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## Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



November 9, 2023

Company name: TENMA CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Code number: 7958

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Scheduled date of filing quarterly securities report: November 9, 2023

Scheduled date of commencing dividend payments: December 8, 2023

Availability of supplementary briefing material on quarterly financial results: None

Schedule of quarterly financial results briefing session: Yes (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded off.)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2023	47,286	5.0	936	69.5	1,742	63.8	1,382	241.0
September 30, 2022	45,054	15.8	552	(37.1)	1,064	(6.9)	405	(28.8)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥6,152 million [(13.7) %]

Six months ended September 30, 2022: ¥7,130 million [169.9 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	64.08	—
September 30, 2022	18.33	—

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2023	104,135	82,391	79.1	3,870.46
March 31, 2023	102,802	78,310	76.2	3,603.34

(Reference) Equity: As of September 30, 2023: ¥82,391 million

As of March 31, 2023: ¥78,310 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 40.00	Yen —	Yen 42.00	Yen 82.00
Fiscal year ending March 31, 2024	—	40.00			
Fiscal year ending March 31, 2024 (Forecast)			—	42.00	82.00

(Note) Revision of dividend forecast from recently announced figures: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	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
Full year	94,000	(7.9)	1,200	(60.1)	3,800	(0.0)	2,900	3.6	138.39

(Note) Revision of results forecast from recently announced figures: Yes

### \* Notes:

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes  
(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes, (4) Notes to Quarterly Consolidated Financial Statements, (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)” on page 11 of the Attachments.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2023: 24,313,026 shares  
March 31, 2023: 25,313,026 shares

2) Total number of treasury shares at the end of the period:

September 30, 2023: 3,025,960 shares  
March 31, 2023: 3,580,340 shares

3) Average number of shares during the period:

Six months ended September 30, 2023: 21,566,267 shares  
Six months ended September 30, 2022: 22,106,906 shares

(Note) The Company's shares owned by the stock granting trust for Officers and employees are included in the treasury shares to be deducted in the calculation of total number of treasury shares at the end of the period.

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or audit firms.

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to "1. Qualitative Information on the Financial Results for the Period Under Review, (3) Consolidated Financial Results Forecast and Other Forward-Looking Information" on page 3 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

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## 1. Qualitative Information on the Financial Results for the Period Under Review

### (1) Explanation on Operating Results

The world economy during the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023) remained subject to a situation where economic activity was affected by high-interest-rate policies implemented by central banks of respective nations in seeking to curb inflation rates that have been at high levels, thereby giving rise to an outlook for low growth to continue. Meanwhile, uncertainty persists amid factors that include mounting geopolitical risk and sluggish conditions in China's real estate market.

In the Japanese economy, despite apparent recovery of inbound demand, a trajectory of economic recovery seems unlikely amid factors that include heightening cost-consciousness accompanying continuously rising prices of food and other daily necessities, prolonged labor shortages, and sluggish overseas demand.

In these circumstances, the Group promoted building a foundation for achievement of the mid- to long-term growth strategy based on the "Third Medium-term Management Plan" released in May 2021. Meanwhile, the Group has been working to maintain and strengthen production systems.

As a result, net sales amounted to 47,286 million yen (up 5.0% year on year), operating profit amounted to 936 million yen (up 69.5% year on year), ordinary profit amounted to 1,742 million yen (up 63.8% year on year), and profit attributable to owners of parent amounted to 1,382 million yen (up 241.0% year on year).

Operating results by segment are as follows.

#### (Japan)

In the field of household synthetic resin products and related products, sales declined despite effects of price revisions amid a scenario where recovery in consumption of consumer goods remained sluggish in part due to heightening cost-consciousness among consumers. In the field of industrial synthetic resin products, sales increased, driven by vehicle-related sales attributable to an apparent trend toward production recovery in the automobile industry given that effects of semiconductor shortages have eased.

Profits returned to positive territory due in part to the effect of price revisions in the field of household synthetic resin products and related products.

As a result, net sales for this segment amounted to 9,666 million yen (down 0.2% year on year), and segment profit (operating profit) amounted to 176 million yen (segment loss of 104 million yen in the same period of the previous fiscal year).

#### (China)

In the field of industrial synthetic resin products, sales decreased partially due to factors that include inventory adjustments by business partners and effects of a shift in production to Southeast Asia. In the field of household synthetic resin products and related products, sales increased slightly despite a sluggish real estate market and other such factors.

Profits were higher than in the same period of the previous fiscal year as a result of efforts to improve production efficiency in part by revamping the personnel structure and adopting automation, and also due to lower payment costs resulting from foreign exchange rate volatility.

As a result, net sales amounted to 10,880 million yen (down 7.2% year on year), and segment profit (operating profit) amounted to 517 million yen (up 11.1% year on year.)

#### (Southeast Asia)

Net sales in the field of industrial synthetic resin products increased significantly given that the yen conversion value increased due to depreciation of the yen and also given that business partners made fewer production adjustments to cope with shortages of electronic components and other devices as had been the case in the same period of the previous fiscal year.

Profits were higher than in the same period of the previous fiscal year as a result of the increase in sales combined with efforts taken to decrease fixed costs in part by reducing the workforce.

As a result, net sales amounted to 26,740 million yen (up 13.1% year on year), and segment profit (operating profit) amounted to 897 million yen (up 12.5% year on year.)

### (2) Explanation on Financial Position

#### (Assets)

The total assets at the end of this second quarter increased by 1,333 million yen compared to the end of the

previous fiscal year to 104,135 million yen. This was due to factors including increases in investment securities by 1,470 million yen and total property, plant and equipment by 1,370 million yen, as well as a decrease in notes and accounts receivable - trade by 2,078 million yen.

(Liabilities)

The total liabilities at the end of this second quarter decreased by 2,747 million yen compared to the end of the previous fiscal year to 21,744 million yen. This was due to factors including a decrease in notes and accounts payable - trade by 2,249 million yen.

(Net assets)

The total net assets at the end of this second quarter increased by 4,080 million yen compared to the end of the previous fiscal year to 82,391 million yen. This was due to increases in foreign currency translation adjustment by 4,003 million yen, valuation difference on available-for-sale securities by 847 million yen and treasury shares, a deduction item, by 667 million yen, while capital surplus decreased by 1,824 million yen

(3) Consolidated Financial Results Forecast and Other Forward-Looking Information

Whereas operating profit for the first half of the fiscal year ending March 31, 2024 fell below the financial results forecast announced on May 12, 2023, net sales, ordinary profit, and profit attributable to owners of parent exceeded the forecast. For details, please refer to the “Notice of Differences from Financial Results Forecast for the First Half of the Fiscal Year Ending March 31, 2024 and Revision of Full-Year Results Forecast” separately announced today (November 9, 2023).

In regard to the full-year forecast, we will revise our projections for net sales and operating profit amid the prospect of uncertainties with respect to the business environment going forward. We are likely to recognize non-operating income with respect to ordinary profit but have opted to hold to the ordinary profit forecast announced on May 12, 2023 at this point in time. Meanwhile, we will revise the forecast for profit attributable to owners of parent taking into account the aforementioned non-operating income.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	30,677,991	30,449,441
Notes and accounts receivable - trade	19,787,672	17,709,721
Merchandise and finished goods	3,669,068	3,824,329
Work in process	688,595	722,677
Raw materials and supplies	5,077,348	5,132,665
Other	1,688,442	1,821,067
Allowance for doubtful accounts	(1,258)	(1,254)
Total current assets	61,587,858	59,658,645
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,305,325	14,762,053
Machinery, equipment and vehicles, net	8,928,151	9,394,331
Right-of-use assets, net	3,118,451	3,111,067
Other, net	3,674,909	4,129,368
Total property, plant and equipment	30,026,836	31,396,820
Intangible assets	2,736,059	2,900,774
Investments and other assets		
Investment securities	4,756,915	6,227,067
Retirement benefit asset	2,817,877	2,827,063
Deferred tax assets	177,474	208,398
Other	706,232	924,087
Allowance for doubtful accounts	(7,407)	(7,911)
Total investments and other assets	8,451,091	10,178,704
Total non-current assets	41,213,986	44,476,298
Total assets	102,801,844	104,134,943
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,791,252	9,542,302
Income taxes payable	608,039	531,305
Provision for bonuses	868,627	1,024,007
Provision for taxes related expenses	127,781	143,912
Provision for loss on business liquidation	32,840	2,700
Other	4,492,167	3,942,178
Total current liabilities	17,920,707	15,186,405
Non-current liabilities		
Long-term accounts payable - other	13,632	4,872
Provision for share awards for directors (and other officers)	108,326	116,384
Provision for share awards for employees	3,757	4,264
Retirement benefit liability	393,806	464,960
Lease liabilities	3,139,649	3,142,657
Asset retirement obligations	502,178	555,213
Deferred tax liabilities	2,344,388	2,204,811
Provision for business restructuring	64,994	64,584
Total non-current liabilities	6,570,730	6,557,747
Total liabilities	24,491,437	21,744,151

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	19,225,350	19,225,350
Capital surplus	14,856,522	13,032,322
Retained earnings	40,582,374	41,050,221
Treasury shares	(6,592,755)	(5,926,220)
Total shareholders' equity	68,071,491	67,381,674
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,560,749	2,407,496
Foreign currency translation adjustment	7,636,873	11,639,880
Remeasurements of defined benefit plans	1,041,215	961,652
Total accumulated other comprehensive income	10,238,837	15,009,028
Non-controlling interests	79	90
Total net assets	78,310,407	82,390,792
Total liabilities and net assets	102,801,844	104,134,943



(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Six months ended September 30

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	45,053,569	47,285,925
Cost of sales	38,843,337	40,668,840
Gross profit	6,210,232	6,617,085
Selling, general and administrative expenses	5,658,053	5,680,911
Operating profit	552,179	936,174
Non-operating income		
Interest income	83,909	229,217
Dividend income	65,816	72,475
Share of profit of entities accounted for using equity method	6,683	53,351
Foreign exchange gains	329,178	386,407
Gain on sale of investment securities	–	73,052
Other	110,584	81,466
Total non-operating income	596,171	895,968
Non-operating expenses		
Interest expenses	60,079	59,335
Other	24,551	30,900
Total non-operating expenses	84,629	90,235
Ordinary profit	1,063,720	1,741,906
Extraordinary income		
Gain on sale of non-current assets	13,503	66,112
Settlement income	105,000	–
Gain on bargain purchase	–	136,876
Total extraordinary income	118,503	202,989
Extraordinary losses		
Loss on sale of non-current assets	467	1,764
Loss on retirement of non-current assets	9,236	12,751
Loss on liquidation of subsidiaries and associates	5,331	–
Provision for loss on litigation	25,000	–
Provision for loss on business liquidation	51,000	2,700
Loss on liquidation of business	–	4,300
Loss related to COVID-19	116,294	–
Litigation settlement	–	30,000
Total extraordinary losses	207,328	51,515
Profit before income taxes	974,895	1,893,380
Income taxes	569,637	511,331
Profit	405,258	1,382,049
Profit (loss) attributable to non-controlling interests	(0)	1
Profit attributable to owners of parent	405,258	1,382,048

Quarterly Consolidated Statements of Comprehensive Income

Six months ended September 30

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	405,258	1,382,049
Other comprehensive income		
Valuation difference on available-for-sale securities	(85,407)	846,747
Foreign currency translation adjustment	6,811,225	3,927,436
Remeasurements of defined benefit plans, net of tax	(64,582)	(79,562)
Share of other comprehensive income of entities accounted for using equity method	63,915	75,580
Total other comprehensive income	6,725,150	4,770,201
Comprehensive income	7,130,408	6,152,250
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,130,398	6,152,238
Comprehensive income attributable to non-controlling interests	10	12

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	974,895	1,893,380
Depreciation	1,909,376	2,316,072
Settlement income	(105,000)	–
Litigation settlement	–	30,000
Gain on bargain purchase	–	(136,876)
Increase (decrease) in provision for bonuses	74,317	113,121
Increase (decrease) in allowance for doubtful accounts	(878)	(4)
Increase (decrease) in provision for share awards for directors (and other officers)	8,461	8,058
Increase (decrease) in provision for share awards for employees	–	507
Increase (decrease) in provision for taxes related expenses	2,625	–
Increase (decrease) in provision for business restructuring	–	(410)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(6,543)	–
Decrease (increase) in retirement benefit asset	(117,490)	(123,829)
Increase (decrease) in retirement benefit liability	14,329	16,113
Increase (decrease) in provision for loss on litigation	25,000	–
Increase (decrease) in provision for loss on business liquidation	51,000	(30,140)
Interest and dividend income	(149,725)	(301,692)
Interest expenses	60,079	59,335
Loss (gain) on liquidation of subsidiaries and associates	5,331	–
Foreign exchange losses (gains)	(106,620)	7,074
Loss on retirement of non-current assets	9,236	12,751
Loss (gain) on sale of non-current assets	(13,036)	(64,349)
Loss (gain) on valuation of investment securities	–	(73,052)
Loss on valuation of investments in capital	–	4,303
Decrease (increase) in trade receivables	1,482,663	3,609,044
Decrease (increase) in inventories	(71,838)	465,690
Increase (decrease) in trade payables	(803,224)	(3,316,976)
Share of loss (profit) of entities accounted for using equity method	(6,683)	(53,351)
Other, net	(306,205)	(529,662)
Subtotal	2,930,067	3,905,109
Interest and dividends received	140,021	359,113
Settlement received	75,000	–
Income taxes refund (paid)	(320,852)	(653,067)
Settlement paid	–	(30,000)
Net cash provided by (used in) operating activities	2,824,237	3,581,156
<b>Cash flows from investing activities</b>		
Payments into time deposits	(7,692,061)	(7,036,499)
Proceeds from withdrawal of time deposits	11,238,152	8,595,417
Purchase of property, plant and equipment	(1,363,603)	(1,755,155)
Proceeds from sale of property, plant and equipment	17,857	19,569
Payments for retirement of property, plant and equipment	(1,719)	(3,966)
Purchase of intangible assets	(15,252)	(26,575)
Purchase of investment securities	(1,118)	(1,076)

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Proceeds from sale of investment securities	–	133,313
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(693,696)
Purchase of shares of unconsolidated subsidiaries	(84,320)	(522,741)
Payments for investments in investment partnerships	–	(12,500)
Proceeds from liquidation of subsidiaries and associates	23,803	–
Loan advances	(1,461)	(226,020)
Proceeds from collection of loans receivable	563	465
Net cash provided by (used in) investing activities	2,120,840	(1,529,464)

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from financing activities		
Net decrease (increase) in treasury shares	(431,489)	(1,257,879)
Dividends paid	(934,107)	(914,804)
Payments for lease obligations	(142,606)	(308,640)
Net cash provided by (used in) financing activities	(1,508,202)	(2,481,323)
Effect of exchange rate change on cash and cash equivalents	2,352,999	1,332,026
Net increase (decrease) in cash and cash equivalents	5,789,874	902,395
Cash and cash equivalents at beginning of period	15,280,877	22,403,471
Cash and cash equivalents at end of period	21,070,751	23,305,866

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the event of significant changes in the amount of shareholders' equity)

(Acquisition of treasury shares)

In accordance with the resolution at the Board of Directors meeting held on May 12, 2023, the Company acquired 448,700 shares of its common stock for a total amount of 1,165 million yen during the six months ended September 30, 2023 as a result of the acquisition of treasury shares on the market based on the provisions of Article 156 of the Companies Act as applied by replacing the terms and phrases pursuant to the provisions of Article 165, Paragraph (3) of the same act, resulting in an increase in treasury shares of the same amount.

(Cancellation of treasury shares)

Based on the resolution at the Board of Directors meeting held on May 12, 2023, the Company cancelled 1,000,000 shares of treasury shares on May 31, 2023.

(Disposal of treasury shares)

At the Board of Directors meeting held on May 12, 2023, the Company resolved to dispose of treasury shares through third-party allotment in connection with the introduction and continuation of share-based remuneration plan. Based on this resolution, 220,000 shares of treasury shares were disposed of on May 30, 2023.

As a result of the above, capital surplus decreased by 1,824 million yen and treasury shares increased by 667 million yen during the six months ended September 30, 2023. Consequently, at the end of the six months ended September 30, 2023, capital surplus amounted to 13,032 million yen and treasury shares amounted to 5,926 million yen.

(Changes in significant subsidiaries during the six months ended September 30, 2023)

Not applicable.

Although not applicable to changes in specified subsidiaries, Tenma America Corporation and Tenma Plastic Mexico, S.A. de C.V. are included in the scope of consolidation due to the acquisition of their shares during the three months ended June 30, 2023.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the current fiscal year, including the six months ended September 30, 2023, and multiplying the profit before income taxes for the six months ended September 30, 2023 by the estimated effective tax rate.

(Changes in accounting policies)

Not applicable.

(Significant subsequent events)

Not applicable.

(Segment information, etc.)  
[Segment information]

For the six months ended September 30, 2022

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment			Total
	Japan	China	Southeast Asia	
Net sales				
Net sales to outside customers	9,688,510	11,728,628	23,636,431	45,053,569
Inter-segment net sales or transfers	44,082	216,712	5,330	266,124
Total	9,732,592	11,945,340	23,641,761	45,319,693
Segment profit (loss)	(103,634)	465,301	797,426	1,159,093

2. Difference between the total reportable segment and the amount recorded in quarterly consolidated statements of income, and description of said difference (comparability adjustment)

(Thousand yen)

Profit	For the six months ended September 30, 2022
Total reportable segment	1,159,093
Inter-segment eliminations	5,893
Corporate expenses*	(612,807)
Operating profit in Quarterly Consolidated Statements of Income	552,179

\* Corporate expenses are mainly the expenses of the head office's management department which does not belong to a reportable segment.

3. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

Not applicable.

For the six months ended September 30, 2023

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment			Total
	Japan	China	Southeast Asia	
Net sales				
Net sales to outside customers	9,665,909	10,880,426	26,739,591	47,285,925
Inter-segment net sales or transfers	94,436	172,758	58,996	326,190
Total	9,760,345	11,053,183	26,798,587	47,612,115
Segment profit	176,313	516,776	897,266	1,590,355

2. Difference between the total reportable segment and the amount recorded in quarterly consolidated statements of income, and description of said difference (comparability adjustment)

(Thousand yen)

Profit	For the six months ended September 30, 2023
Total reportable segment	1,590,355
Inter-segment eliminations	8,787
Corporate expenses*	(662,968)
Operating profit in Quarterly Consolidated Statements of Income	936,174

\* Corporate expenses are mainly the expenses of the head office's management department which does not belong to a reportable segment.

3. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment  
(Significant gain on bargain purchase)

In North America, a gain on bargain purchase was recognized as Tenma America Corporation and Tenma Plastic Mexico, S.A. de C.V. became consolidated subsidiaries due to the acquisition of their shares. The amount of gain on bargain purchase recorded due to this matter is 136,876 thousand yen. Since the gain on bargain purchase is recorded in extraordinary income, it is not included in the segment profit above.