 | —                                      |
| Proceeds from redemption of investment securities                                       | 200,000                                | 100,000                                |
| Loan advances   | (32)                                   | (1,647)                                |
| Proceeds from collection of loans receivable  | 7,482                                  | 3,780                                  |
| Payments for acquisition of businesses  | (12,159)                               | —                                      |
| Other   | (18,349)                               | (35,669)                               |
| <b>Net cash provided by (used in) investing activities</b>                              | <b>(672,332)</b>                       | <b>(1,568,117)</b>                     |

(Amount: thousand yen)

|   | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2022 |
|---|--|--|
| <b>Cash flows from financing activities</b>                 |  |  |
| Net increase (decrease) in short-term borrowings            | 5,110                                  | (8,771)                                |
| Repayments of lease liabilities                             | (125,378)                              | (141,755)                              |
| Proceeds from long-term borrowings                          | 51,928                                 | —                                      |
| Repayments of long-term borrowings                          | (38,400)                               | (21,628)                               |
| Purchase of treasury shares                                 | (35)                                   | (159,326)                              |
| Dividends paid  | (495,157)                              | (694,067)                              |
| Dividends paid to non-controlling interests                 | (229,653)                              | (298,996)                              |
| Net cash provided by (used in) financing activities         | (831,586)                              | (1,324,546)                            |
| Effect of exchange rate change on cash and cash equivalents | 322,949                                | 871,025                                |
| Net increase (decrease) in cash and cash equivalents        | 768,348                                | (1,224,445)                            |
| Cash and cash equivalents at beginning of period            | 11,643,240                             | 12,916,842                             |
| Cash and cash equivalents at end of period                  | 12,411,588                             | 11,692,397                             |

(4) 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.

(Additional information)

(Performance-based stock compensation plan for directors and corporate 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 and supervisory committee members and independent directors) and corporate 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 price 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 second quarter, the book price 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 Annual Securities Report for the previous fiscal year, including when the impact of COVID-19 will end.

(Establishment of retirement benefit trust)

In the current consolidated second quarter, the Company established a retirement benefit trust and contributed 1,000,000 thousand yen in to prepare for future retirement benefits. As a result, cash and deposits and retirement benefit liability decreased by the same amount.

(Segment information, etc.)

[Segment information]

I Six months ended September 30, 2021

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

(Amount: thousand yen)

|  | Report segment |           |           |           |              | Total      |
|--|----------------|-----------|-----------|-----------|--------------|------------|
|  | Japan          | Europe    | Americas  | China     | Other (Note) |            |
| Sales  |                |           |           |           |              |            |
| Revenue from contracts with customers        | 7,932,286      | 2,848,785 | 2,407,756 | 4,336,857 | 2,834,512    | 20,360,199 |
| Sales to external customers                  | 7,932,286      | 2,848,785 | 2,407,756 | 4,336,857 | 2,834,512    | 20,360,199 |
| Internal sales or transfers between segments | 3,289,773      | 154,653   | 195,425   | 274,582   | 797,681      | 4,712,115  |
| Total  | 11,222,059     | 3,003,439 | 2,603,182 | 4,611,439 | 3,632,193    | 25,072,314 |
| Segment income                               | 1,721,557      | 300,997   | 335,591   | 207,789   | 469,915      | 3,035,851  |

(Note) The "Other" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, Australia 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 statement, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

| Income   | Amount    |
|--|-----------|
| Report segment total   | 3,035,851 |
| Company-wide expenses (Note)   | (472,669) |
| Inter-segment transactions erased  | (184,261) |
| Operating profit in the quarterly consolidated profit and loss statement | 2,378,920 |

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

II Six months ended September 30, 2022

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

(Amount: thousand yen)

|  | Report segment |           |           |           |              | Total      |
|--|----------------|-----------|-----------|-----------|--------------|------------|
|  | Japan          | Europe    | Americas  | China     | Other (Note) |            |
| Sales  |                |           |           |           |              |            |
| Revenue from contracts with customers        | 7,890,283      | 3,560,830 | 2,704,892 | 4,710,219 | 3,747,237    | 22,613,463 |
| Sales to external customers                  | 7,890,283      | 3,560,830 | 2,704,892 | 4,710,219 | 3,747,237    | 22,613,463 |
| Internal sales or transfers between segments | 3,577,021      | 121,480   | 225,339   | 418,715   | 914,255      | 5,256,811  |
| Total  | 11,467,304     | 3,682,311 | 2,930,232 | 5,128,934 | 4,661,493    | 27,870,275 |
| Segment income                               | 1,488,371      | 259,161   | 340,662   | 309,064   | 694,163      | 3,091,422  |

(Note) The "Other" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, Australia 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 statement, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

| Income   | Amount    |
|--|-----------|
| Report segment total   | 3,091,422 |
| Company-wide expenses (Note)   | (475,590) |
| Inter-segment transactions erased  | (275,496) |
| Operating profit in the quarterly consolidated profit and loss statement | 2,340,335 |

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

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

From the consolidated first quarter of this fiscal year, the Group has changed the previous report segments of "Japan," "Europe" and "Asia" to 5 report segments namely, "Japan," "Europe," "Americas," "China" and "Other." With the formulation of the mid-term business plan "500 & Beyond" starting from the current consolidated fiscal year, we reviewed the area management classification and changed the classification of report segments for the purpose of aligning with the management strategy in the plan.

As a result, the business activities of local subsidiaries that were classified as "Asia" have been changed to "China" and "Others." In addition, regarding the business activities of local subsidiaries that were classified as business segments not included in the report segments, the classification was changed to "Europe" for Russia, "Americas" for the United States, Mexico and Brazil, and "Other" for Australia and South Africa.

The segment information for the previous consolidated cumulative second quarter is created by the changed classification.