

August 5, 2021

Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2021 [Japan GAAP]

Name of Company: KAGA ELECTRONICS CO., LTD.
 Stock Code: 8154 URL: <https://www.taxan.co.jp/>
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 Date of filing of quarterly securities report (tentative): August 13, 2021
 Date of commencement of dividend payment (tentative): -
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings presentation: No

(Yen in millions, rounded down)

1. Financial results for the first quarter of the fiscal year ending March 2022 (April 1, 2021 – June 30, 2021)

(1) Result of operations (Consolidated, year-to-date)

(Percentage figures represent year on year changes)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|-------------------------------|-------------|--------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| First quarter ended June 2021 | 105,949 | 25.9 | 4,452 | 168.8 | 4,566 | 197.8 | 2,872 | (66.6) |
| First quarter ended June 2020 | 84,130 | (23.2) | 1,656 | (10.5) | 1,533 | (25.0) | 8,598 | 536.8 |

Note: Comprehensive income: 1Q of FY3/2022: 3,383 million yen [(63.0%)] 1Q of FY3/2021: 9,148 million yen[-%]

| | Earnings per share | Earnings per share (diluted) |
|-------------------------------|--------------------|------------------------------|
| | Yen | Yen |
| First quarter ended June 2021 | 104.55 | - |
| First quarter ended June 2020 | 313.15 | - |

Note1: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. was applied from the first quarter of the current fiscal year.

2: Provisional accounting standards related to a business combination were fixed at the end of the fiscal year ended in March 2021. Figures for the first quarter of the fiscal year ended in March 2021 reflect the fixed content of the provisional accounting standards.

(2) Financial Position (Consolidated)

| | Total assets | Net assets | Equity ratio |
|----------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of June 30, 2021 | 228,819 | 97,081 | 40.6 |
| As of March 31, 2021 | 237,004 | 95,062 | 38.4 |

Reference: Shareholders' equity : As of June 30, 2021: 92,942 million yen As of March 31, 2021: 90,967million yen

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. was applied from the first quarter of the current fiscal year.

2. Dividends

| | Dividend per share | | | | |
|--|--------------------|-------|-----|----------|-----------|
| | 1Q | 2Q | 3Q | Year-end | Full year |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 2021 | - | 30.00 | - | 50.00 | 80.00 |
| Fiscal year ending March 2022 | - | | | | |
| Fiscal year ending March 2022 (Forecast) | | 40.00 | - | 40.00 | 80.00 |

Notes: Change in the dividend forecast from the latest announcement: None

Breakdown of year-end dividend for FY3/21: Ordinary dividend: 30.00 yen; Extraordinary dividend: 20.00 yen

3. Forecast for the fiscal year ending March 2022 (Consolidated, April 1, 2021 – March 31, 2022)

(Percentage figures represent year on year changes)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Earnings per share |
|-----------|-------------|------|------------------|------|-----------------|-----|---|--------|--------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 470,000 | 11.3 | 13,000 | 13.4 | 12,000 | 6.7 | 8,000 | (29.8) | 291.20 |

Note: Change in the forecast from the latest announcement: None

* Notes

(1) Changes in significant subsidiaries (Changes in specified subsidiaries accompanied by changes in the scope of consolidation): None

(2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: None

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

(a) Changes due to revision of accounting standards: Yes

(b) Changes other than (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

Note: For more information, please refer "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to quarterly consolidated financial statements (Changes in accounting policies)" on page 9.

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of June 30, 2021: 28,702,118 As of March 31, 2021 28,702,118

(b) Treasury shares

As of June 30, 2021: 1,230,019 As of March 31, 2021 1,229,877

(c) Average number of shares (quarterly consolidated during the period)

Period ended June 30, 2021: 27,472,177 Period ended June 30, 2020: 27,458,812

* The quarterly audit procedures by a certified public accountant or auditing firm are not applicable to this Quarterly Financial Results report.

* Cautionary statement regarding forecasts of operating results and special notes

(Caution regarding forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For conditions as assumption for earnings forecast and cautionary statement regarding use of the forecast, please see "1. Results of Operations, (3) Qualitative information on consolidated earnings forecast" on page 4.

(How to obtain supplementary materials on quarterly financial results)

The Company also plans to post the quarterly earnings supplementary explanatory documents on its website promptly after announcing financial results.

Index for Supplementary Information

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1. Results of Operations

(1) Overview of consolidated business performance

During the first quarter of the consolidated fiscal period under review, there was a resurgence of COVID-19 around the world, including in Japan, and there is still no indication of when outbreaks will subside. However, economic activity is recovering compared with one year earlier in China, which was quick to begin its vaccine rollout, as well as in Europe, the US and other key countries. There were signs of a recovery in capital investment and manufacturing activity in the manufacturing industry overall.

In the electronics industry to which the Group belongs, there was a shortage in the supply of electronic parts such as semiconductors in some areas due to an overall recovery in demand. Although this affected manufacturing plans in the auto industry, even among electronic equipment manufacturers, overall demand remained robust on the back of the recovery in manufacturing activity.

As a result of these factors, net sales in the first quarter of the consolidated fiscal year rose 25.9% year on year to 105,949 million yen. This growth was driven by the electronic components business, which is the Group's core business.

In terms of income, in addition to an increase in gross profit following higher sales and improvements of the gross profit rate, the Company continued the efforts begun in the previous fiscal year to reduce and scale back expenses, starting with promoting the use of telework and online meetings, among other measures. As a result, operating income rose 168.8% year on year to 4,452 million yen and ordinary income climbed 197.8% to 4,566 million yen, which were record highs for a first quarter. Profit attributable to owners of parent was down 66.6% year on year to 2,872 million yen due to the absence of the 7,963 million yen "gain on bargain purchase" posted in the previous fiscal year as extraordinary income following a corporate acquisition.

The fiscal year ending in March 2022 will be the last year of the Group's three-year management plan, Medium-Term Management Plan 2021 (2019–2021), which began in April 2019. In addition to an overall recovery in demand, a recovery in revenue in the electronic components business, including steady progress in PMI at Kaga FEI Co., Ltd., and EXCEL Co., Ltd., drove the Group's business performance. This made for a good start toward achieving the plan's targets.

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. was applied from the first quarter of the current fiscal year. This lowered net sales in the first quarter by 1,577million yen. For details, refer to "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to quarterly consolidated financial statements (Changes to accounting policies)."

| | FY 2021/3 1Q (April 1, 2020 – June 30, 2020) | FY 2022/3 1Q (April 1, 2021 – June 30, 2021) | YoY | |
|---|--|--|---------------|---------|
| | (Million yen) | (Million yen) | (Million yen) | |
| Net sales | 84,130 | 105,949 | 21,819 | 25.9% |
| Gross profit | 9,997 | 13,550 | 3,553 | 35.5% |
| (Margin) | 11.9% | 12.8% | 0.9pt | – |
| SG&A | 8,341 | 9,098 | 757 | 9.1% |
| Operating income | 1,656 | 4,452 | 2,796 | 168.8% |
| Ordinary income | 1,533 | 4,566 | 3,033 | 197.8% |
| Profit before income taxes | 9,066 | 4,129 | (4,937) | (54.5%) |
| Profit attributable to owners of parent | 8,598 | 2,872 | (5,726) | (66.6%) |
| Exchange Rate (Average rate during the year period) USD | 107.62yen | 109.49yen | 1.87yen | – |

Business segment performance was as follows.

- (a) Electronic components (Development, manufacture and sale of semiconductors, general electronic components and other products, the electronics manufacturing service (EMS), and other activities)

In this business, the components sales business experienced a shortfall in the supply of electronic parts such as semiconductors in some areas, but results were solid due to robust demand from a wide range of industries. In the EMS business, demand from the automotive, industrial equipment, and medical sector remained solid.

As a result, net sales increased by 32.9% year on year to 90,624 million yen, and segment income increased by 212.0% year on year to 3,699 million yen.

Since the fiscal year of the overseas subsidiaries of EXCEL, which became consolidated in April 2020, ends in December, earnings for January–March 2020, prior to consolidation, were not posted as quarterly data for the previous fiscal year, but the January–March 2021 results were posted for this consolidated fiscal year

(Note) Electronics Manufacturing Service: Provision of product development and manufacturing services on an outsourcing basis.

- (b) Information equipment (Sales of PCs, PC peripherals, home electric appliances, photograph and imaging products, original brand products, and other products)

In this business, sales of PCs to educational institutions and PC peripherals such as security software remained strong, but sales declined due to a reactionary decline in the sale of PCs for remote work and delays to work in the LED installation business necessitated by the customer's circumstances, among other factors.

As a result, net sales decreased by 15.2% year on year to 10,636 million yen, and segment income decreased by 2.6% year on year to 568 million yen.

- (c) Software (Production of computer graphics, planning and development of amusement products, and other activities)

In this business, the development of games for smartphones was solid due to stay-at-home demand, but development costs and other expenses increased.

As a result, net sales increased by 15.5% year on year to 568 million yen, and segment loss of 67 million yen was recorded (44 million yen of segment loss in the same period of the previous fiscal year).

- (d) Others (Repair and support for electronics equipment, and sales of amusement equipment and sports goods, and others)

In this business, the PC and PC peripheral recycling business was strong. In addition, voluntary restrictions on operating hours at large commercial facilities and others as part of COVID-19 measures were relaxed, and the sale of game equipment for the amusement industry as well as golf products increased.

As a result, net sales increased by 41.9% year on year to 4,120 million yen, and segment income of 217 million yen was recorded (101 million yen of segment loss in the same period of the previous fiscal year).

Financial Results by Business Segment

| | | FY 2020/3 1Q | FY 2022/3 1Q | YoY | |
|-----------------------|----------------|---------------------------------|---------------------------------|---------------|---------|
| | | (April 1, 2020 – June 30, 2020) | (April 1, 2021 – June 30, 2021) | (Million yen) | |
| | | (Million yen) | (Million yen) | (Million yen) | |
| Electronic components | Net sales | 68,196 | 90,624 | 22,427 | 32.9% |
| | Segment income | 1,185 | 3,699 | 2,514 | 212.0% |
| Information equipment | Net sales | 12,537 | 10,636 | (1,901) | (15.2%) |
| | Segment income | 583 | 568 | (14) | (2.6%) |
| Software | Net sales | 491 | 568 | 76 | 15.5% |
| | Segment income | (44) | (67) | (22) | – |
| Others | Net sales | 2,904 | 4,120 | 1,216 | 41.9% |
| | Segment income | (101) | 217 | 319 | – |
| Total | Net sales | 84,130 | 105,949 | 21,819 | 25.9% |
| | Segment income | 1,656 | 4,452 | 2,796 | 168.8% |

Note: "Segment income" shows unadjusted figures for each business segment and adjusted figures for the total.

(2) Overview of financial condition

Assets, liabilities and net assets

Total assets as of June 30, 2021 decreased by 8,185 million yen from March 31, 2020, to 228,819 million yen.

Current assets decreased by 8,344 million yen compared with the end of the previous fiscal year, to 191,834 million yen. This was primarily due to a 16,804 million yen decrease in notes and accounts receivable – trade and a 9,595 million yen increase in merchandise and finished goods.

Non-current assets increased by 159 million yen from March 31, 2021, to 36,984 million yen.

Liabilities decreased by 10,204 million yen from March 31, 2021, to 131,738 million yen. This is primarily due to a decrease of 8,979 million yen in notes and accounts payable – trade, a decrease of 1,314 million yen in income taxes payable.

Net assets increased by 2,018 million yen from March 31, 2021, to 97,081 million yen. This is primarily the result of recording 2,872 million yen of profit attributable to owners of the parent.

(3) Qualitative information on consolidated earnings forecast

There are no changes in the consolidated earnings forecasts for the current consolidated fiscal year from the forecasts announced on May 13, 2021.

(Reference) Forecast for the fiscal year ending March 2022 and Medium-term Management Plan 2021 Management Targets

| | Results FY2021/3 | Forecasts FY2022/3 | YoY | Management Targets FY2021 |
|--|---------------------|-----------------------|---------|------------------------------|
| | (Million yen) | (Million yen) | | (Million yen) |
| Net Sales | 422,365 | 470,000 | 11.3% | 500,000 |
| Operating Income | 11,467 | 13,000 | 13.4% | 13,000 |
| Ordinary Income | 11,241 | 12,000 | 6.7% | – |
| Profit attributable to owners of parent | 11,399 | 8,000 | (29.8%) | – |
| R O E | 13.5% | 8.5% | (5.0pt) | 8% or higher |

Note: The above earnings forecasts are based on the information currently available to the Company on the date of release and certain assumptions deemed reasonable. Actual results may vary from the forecast for a variety of reasons.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheet

(Million yen)

| | Fiscal year ended March 2021 (As of March 31, 2021) | First quarter ended June 2021 (As of June 30, 2021) |
|---|--|--|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 45,636 | 40,239 |
| Notes and accounts receivable - trade | 103,773 | 86,969 |
| Electronically recorded monetary claims - operating | 4,621 | 5,043 |
| Securities | 302 | 290 |
| Merchandise and finished goods | 29,727 | 39,323 |
| Work in process | 1,280 | 1,643 |
| Raw materials and supplies | 6,940 | 9,019 |
| Other | 9,921 | 10,525 |
| Allowance for doubtful accounts | (2,024) | (1,220) |
| Total current assets | 200,179 | 191,834 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 7,021 | 6,750 |
| Machinery, equipment and vehicles, net | 4,642 | 5,006 |
| Tools, furniture and fixtures, net | 1,378 | 1,321 |
| Land | 5,074 | 5,074 |
| Construction in progress | 107 | 75 |
| Total property, plant and equipment | 18,225 | 18,229 |
| Intangible assets | | |
| Goodwill | 209 | 180 |
| Software | 2,338 | 2,816 |
| Other | 62 | 56 |
| Total intangible assets | 2,609 | 3,053 |
| Investments and other assets | | |
| Investment securities | 10,771 | 11,007 |
| Deferred tax assets | 2,252 | 1,758 |
| Guarantee deposits | 931 | 897 |
| Insurance funds | 910 | 911 |
| Other | 1,629 | 2,417 |
| Allowance for doubtful accounts | (504) | (1,290) |
| Total investments and other assets | 15,990 | 15,701 |
| Total non-current assets | 36,825 | 36,984 |
| Total assets | 237,004 | 228,819 |

(Million yen)

| | Fiscal year ended March 2021 (As of March 31, 2021) | First quarter ended June 2021 (As of June 30, 2021) |
|---|--|--|
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 79,854 | 70,874 |
| Short-term loans payable | 10,800 | 12,760 |
| Accrued expenses | 5,957 | 5,229 |
| Income taxes payable | 2,136 | 822 |
| Provision for directors' bonuses | 126 | 13 |
| Other | 9,642 | 8,639 |
| Total current liabilities | 108,517 | 98,339 |
| Non-current liabilities | | |
| Long-term loans payable | 25,166 | 25,158 |
| Deferred tax liabilities | 1,685 | 1,866 |
| Provision for directors' retirement benefits | 106 | 111 |
| Net defined benefit liability | 2,272 | 2,274 |
| Asset retirement obligations | 343 | 344 |
| Other | 3,850 | 3,644 |
| Total non-current liabilities | 33,424 | 33,398 |
| Total liabilities | 141,942 | 131,738 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 12,133 | 12,133 |
| Capital surplus | 14,327 | 14,327 |
| Retained earnings | 64,568 | 66,074 |
| Treasury shares | (1,984) | (1,984) |
| Total shareholders' equity | 89,045 | 90,551 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,378 | 1,275 |
| Deferred gains or losses on hedges | 50 | 14 |
| Foreign currency translation adjustment | 470 | 1,074 |
| Remeasurements of defined benefit plans | 21 | 25 |
| Total accumulated other comprehensive income | 1,921 | 2,391 |
| Non-controlling interests | 4,095 | 4,138 |
| Total net assets | 95,062 | 97,081 |
| Total liabilities and net assets | 237,004 | 228,819 |

(2) Quarterly consolidated statements of income and comprehensive income
For the First quarter (April 1, 2021 – June 30, 2021)

(Million yen)

| | First quarter ended June 2020 (April 1, 2020– June 30,2020) | First quarter ended June 2021 (April 1, 2021 – June 30, 2021) |
|---|--|--|
| Net sales | 84,130 | 105,949 |
| Cost of sales | 74,132 | 92,398 |
| Gross profit | 9,997 | 13,550 |
| Selling, general and administrative expenses | 8,341 | 9,098 |
| Operating income | 1,656 | 4,452 |
| Non-operating income | | |
| Interest income | 29 | 28 |
| Dividends income | 74 | 63 |
| Foreign exchange gains | – | 106 |
| Commission income | 50 | 60 |
| Other | 142 | 137 |
| Total non-operating income | 296 | 394 |
| Non-operating expenses | | |
| Interest expenses | 68 | 74 |
| Share of loss of entities accounted for using equity method | 150 | 171 |
| Foreign exchange losses | 184 | – |
| Other | 15 | 34 |
| Total non-operating expenses | 419 | 280 |
| Ordinary income | 1,533 | 4,566 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | 0 |
| Gain on sales of investment securities | 39 | 9 |
| Gain on bargain purchase | 7,963 | – |
| Gain on sale of businesses | 7 | 7 |
| Other | 2 | – |
| Total Extraordinary income | 8,012 | 16 |
| Extraordinary loss | | |
| Impairment loss | – | 31 |
| Loss on retirement of non-current assets | 12 | 6 |
| Loss on valuation of investment securities | 421 | 6 |
| Loss on liquidation of subsidiaries and associates | – | 109 |
| Provision of allowance for doubtful accounts | – | 281 |
| Other | 45 | 18 |
| Total extraordinary loss | 480 | 454 |
| Profit before income taxes | 9,066 | 4,129 |
| Income taxes - current | 292 | 478 |
| Income taxes - deferred | 177 | 741 |
| Total income taxes | 470 | 1,220 |
| Profit | 8,596 | 2,908 |

(Million yen)

| | First quarter ended June 2020 (April 1, 2020– June 30,2020) | First quarter ended June 2021 (April 1, 2021 – June 30, 2021) |
|---|--|--|
| Profit attributable to owners of parent | 8,598 | 2,872 |
| Profit (loss) attributable to non-controlling interests | (2) | 36 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 534 | (104) |
| Deferred gains or losses on hedges | (14) | (36) |
| Foreign currency translation adjustment | (42) | 567 |
| Remeasurements of defined benefit plans, net of tax | 7 | 4 |
| Share of other comprehensive income of associates accounted for using equity method | 67 | 44 |
| Total other comprehensive income | 552 | 475 |
| Comprehensive income | 9,148 | 3,383 |
| Comprehensive income attributable to owners of parent | 9,154 | 3,341 |
| Comprehensive income attributable to non-controlling interests | (6) | 42 |

(3) Notes to quarterly consolidated financial statements

(Notes to going concern assumptions)

Not applicable

(Significant change in shareholders' equity)

Not applicable

(Changes to Accounting Policies)

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

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the current fiscal year, and it recognizes revenue as the amount expected to be received in exchange for goods or services when control over the promised goods and services passes over to the customer.

As a result, in the case of a performance obligation in which the promise with the customer involves the supply of goods or services provided by another party, the net amount received as the agent is recognized as revenue.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter, was added to or subtracted from the beginning balance of retained earnings of the first quarter, and thus the new accounting policy was applied from the beginning balance.

However, the method provided for in Paragraph 86 of the Accounting Standard for Revenue Recognition was applied so that the new accounting policy was not retrospectively applied to contracts where recognitions of nearly all the revenue amounts for periods prior to the beginning of the first quarter were subject to the previous treatment.

As a result, compared to the previous method, in this first quarter, net sales decreased by 1,577 million yen, and the impact on operating income, ordinary income, and profit before income taxes was minimal.

(Application of Accounting Standards for Fair Value Measurement)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) was applied from the start of the first quarter of this consolidated fiscal year, and in accordance with the transitional treatment set forth in Article 19 of "Accounting Standard for Fair Value Measurement" and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company will continue to apply new accounting policies prescribed by "Accounting Standard for Fair Value Measurement" and other standards into the future. The effects of this adoption on the quarterly consolidated financial statements are immaterial.

(Additional information)

(Accounting estimates associated with the COVID-19 pandemic)

Accounting estimates such as of impairment of non-current assets and collectability of deferred tax assets are made based on information that is available as of June 30, 2021 and do not include significant changes from the financial statement for the previous consolidated fiscal year.

(Segment information)

I . For the first quarter ended June 2020 (April 1, 2020 – June 30, 2020)

Information about net sales and income (loss) by reportable segments

(Million yen)

| | Reportable segments | | | | | Adjustment (Note 1) | Consolidated (Note 2) |
|-------------------------------------|--------------------------|--------------------------|----------|--------|--------|------------------------|--------------------------|
| | Electronic components | Information equipment | Software | Others | Total | | |
| Net sales: | | | | | | | |
| Sales to external customers | 68,196 | 12,537 | 491 | 2,904 | 84,130 | – | 84,130 |
| Inter-segment sales or transfers | 615 | 1,072 | 125 | 874 | 2,687 | (2,687) | – |
| Total | 68,811 | 13,610 | 617 | 3,778 | 86,817 | (2,687) | 84,130 |
| Segment income (loss) | 1,185 | 583 | (44) | (101) | 1,622 | 33 | 1,656 |

Notes: 1. Adjustment in segment income of 33 million yen includes 33 million yen for elimination of inter-segment trade.

2. Segment income (loss) is adjusted for operating income on the quarterly consolidated statements of income and comprehensive income.

II . For the first quarter ended June 2021 (April 1, 2021 – June 30, 2021)

Information about net sales and income (loss) by reportable segments

(Million yen)

| | Reportable segments | | | | | Adjustment (Note 1) | Consolidated (Note 2) |
|-------------------------------------|--------------------------|--------------------------|----------|--------|---------|------------------------|--------------------------|
| | Electronic components | Information equipment | Software | Others | Total | | |
| Net sales: | | | | | | | |
| Sales to external customers | 90,624 | 10,636 | 568 | 4,120 | 105,949 | – | 105,949 |
| Inter-segment sales or transfers | 949 | 1,171 | 49 | 1,547 | 3,718 | (3,718) | – |
| Total | 91,573 | 11,807 | 617 | 5,668 | 109,667 | (3,718) | 105,949 |
| Segment income (loss) | 3,699 | 568 | (67) | 217 | 4,418 | 33 | 4,452 |

Notes: 1. Adjustment in segment income of 33 million yen includes 33 million yen for elimination of inter-segment trade.

2. Segment income (loss) is adjusted for operating income on the quarterly consolidated statements of income and comprehensive income.