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

November 10, 2023

Company name: YOKOWO CO.,LTD.

Stock exchange listing: Tokyo

Code number: 6800

URL: <https://www.yokowo.co.jp/>

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Scheduled date of filing quarterly securities report: November 10, 2023

Scheduled date of commencing dividend payments: December 11, 2023

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

Representative Director, President and Executive Officer

Executive Officer,SCI (Sustainability & Corporate Integrity)

Promotion H.Q.Chief Officer

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

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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	36,794	(8.5)	(120)	-	1,701	(74.0)	958	(77.1)
September 30, 2022	40,207	29.8	3,507	75.1	6,538	196.9	4,179	173.7

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 2,834 million [(54.6)%]
Six months ended September 30, 2022: ¥ 6,237 million [274.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	41.13	-
September 30, 2022	179.28	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	75,894	49,476	65.1
March 31, 2023	70,656	47,224	66.7

(Reference) Equity: As of September 30, 2023: ¥ 49,403 million
As of March 31, 2023: ¥ 47,156 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	25.00	-	25.00	50.00
Fiscal year ending March 31, 2024	-	22.00			
Fiscal year ending March 31, 2024 (Forecast)			-	22.00	44.00

(Note) Revision to the forecast for dividends announced most recently: No

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	75,000	(3.8)	200	(95.8)	1,400	(75.3)	750	(76.2)	32.17

(Note) Revision to the financial results forecast announced most recently: 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): No

New - (Company name:)
 Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(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: 23,849,878 shares
 March 31, 2023: 23,849,878 shares

2) Number of treasury shares at the end of the period:

September 30, 2023: 539,008 shares
 March 31, 2023: 538,928 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 23,310,915 shares
 Six months ended September 30, 2022: 23,311,052 shares

This quarterly financial report is not subject to quarterly review by a certified public accountant or an audit corporation.

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

The forward-looking statements such as the forecasts of financial results stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are no guarantees of future performance. Actual results may differ materially from the forecast depending on a range of factors. For a discussion of the assumptions and other factors considered by the Company in preparing projections, please refer to page 4 of the attachments, “1. Overview of Operating Results, etc., (4) Future Outlook.”

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1. Qualitative Information on Quarterly Financial Results

(1) Overview of Operating Results

Effective from the first quarter of the consolidated fiscal year under review, the Company has changed the classifications and names of its reporting segments as follows.

「VCCS (Vehicle Communication Comfort & Safety)」 :
Former 「Vehicle Communication Equipment」 - 「Platform Business」
「CTC (Circuit Testing Connector)」 : Former 「Circuit Testing Connector」
「FC (Fine Connector) / MD (Medical Device)」 :
Former 「Personal Communication Equipment」 - 「Advanced Devices Business」
「Incubation Center」 : 「Platform Business」 + 「Advanced Device Business」

For more information, please refer to “4. Matters related to changes in reporting segments” under (3) Notes to Quarterly Consolidated Financial Statements (Segment and Other Information) of 2. Quarterly Consolidated Financial Statements.

Net sales in the first half of the consolidated fiscal year under review amounted to ¥36,794 million, a decrease of 8.5% year-on-year, reflecting increased year-on-year sales in VCCS segment, despite decreased year-on-year sales in both CTC and FC・MD segment. The Company reported an operating loss of ¥120 million (a gain of ¥3,507 million in the previous fiscal year), reflecting a loss in CTC and FC・MD segment as a result of decreased sales and a loss in Incubation Center segment, which is focused on new business, although VCCS segment profitability had been improved. Ordinary profit decreased by 74.0% year-on-year, to ¥1,701 million, reflecting an exchange gain of ¥1,895 million attributable to the weakening of the yen. Profit attributable to owners of the parent decreased by 77.1% year-on-year, to ¥958 million reflecting due to a loss in ordinary profit and ¥274 million in other extraordinary losses including the expense for business reform.

<VCCS> (Core product: Antenna for Vehicle)

In the automotive market, the main market for this segment, sales are improving trend as the global shortages of semiconductors and component supply stagnation eased gradually. A breakdown by region shows that the number of units sold in the United States, China, and the Japanese market increased.

In these circumstances, mainstay products for automobile manufacturers, such as shark fin antennas and GPS antennas, achieved high sales in overseas by the weakening of the yen and increasing production of automobile manufacturers.

As a result, sales for this segment increased year-on-year, to ¥26,491 million (up 20.5% year-on-year). The segment reported a profit of ¥717 million (a loss of ¥1,287 million in the previous fiscal year), due to increased profit associated with an increase in sales and decreased physical distribution costs by low ocean freight rates, despite high labor costs at production bases in China and Vietnam associated with the strengthening of the local currencies.

<CTC> (Core Product: Semiconductor Testing Socket and Probe Card)

In the semiconductor testing market, demands for PCs and smartphones continued to decline compared with the previous year, moreover stagnant demand for servers has been prolonged due to inventory adjustments by semiconductor manufacturers and curbs on capital investment.

In these circumstances, sales of jigs for semiconductor back-end testing, the mainstay product of the Group, decreased year-on-year, due to a decrease in orders for logic semiconductor testing sockets. Sales of jigs for semiconductor front-end testing decreased year-on-year because of lower sales in both the turnkey business which offers one-stop solutions services including peripheral devices and MEMS probe cards (YPX) for high-frequency electronics components testing.

As a result, sales for this segment decreased year-on-year, to ¥6,188 million (down 52.6% year-on-year). The segment reported a loss of ¥461 million (a gain of ¥4,388 million in the previous fiscal year), reflecting decreased profit associated with a decrease in sales and an increase in fixed costs reflecting actions to support future semiconductor miniaturization and R&D investment in improved production efficiency.

<FC・MD> (FC Core Product: Fine spring connector for electronics) (MD Core Product: Medical devices and units)

In the market for mobile communication terminals, a key market for this segment, sales of wearable terminals are expected to grow given their diversification and greater sophistication. However, unit shipments of smartphones were on a downward trend due to the economic downturn. Demand for POS terminals was slugged down, although the POS terminal market had been growing steadily in a wide range of industries, including those engaging in logistics and manufacturing, with a view toward improvements in operational efficiency through information management.

In these circumstances, net sales for the FC business, for which fine spring connectors act as core products, decreased year-on-year, reflecting a decrease in sales of POS terminals, and a decrease in sales of a product for wearable devices, such as wireless earbuds, due to customer's production adjustment.

In MD business, sales increase year-on-year due to strong sales of catheter components for a major domestic medical device manufacturer which is a major customer.

As a result, sales for this segment decreased year-on-year, to 3,903 million (down 21.7% year-on-year). The segment posted a loss of ¥46 million (a gain of ¥655 million in the previous fiscal year) chiefly owing to decreased profit associated with a decrease in sales in FC business.

<Incubation Center> (Core Product: Antenna and providing solutions for MaaS/IoT)

The Company has been engaged in full-scale business development efforts, aiming to create new businesses and innovate business models for new growth markets such as MaaS, and IoT as well as the optical communication market for higher-speed and larger-capacity communication. Due to organizational changes implemented during the first quarter of the consolidated fiscal year under review, development in these new business fields was split off from existing operating departments and classified under the Incubation Center as a new reporting segment comprising the Platform Business and Advanced Device Business. The MaaS/IoT market, which is a key market for this segment, is expected to grow steadily, reflecting the advance of mobility including car sharing, and the widespread adoption of IoT connecting everything through the Internet.

In these circumstances, the Platform Business has made progress in expanding sales of MIMO antennas utilizing smart antenna technologies for IoT, and vehicle key management solutions for MaaS and rental cars. For the Advanced Device Business, which includes the segment, the Company has developed systems for the mass production of optical connector products utilizing photoelectric conversion device technologies for the optical communications market.

As a result, sales for this segment increased year-on-year, to 207 million (up 14.3% year-on-year). The segment posted a loss of ¥337 million (a loss of ¥255 million in the previous fiscal year), because the segment which is in the early stages of its development, generates sales at a small scale and involves up-front investment.

Consolidated Net Sales by Business Segment (year on year)

	1st half ended March 31, 2023 Apr. – Sept. (Million yen)	2nd half ended March 31, 2023 Oct. – Mar. (Million yen)	1st half ended March 31, 2024 Apr. – Sept. (Million yen)	Y o Y Increase/ (decrease) (%)	Q o Q Increase/ (decrease) (%)
VCCS	21,980	24,108	26,491	+20.5	+9.9
CTC	13,054	9,319	6,188	(52.6)	(33.6)
FC・MD	4,982	4,069	3,903	(21.7)	(4.1)
Incubation Center	181	249	207	+14.3	(16.6)
Others	7	8	4	(41.9)	(48.8)
Total	40,207	37,755	36,794	(8.5)	(2.5)

(2) Overview of Financial Position

(Assets)

Assets stood at ¥75,894 million in the second quarter of the fiscal year ending March 31, 2024 under review (a gain of ¥5,237 million in the end of the previous fiscal year). This was due primarily to increases of ¥1,786 million in cash and deposits, ¥712 million in trade receivables, ¥121 million inventories, and other current assets including increase in ¥224 million in short-term loan, ¥1,758 million in property, plant and equipment and ¥444 million in investments and other assets.

The increase in cash and deposits is mainly attributable to a surge in the value converted into the Japanese currency due to the weakening of the yen and increases in long-term borrowings. Also, the increase in property, plant and equipment is chiefly due to the equipment installation for the operational launch of the MP Center, a technology building newly established within the Japanese plant.

(Liabilities)

Liabilities stood at ¥26,418 million in the second quarter of the fiscal year ending March 31, 2024 under review (a gain of ¥2,986 million from the end of the previous fiscal year) due to increases of ¥763 million in trade payable, ¥337 million in short-term borrowings, ¥233 million in provision for bonuses, and ¥1,500 million in long-term borrowings. The increase in trade payable reflected an increase in purchasing materials based on the sales forecast in VCCS segment for the next quarter.

(Net assets)

Net assets amounted to ¥49,476 million in the second quarter of the fiscal year ending March 31, 2024 under review (a gain of ¥2,251 million from the end of the previous fiscal year). This primarily reflects an increase of ¥1,600 million in foreign currency translation adjustment, the recording of profit attributable to owners of the parent of ¥958 million, and dividends paid of ¥582 million.

(Equity ratio)

The equity ratio was 65.1% in the second quarter of the fiscal year ending March 31, 2024 under review (down 1.6 point from the end of the previous consolidated fiscal year).

(3) Future Outlook

The following are our assumptions for the results forecast for the fiscal year ending March 31, 2024.

- In the automobile market, the main market for the Company, sales and production are expected to recover because the global shortages of semiconductor eased gradually and a full-scale recovery in production at automobile manufacturers.
- In the semiconductor testing market, the downturn that developed from the second half of the fiscal year ended March 31, 2023 is expected to continue until the end of this fiscal year, with a gradual recovery in the next fiscal year.
- In the market for mobile communication terminals, the growth of POS terminals and other electronic terminals is expected to stagnate throughout the fiscal year ending March 31, 2024 due to the global economic downturn.
- In the advanced medical equipment market, demand for minimally invasive medical procedures using catheters and similar products is expected to grow steadily.
- In the MaaS/IoT market, steady growth is expected, reflecting the advance of mobility solutions and widespread adoption of IoT.

Our forecast for operating profit is shown in the table below. This reflects decreased profits in associated with a decrease in sales of CTC segment and decreased profits in FC・MD segment caused by a decreased ratio of high-margin FC business in this segment, despite increased year-on-year sales of VCCS segment due to improving profitability by business structure reform and decreased physical distribution costs. Our forecasts for ordinary profit and profit attributable to owners of parent are as shown in the table below, which incorporate a foreign exchange gain of ¥1,200 million under an exchange rate of ¥145 against US\$.

We base our forecasts below on an exchange rate of ¥145 against US\$ from November to the ending of this fiscal year. (an exchange rate of ¥140 against US\$ as of the previous forecast)

Previous and revised forecasts for the Fiscal Year Ending March 31, 2024

(Unit : Million yen, %)

	Previous forecast (Announced on August 7, 2023)	Revised forecast	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net Sales	72,000	75,000	+3,000	+4.2
VCCS	51,200	54,900	+3,700	+7.2
CTC	13,000	12,000	(1,000)	(7.7)
FC・MD	7,400	7,700	+300	+4.1
Incubation Center	400	400	—	—
Operating profit	200	200	—	—
VCCS	1,100	2,100	+1,000	+90.9
CTC	(150)	(1,100)	(950)	—
FC・MD	(50)	(100)	(50)	—
Incubation Center	(700)	(700)	—	—
Ordinary profit	900	1,400	+500	+55.6
Profit attributable to owners of parent	450	750	+300	+66.7

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	17,687	19,473
Notes and accounts receivable - trade	12,350	13,063
Merchandise and finished goods	7,781	8,041
Work in process	427	490
Raw materials and supplies	6,073	5,872
Other	2,040	2,310
Allowance for doubtful accounts	(4)	(4)
Total current assets	46,355	49,246
Non-current assets		
Property, plant and equipment	18,077	19,835
Intangible assets	1,210	1,354
Investments and other assets		
Retirement benefit asset	466	502
Other	4,546	4,955
Total investments and other assets	5,013	5,457
Total non-current assets	24,300	26,647
Total assets	70,656	75,894
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,483	7,246
Short-term borrowings	5,804	6,141
Income taxes payable	515	489
Provision for bonuses	956	1,190
Other	4,129	4,041
Total current liabilities	17,890	19,109
Non-current liabilities		
Long-term borrowings	4,600	6,100
Retirement benefit liability	402	432
Other	539	775
Total non-current liabilities	5,541	7,308
Total liabilities	23,431	26,418
Net assets		
Shareholders' equity		
Share capital	7,819	7,819
Capital surplus	7,804	7,804
Retained earnings	28,001	28,377
Treasury shares	(634)	(635)
Total shareholders' equity	42,990	43,366
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	645	927
Foreign currency translation adjustment	3,506	5,107
Remeasurements of defined benefit plans	13	2
Total accumulated other comprehensive income	4,165	6,036
Non-controlling interests	68	72
Total net assets	47,224	49,476

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Total liabilities and net assets	70,656	75,894

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	40,207	36,794
Cost of sales	31,569	31,803
Gross profit	8,637	4,991
Selling, general and administrative expenses	5,130	5,111
Operating profit (loss)	3,507	(120)
Non-operating income		
Interest income	20	64
Dividend income	30	32
Share of profit of entities accounted for using equity method	7	-
Foreign exchange gains	2,940	1,895
Other	103	47
Total non-operating income	3,102	2,040
Non-operating expenses		
Interest expenses	32	133
Share of loss of entities accounted for using equity method	-	31
Other	39	52
Total non-operating expenses	71	217
Ordinary profit	6,538	1,701
Extraordinary income		
Gain on sale of non-current assets	6	4
Total extraordinary income	6	4
Extraordinary losses		
Loss on retirement of non-current assets	31	29
Loss on sale of non-current assets	2	0
Business restructuring expenses	174	233
Settlement payments	161	-
Impairment losses	-	11
Total extraordinary losses	368	274
Profit before income taxes	6,175	1,431
Income taxes - current	2,106	606
Income taxes - deferred	(117)	(129)
Total income taxes	1,988	477
Profit	4,187	953
Profit attributable to non-controlling interests	7	(5)
Profit attributable to owners of parent	4,179	958

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	4,187	953
Other comprehensive income		
Valuation difference on available-for-sale securities	156	282
Foreign currency translation adjustment	1,923	1,609
Remeasurements of defined benefit plans, net of tax	(29)	(11)
Total other comprehensive income	2,050	1,880
Comprehensive income	6,237	2,834
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,217	2,830
Comprehensive income attributable to non-controlling interests	19	3

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	6,175	1,431
Depreciation	1,818	1,960
Impairment losses	-	11
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	330	213
Increase (decrease) in net defined benefit asset and liability	(67)	(21)
Interest and dividend income	(50)	(97)
Interest expenses	32	133
Foreign exchange losses (gains)	(1,208)	(1,122)
Share of loss (profit) of entities accounted for using equity method	(7)	31
Loss on retirement of non-current assets	31	29
Loss (gain) on sale of non-current assets	(4)	(3)
Decrease (increase) in trade receivables	889	597
Decrease (increase) in inventories	(450)	911
Increase (decrease) in trade payables	(1,127)	(668)
Other, net	153	277
Subtotal	6,512	3,682
Interest and dividends received	50	97
Interest paid	(26)	(96)
Income taxes paid	(1,425)	(477)
Net cash provided by (used in) operating activities	5,112	3,205
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,003)	(2,974)
Proceeds from sale of property, plant and equipment	41	4
Purchase of intangible assets	(254)	(369)
Short-term loan advances	(80)	(245)
Purchase of shares of subsidiaries and associates	(484)	(26)
Other, net	(136)	17
Net cash provided by (used in) investing activities	(2,916)	(3,594)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	1,500
Repayments of lease liabilities	(176)	(245)
Dividends paid	(511)	(579)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(687)	675
Effect of exchange rate change on cash and cash equivalents	1,793	1,499
Net increase (decrease) in cash and cash equivalents	3,300	1,786
Cash and cash equivalents at beginning of period	13,816	17,687
Cash and cash equivalents at end of period	17,117	19,473

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Segment and Other Information)

1 Segment information

Reporting segments of the Group are individual units for which separate financial information is available and that are subject to a periodic review by the Board of Directors for the purposes of evaluating performance and determining the allocation of resources.

Building on the foundation of business divisions by product, which are result management units, the Group's reportable segments are categorized into four, namely VCCS, CTC, FC/MD, and Incubation Center, based on criteria such as proximate target markets and manufacturing technologies. Effective from the first quarter of the consolidated fiscal year under review, the Company has changed the classifications and names of its reporting segments. Details of the changes are listed under "4. Matters related to changes in reporting segments."

To respond to the basic needs of vehicle antennas that they are smaller, more complex, have a lower profile and support smart technologies, VCCS segment has developed and supplied antenna systems that use modularization technologies in addition to antenna and microwave technologies. Also note that up until the previous fiscal year, VCCS segment disclosures were included in the Vehicle Communication Equipment segment.

To respond to the testing needs for semiconductors which increased performance, higher density and higher integration, CTC segment utilizes MEMS technology in addition to micro-precision processing technologies and microwave technologies, developing and supplying testing connectors for semiconductors globally in every area from front-end testing to back-end testing. Also note that up until the previous fiscal year, CTC segment made disclosures as the Circuit Testing Connector segment.

The FC business, which is included in FC/MD segment, manufactures and sells fine spring connectors with diversification and multi-function for mobile communication terminals. In addition, the MD business designs, develops, manufactures, and supplies OEM guide wires, medical catheters, and other equipment that helps with minimally invasive medical procedures. Also note that up until the previous fiscal year, FC/MD segment disclosures were included in the Personal Communication Equipment segment.

The Platform Business, which is part of the Incubation Center segment, works to develop more advanced and high value-added strategic products in new fields including advanced driving assistance systems (ADAS), autonomous driving, and connected cars. In addition, the Advanced Device Business supplies high-speed transmission device products that boast versatility and originality to the optical communications market, with the aim of achieving high-speed, high-capacity communications. Also note that up until the previous fiscal year, disclosures for the Platform Business were made as part of the Vehicle Communication Equipment segment, and disclosures for the Advanced Device Business were made as part of the Personal Communication Equipment segment.

2 Method of measurement for the amounts of net sales and profit (loss) for each reportable segment]

The accounting methods for reportable segments are mostly the same as the accounting standards used in preparing quarterly consolidated financial statements. Reported segments' profit is based on operating profit. Also, inter-segment sales and transfers are valued at market prices.

3 Sales, profit or loss, assets, liabilities and other items by reportable segment

First half ended September 30, 2022 (Apr. – Sept.)

(Unit : Million yen)

	Reportable segment					Other	Inter-segment transactions	Total
	VCCS	CTC	FC・MD	Incubation Center	Total			
Net Sales								
Japan	6,276	868	1,518	181	8,844	7	—	8,852
Europe and America	9,901	1,867	467	—	12,236	—	—	12,236
Asia	5,803	10,318	2,996	—	19,118	—	—	19,118
Revenue from contracts with customers	21,980	13,054	4,982	181	40,199	7	—	40,207
Sales to third parties	21,980	13,054	4,982	181	40,199	7	—	40,207
Inter-segment transactions and transfers	—	—	—	—	—	204	(204)	—
Total	21,980	13,054	4,982	181	40,199	212	(204)	40,207
Segment profit	(1,287)	4,388	655	(255)	3,500	0	7	3,507

Notes :

1 The total segment profit is the same as the operating profit on the quarterly consolidated statement.

2 The Others category is a business segment not included in reportable segments and includes the temporary staffing business and other businesses.

3 The reconciling amounts for inter-segment sales and transfers are a method for the elimination of inter-segment transactions.

First half ended September 30, 2023 (Apr. – Sept.)

(Unit : Million yen)

	Reportable segment					Other	Inter-segment transactions	Total
	VCCS	CTC	FC・MD	Incubation Center	Total			
Net Sales								
Japan	8,168	642	1,772	207	10,791	4	—	10,795
Europe and America	12,393	1,554	441	—	14,389	—	—	14,389
Asia	5,929	3,991	1,689	—	11,609	—	—	11,609
Revenue from contracts with customers	26,491	6,188	3,903	207	36,790	4	—	36,794
Sales to third parties	26,491	6,188	3,903	207	36,790	4	—	36,794
Inter-segment transactions and transfers	—	—	—	—	—	235	(235)	—
Total	26,491	6,188	3,903	207	36,790	239	(235)	36,794
Segment profit	717	(461)	(46)	(337)	(128)	(0)	7	(120)

Notes :

1 The total segment profit is the same as the operating profit on the quarterly consolidated statement.

2 The Others category is a business segment not included in reportable segments and includes the temporary staffing business and other businesses.

3 The reconciling amounts for inter-segment sales and transfers are a method for the elimination of inter-segment transactions.

4 Matters related to changes in reporting segments

The Incubation Center, which was established with the aim of accelerating the launch of new businesses due to the organizational changes implemented during the first quarter of the consolidated fiscal year under review, has been newly classified as a reportable segment. The Platform Business which had been a part of the Vehicle Communication Equipment segment until the previous fiscal year, and the Advanced Device Business which had been part of the Personal Communication Equipment segment up until that time have been transferred to the Incubation Center. In addition, due to the organizational changes implemented during the first quarter of the consolidated fiscal year under review, the segment names have been changed to names used for internal management.

As a result, Vehicle Communication Equipment has been renamed to VCCS, Circuit Testing Connector to CTC, and Personal Communications Equipment to FC/MD. There are no changes to the details of businesses other than those that were transferred to the Incubation Center.

Segment information for the first half of the previous fiscal year was prepared based on the classification of reportable segments after the change is disclosed.