

Consolidated Financial Report  
for the First Three Months of the March 2015 Term  
<Under Japanese GAAP>

July 25, 2014

**SATO HOLDINGS CORPORATION**

Company code number: 6287  
(URL <http://www.sato.co.jp>)  
Shares traded on: TSE1  
Executive position of legal representative: Kazuo Matsuyama, President and CEO,  
Representative Director  
Please address all communications to: Akihiro Kushida, Vice President and Chief  
Financial Officer (CFO), Director  
Phone: 03-5745-3414  
Scheduled submission date for quarterly securities report: August 8, 2014  
Date of commencement of dividend payments: -  
Supplementary explanatory materials for quarterly results: Available  
Holding of meeting to explain quarterly results (for analysts and institutional investors): None

(In millions of yen, with fractional amounts discarded)

**1. Consolidated operating results for the first three months of the fiscal year ending  
March 31, 2015 (from April 1, 2014 to June 30, 2014)**

(1) Consolidated financial results (cumulative)

(Percentage figures show year-on-year change)

| Three months ended | Net sales         |     | Operating income  |      | Ordinary income   |      |
|--------------------|-------------------|-----|-------------------|------|-------------------|------|
|                    | (Millions of yen) | %   | (Millions of yen) | %    | (Millions of yen) | %    |
| June 30, 2014      | 23,512            | 4.0 | 1,536             | 18.9 | 1,590             | 11.6 |
| June 30, 2013      | 22,619            | 6.7 | 1,292             | 21.0 | 1,425             | 99.4 |

(Note) Comprehensive income: Three months ended June 30, 2014: ¥758 million (-%)  
Three months ended June 30, 2013: ¥1,395 million (-%)

| Three months ended | Net income        |       | Net income per share | Net income per share,<br>fully diluted |
|--------------------|-------------------|-------|----------------------|--|
|                    | (Millions of yen) | %     | (Yen)                | (Yen)                                  |
| June 30, 2014      | 886               | 4.9   | 27.70                | 26.44                                  |
| June 30, 2013      | 845               | 276.6 | 28.10                | 25.23                                  |

## (2) Consolidated financial position

|                | Total assets      | Net assets        | Equity ratio | Net assets per share |
|----------------|-------------------|-------------------|--------------|----------------------|
| As of          | (Millions of yen) | (Millions of yen) | %            | (Yen)                |
| June 30, 2014  | 85,909            | 46,698            | 54.3         | 1,456.57             |
| March 31, 2014 | 86,737            | 46,734            | 53.7         | 1,454.90             |

(N.B.) Total equity:

As of June 30, 2014: ¥46,645 million

As of March 31, 2014: ¥46,572 million

## 2. Dividends

|                           | Annual dividend per share |                |               |          |       |
|---------------------------|---------------------------|----------------|---------------|----------|-------|
|                           | First quarter             | Second quarter | Third quarter | Year-end | Total |
|                           | (Yen)                     | (Yen)          | (Yen)         | (Yen)    | (Yen) |
| March 31, 2014            | –                         | 18.00          | –             | 22.00    | 40.00 |
| March 31, 2015            | –                         |                |               |          |       |
| March 31, 2015 (Forecast) |                           | 20.00          | –             | 22.00    | 42.00 |

(Note) Revisions of projected dividends most recently announced: None

## 3. Consolidated forecasts for the fiscal year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Percentage figures show year-on-year change)

|            | Net sales         |     | Operating income  |      | Ordinary income   |      | Net income        |      | Net income per share |
|------------|-------------------|-----|-------------------|------|-------------------|------|-------------------|------|----------------------|
|            | (Millions of yen) | %   | (Millions of yen) | %    | (Millions of yen) | %    | (Millions of yen) | %    | (Yen)                |
| Six months | 48,000            | 4.1 | 3,600             | 22.1 | 3,550             | 11.3 | 2,200             | 16.2 | 68.70                |
| Annual     | 100,000           | 3.3 | 8,000             | 18.4 | 7,900             | 11.5 | 5,000             | 16.4 | 156.16               |

(Note) Revisions of consolidated forecasts most recently announced: None

**\* Notes**

- (1) Changes in significant subsidiaries during the first three months (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly consolidated subsidiaries: None

Companies excluded from scope of consolidation: None

- (2) Application of special accounting for preparing the quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

1) Changes in accounting policies due to revisions to accounting standards: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement of prior period financial statements after error corrections: None

*For details, please refer to the section of “(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections” of “2. Matters Regarding Summary Information (Notes)” on page 5 of the attached materials.*

- (4) Number of issued shares (common shares)

- 1) Number of issued shares at the end of term (including treasury shares):

As of June 30, 2014: 33,421,932 shares

As of March 31, 2014: 33,408,272 shares

- 2) Number of treasury shares at the end of term:

As of June 30, 2014: 1,398,060 shares

As of March 31, 2014: 1,397,813 shares

- 3) Average number of shares during the term (cumulative from the beginning of the fiscal year to the end of the first three months):

Three months ended June 30, 2014: 32,019,340 shares

Three months ended June 30, 2013: 30,344,177 shares

**\* Indication about carrying-out of the quarterly review procedures**

*This quarterly financial report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act of Japan. At the time of disclosure of this quarterly financial report, the procedures to review quarterly consolidated financial statements based on the Financial Instruments and Exchange Act have not been completed.*

**\* Explanation about the proper use of consolidated forecasts and other notes**

*Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Results may differ materially from the consolidated forecasts due to various factors. Please refer to page 4 of the attached materials to the quarterly financial report for the suppositions that form the assumptions for consolidated forecasts and cautions concerning the use thereof.*

## Attached Materials

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## 1. Qualitative Information Regarding Settlement of Accounts for the First Three Months

### (1) Explanation of financial results (percentage changes, year-on-year)

The SATO Group's management objective is to establish sustainable growth and profit in accordance with its basic strategy to "pursue globalization and maximization of customer value." To this end, the SATO Group has compiled the necessary business directions in the Medium-term Management Plan (from the fiscal year ended March 31, 2013 to the fiscal year ending March 31, 2015), which is being implemented by group-wide efforts.

As a result of pursuing these business directions, the SATO Group achieved increased revenues and profits in Japan and all overseas regions in the first three months of this fiscal year, staying on track to achieve the planned targets for the final year of the Medium-term Management Plan. During the first three months, the SATO Group recorded an increase in net sales, up 4.0% from the same period of the previous fiscal year to ¥23,512 million and an increase in operating income, up 18.9% to ¥1,536 million. Ordinary income increased by 11.6% to ¥1,590 million and net income increased by 4.9% to ¥886 million.

By segment, the SATO Group reported the following:

#### <Japan>

In the Japanese market, economic activity showed signs of gradual recovery, benefiting from the economic stimulus of Abenomics. Amid the recovery trend in consumer goods and producer goods, the SATO Group actively expanded sales activities and created new demand by developing businesses in emerging markets and offering new applications. There was limited impact on sales as businesses related to the consumption tax hike in April quiet down, and our operating income increased thanks to the improvements in gross profits from increased sales of mechatronic products, mostly for the manufacturing industry.

Besides receiving large-scale mobile printer orders for major logistics companies and public sector projects, we also commenced sales of a wearable voice picking system for the logistics industry which has already won orders from some customers and received multiple sales leads for which business negotiations are in progress.

As a result of these efforts, net sales rose 0.8% to ¥15,834 million and operating income rose 15.4% to ¥1,000 million, compared to the same period of the previous fiscal year.

#### <Americas>

In the North American market, additional orders were received from OEMs for food product management systems, and orders for laser printers, mainly for the apparel industry increased. These factors lifted operating results in the Americas overall. In the South American market, meanwhile, profits grew steadily thanks to the improved profitability of Achernar S.A. of Argentina despite the lull in the regional economy.

As a result of these efforts, net sales rose 8.4% to ¥2,489 million (a rise of 4.8%, however,

excluding foreign currency effects), and operating income rose 74.0% to ¥213 million, compared to the same period of the previous fiscal year.

#### <Europe>

In the European market, the SATO Group steadily enhanced and strengthened production systems and cultivated sales channels in each country for our sticker and label products, implementing sales strategies aimed at improving profitability. In the U.K., we expanded the scale of our transactions with retailers, apparel companies and large logistics providers. In Germany, we started sales of environment-friendly linerless labels without backing paper to major logistics companies. Thanks to the strong performance of the aforementioned two countries and profit contributions from Spain which got back to operating profitability from the second half of the previous fiscal year, operating income grew significantly in Europe overall.

As a result of these efforts, net sales rose 13.8% to ¥1,966 million (a rise of 3.5%, however, excluding foreign currency effects), and operating income rose 251.1% to ¥103 million, compared to the same period of the previous fiscal year.

#### <Asia and Oceania>

Despite a trend of sluggish economic growth in Asia's emerging markets, there is optimism for future growth as China recorded strong sales growth and Thailand achieved increased revenues and profits despite the country's prolonged political unrest. Sales and operating income also steadily expanded in the new markets of Indonesia and Vietnam.

Argox Information Co., Ltd. of Taiwan, which manufactures and sells printers mainly to the emerging countries, significantly expanded its sales to Brazil and Turkey, two countries where sales were weak in the previous fiscal year, and realized improved operating income and operating profitability even after amortization of goodwill.

In the first three months, the SATO Group also concluded a master service agreement with Fonterra Co-operative Group Limited ("Fonterra"), New Zealand's largest global dairy company to provide total solutions to Fonterra's operations worldwide, in addition to its existing partnerships with Fonterra in the Oceania market.

As a result of these efforts, net sales rose 11.6% to ¥3,221 million (a rise of 10.9%, however, excluding foreign currency effects), and operating income rose 5.6% to ¥278 million, compared to the same period of the previous fiscal year.

## **(2) Explanation of financial position**

Total assets at the end of the first quarter were ¥85,909 million, a decrease of ¥828 million compared to the end of the previous fiscal year. This was primarily the result of a decrease in notes and accounts receivable - trade, notwithstanding increases in inventories and intangible assets.

Net assets were ¥46,698 million, a ¥36 million decrease from the end of the previous fiscal year,

mainly due to the decrease in foreign currency translation adjustment and the cash dividends paid, notwithstanding the recording of net income.

### ***Cash flows***

At the end of the first quarter, cash and cash equivalents (referred to below as “cash”) stood at ¥16,572 million, a decrease of ¥191 million compared to the end of the previous fiscal year.

### ***Cash flows from operating activities***

Net cash provided by operating activities amounted to ¥2,161 million, an increase of 7.8% compared to the same period of the previous fiscal year.

The increase in cash reflected principally ¥1,588 million in income before income taxes and minority interests, ¥577 million in depreciation and a ¥1,990 million decrease in notes and accounts receivable - trade. Contributing to a decrease in cash were a ¥740 million increase in inventories, a ¥706 million decrease in notes and accounts payable - trade and ¥736 million in income taxes paid.

### ***Cash flows from investing activities***

Net cash used in investing activities totaled ¥1,467 million, a decrease of 18.1% compared to the same period of the previous fiscal year.

This resulted primarily from expenditures of ¥332 million for the purchase of property, plant and equipment and ¥960 million for the purchase of intangible assets.

### ***Cash flows from financing activities***

Net cash used in financing activities was ¥819 million, a decrease of 6.0% compared to the same period of the previous fiscal year.

This resulted primarily from an expenditure of ¥679 million in cash dividends paid.

## **(3) Explanation of consolidated forecasts and other projections**

Regarding the consolidated forecasts for the fiscal year ending March 31, 2015, no changes have been made to the forecasts that were announced on April 30, 2014.



## **2. Matters Regarding Summary Information (Notes)**

### **(1) Changes in significant subsidiaries during the first three months**

Not Applicable

### **(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections**

Changes in accounting policies

#### ***Application of the Accounting Standard for Retirement Benefits, etc.***

Effective from this first quarter, the Company has applied the provisions of the main clauses of Paragraph 35 from the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; hereinafter, the “Accounting Standard”) and Paragraph 67 from the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012; hereinafter, the “Guidance”), and reviewed its calculation method for retirement benefit obligations and current service costs, changing from the straight-line basis to the benefit formula basis for its method of attributing expected benefit to periods. In addition, the Company has changed the calculation method for the discount rate.

In line with the transitional measures provided in Paragraph 37 of the Accounting Standard, the Company has not applied the aforesaid provisions to the consolidated financial statements for the past periods retrospectively.

This change has no impact on consolidated financial statements for the first three months.

### 3. Consolidated Financial Statements

#### (1) Consolidated balance sheets

Unit: Millions of yen

|  | March 31, 2014 | June 30, 2014 |
|--|----------------|---------------|
| <b>Assets</b>                            |                |               |
| Current assets                           |                |               |
| Cash and deposits                        | 17,562         | 17,356        |
| Notes and accounts receivable - trade    | 22,390         | 20,348        |
| Securities                               | 198            | 214           |
| Merchandise and finished goods           | 6,852          | 7,408         |
| Work in process                          | 226            | 269           |
| Raw materials and supplies               | 2,199          | 2,287         |
| Other                                    | 4,360          | 4,461         |
| Allowance for doubtful accounts          | (143)          | (123)         |
| Total current assets                     | 53,647         | 52,223        |
| Non-current assets                       |                |               |
| Property, plant and equipment            |                |               |
| Land                                     | 8,017          | 8,112         |
| Other, net                               | 12,320         | 12,157        |
| Total property, plant and equipment      | 20,337         | 20,270        |
| Intangible assets                        |                |               |
| Goodwill                                 | 4,058          | 3,929         |
| Other                                    | 3,650          | 4,537         |
| Total intangible assets                  | 7,708          | 8,467         |
| Investments and other assets             | 5,043          | 4,947         |
| Total non-current assets                 | 33,089         | 33,685        |
| <b>Total assets</b>                      | <b>86,737</b>  | <b>85,909</b> |
| <b>Liabilities</b>                       |                |               |
| Current liabilities                      |                |               |
| Notes and accounts payable - trade       | 5,698          | 4,976         |
| Short-term loans payable                 | 4,137          | 4,159         |
| Accounts payable - other                 | 15,691         | 15,498        |
| Income taxes payable                     | 947            | 655           |
| Provision                                | 324            | 310           |
| Other                                    | 4,546          | 5,197         |
| Total current liabilities                | 31,346         | 30,798        |
| Non-current liabilities                  |                |               |
| Bonds with subscription rights to shares | 2,215          | 2,195         |
| Long-term loans payable                  | 1,041          | 1,036         |
| Net defined benefit liability            | 2,159          | 2,025         |
| Other                                    | 3,240          | 3,155         |
| Total non-current liabilities            | 8,656          | 8,412         |
| <b>Total liabilities</b>                 | <b>40,002</b>  | <b>39,210</b> |

Unit: Millions of yen

|   | March 31, 2014 | June 30, 2014 |
|---|----------------|---------------|
| Net assets  |                |               |
| Shareholders' equity                                  |                |               |
| Capital stock   | 7,361          | 7,371         |
| Capital surplus                                       | 6,819          | 6,829         |
| Retained earnings                                     | 33,557         | 33,740        |
| Treasury shares                                       | (2,556)        | (2,557)       |
| Total shareholders' equity                            | 45,181         | 45,383        |
| Accumulated other comprehensive income                |                |               |
| Valuation difference on available-for-sale securities | 38             | 27            |
| Foreign currency translation adjustment               | 1,902          | 1,767         |
| Remeasurements of defined benefit plans               | (550)          | (534)         |
| Total accumulated other comprehensive income          | 1,390          | 1,261         |
| Subscription rights to shares                         | 25             | 34            |
| Minority interests                                    | 136            | 18            |
| Total net assets                                      | 46,734         | 46,698        |
| Total liabilities and net assets                      | 86,737         | 85,909        |

**(2) Consolidated statements of (comprehensive) income**  
**(Consolidated statements of income)**

Unit: Millions of yen

|   | Three months ended<br>June 30, 2013 | Three months ended<br>June 30, 2014 |
|---|-------------------------------------|-------------------------------------|
| Net sales   | 22,619                              | 23,512                              |
| Cost of sales                                     | 12,963                              | 13,218                              |
| Gross profit                                      | 9,655                               | 10,293                              |
| Selling, general and administrative expenses      | 8,362                               | 8,757                               |
| Operating income                                  | 1,292                               | 1,536                               |
| Non-operating income                              |                                     |                                     |
| Interest income                                   | 14                                  | 19                                  |
| Dividend income                                   | 0                                   | 0                                   |
| Foreign exchange gains                            | 110                                 | –                                   |
| Rent income                                       | 39                                  | 36                                  |
| Other   | 29                                  | 123                                 |
| Total non-operating income                        | 193                                 | 180                                 |
| Non-operating expenses                            |                                     |                                     |
| Interest expenses                                 | 31                                  | 36                                  |
| Foreign exchange losses                           | –                                   | 59                                  |
| Sales discounts                                   | 12                                  | 15                                  |
| Other   | 17                                  | 13                                  |
| Total non-operating expenses                      | 60                                  | 125                                 |
| Ordinary income                                   | 1,425                               | 1,590                               |
| Extraordinary income                              |                                     |                                     |
| Gain on sales of non-current assets               | 1                                   | 0                                   |
| Total extraordinary income                        | 1                                   | 0                                   |
| Extraordinary losses                              |                                     |                                     |
| Loss on retirement of non-current assets          | 0                                   | 0                                   |
| Loss on sales of non-current assets               | 10                                  | 2                                   |
| Total extraordinary losses                        | 10                                  | 2                                   |
| Income before income taxes and minority interests | 1,416                               | 1,588                               |
| Income taxes - current                            | 344                                 | 477                                 |
| Income taxes - deferred                           | 223                                 | 222                                 |
| Total income taxes                                | 568                                 | 700                                 |
| Income before minority interests                  | 847                                 | 887                                 |
| Minority interests in income                      | 1                                   | 0                                   |
| Net income  | 845                                 | 886                                 |

**(Consolidated statements of comprehensive income)**

Unit: Millions of yen

|   | Three months ended<br>June 30, 2013 | Three months ended<br>June 30, 2014 |
|---|-------------------------------------|-------------------------------------|
| Income before minority interests                        | 847                                 | 887                                 |
| Other comprehensive income                              |                                     |                                     |
| Valuation difference on available-for-sale securities   | 8                                   | (10)                                |
| Foreign currency translation adjustment                 | 539                                 | (135)                               |
| Remeasurements of defined benefit plans, net of tax     | –                                   | 16                                  |
| Total other comprehensive income                        | 547                                 | (129)                               |
| Comprehensive income                                    | 1,395                               | 758                                 |
| Comprehensive income attributable to                    |                                     |                                     |
| Comprehensive income attributable to owners of parent   | 1,391                               | 757                                 |
| Comprehensive income attributable to minority interests | 4                                   | 0                                   |

### (3) Consolidated statements of cash flows

Unit: Millions of yen

|  | Three months ended<br>June 30, 2013 | Three months ended<br>June 30, 2014 |
|--|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                  |                                     |                                     |
| Income before income taxes and minority interests            | 1,416                               | 1,588                               |
| Depreciation   | 503                                 | 577                                 |
| Amortization of goodwill                                     | 241                                 | 247                                 |
| Loss (gain) on sales of non-current assets                   | 8                                   | 2                                   |
| Loss on retirement of non-current assets                     | 0                                   | 0                                   |
| Increase (decrease) in provision                             | 53                                  | (17)                                |
| Increase (decrease) in allowance for doubtful accounts       | 34                                  | (27)                                |
| Increase (decrease) in provision for retirement benefits     | (19)                                | –                                   |
| Increase (decrease) in net defined benefit liability         | –                                   | (115)                               |
| Interest and dividend income                                 | (14)                                | (20)                                |
| Interest expenses  | 31                                  | 36                                  |
| Foreign exchange losses (gains)                              | (162)                               | 7                                   |
| Decrease (increase) in notes and accounts receivable - trade | 618                                 | 1,990                               |
| Decrease (increase) in inventories                           | (285)                               | (740)                               |
| Increase (decrease) in notes and accounts payable - trade    | (523)                               | (706)                               |
| Increase (decrease) in accounts payable - other              | 513                                 | (318)                               |
| Other, net   | (70)                                | 406                                 |
| Subtotal   | 2,345                               | 2,911                               |
| Interest and dividend income received                        | 12                                  | 18                                  |
| Interest expenses paid                                       | (28)                                | (33)                                |
| Payments for business restructuring                          | (21)                                | –                                   |
| Income taxes paid  | (304)                               | (736)                               |
| Net cash provided by (used in) operating activities          | 2,005                               | 2,161                               |
| <b>Cash flows from investing activities</b>                  |                                     |                                     |
| Payments into time deposits                                  | (139)                               | (226)                               |
| Proceeds from withdrawal of time deposits                    | 29                                  | 211                                 |
| Purchase of investment securities                            | (976)                               | –                                   |
| Purchase of shares of subsidiaries                           | –                                   | (233)                               |
| Purchase of property, plant and equipment                    | (588)                               | (332)                               |
| Proceeds from sales of property, plant and equipment         | 32                                  | 9                                   |
| Purchase of intangible assets                                | (193)                               | (960)                               |
| Other, net   | 45                                  | 63                                  |
| Net cash provided by (used in) investing activities          | (1,790)                             | (1,467)                             |
| <b>Cash flows from financing activities</b>                  |                                     |                                     |
| Net increase (decrease) in short-term loans payable          | 3                                   | 21                                  |
| Repayments of long-term loans payable                        | (168)                               | (4)                                 |
| Purchase of treasury shares                                  | (0)                                 | (0)                                 |
| Repayments of lease obligations                              | (143)                               | (156)                               |
| Cash dividends paid  | (563)                               | (679)                               |
| Net cash provided by (used in) financing activities          | (872)                               | (819)                               |
| Effect of exchange rate change on cash and cash equivalents  | 169                                 | (65)                                |
| Net increase (decrease) in cash and cash equivalents         | (487)                               | (191)                               |
| Cash and cash equivalents at beginning of period             | 11,992                              | 16,763                              |
| Cash and cash equivalents at end of period                   | 11,504                              | 16,572                              |

#### (4) Notes to consolidated financial statements

##### (Notes related to going-concern assumption)

Not Applicable

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

Not Applicable

##### (Segment information)

I. Three months ended June 30, 2013 (from April 1, 2013 to June 30, 2013)

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

|                                 | Unit: Millions of yen |          |        |                  |        |
|---------------------------------|-----------------------|----------|--------|------------------|--------|
|                                 | Japan                 | Americas | Europe | Asia and Oceania | Total  |
| Net sales                       |                       |          |        |                  |        |
| External customer sales         | 15,707                | 2,296    | 1,728  | 2,887            | 22,619 |
| Intersegment sales and transfer | 1,296                 | 28       | 75     | 1,751            | 3,153  |
| Total                           | 17,003                | 2,324    | 1,803  | 4,639            | 25,772 |
| Segment profit                  | 867                   | 122      | 29     | 263              | 1,283  |

2. The difference between the total amount of profit or loss for reportable segments and the amount recorded on the consolidated statements of income, and the major breakdown of the difference (Matters related to difference adjustment)

|   | Unit: Millions of yen |
|---|-----------------------|
| <b>Profit</b>   | <b>Amount</b>         |
| Reportable segments total                                 | 1,283                 |
| Intersegment eliminations                                 | 1                     |
| Amortization of goodwill                                  | (13)                  |
| Adjustment of inventories                                 | 23                    |
| Other adjustment  | (2)                   |
| Operating income on the consolidated statements of income | 1,292                 |

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

Not Applicable

II. Three months ended June 30, 2014 (from April 1, 2014 to June 30, 2014)

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

Unit: Millions of yen

|                                 | Japan  | Americas | Europe | Asia and<br>Oceania | Total  |
|---------------------------------|--------|----------|--------|---------------------|--------|
| Net sales                       |        |          |        |                     |        |
| External customer sales         | 15,834 | 2,489    | 1,966  | 3,221               | 23,512 |
| Intersegment sales and transfer | 1,505  | 28       | 80     | 2,039               | 3,654  |
| Total                           | 17,340 | 2,517    | 2,047  | 5,261               | 27,167 |
| Segment profit                  | 1,000  | 213      | 103    | 278                 | 1,597  |

2. The difference between the total amount of profit or loss for reportable segments and the amount recorded on the consolidated statements of income, and the major breakdown of the difference (Matters related to difference adjustment)

Unit: Millions of yen

| Profit  | Amount |
|---|--------|
| Reportable segments total                                 | 1,597  |
| Intersegment eliminations                                 | 0      |
| Amortization of goodwill                                  | (15)   |
| Adjustment of inventories                                 | (45)   |
| Other adjustment  | (0)    |
| Operating income on the consolidated statements of income | 1,536  |

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

Not Applicable