

# YAMAHA CORPORATION

## Flash Report Consolidated Basis (Japanese GAAP) Results for the First Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016–June 30, 2016)

August 2, 2016

**Company name:** YAMAHA CORPORATION  
(URL <http://www.yamaha.com>)

**Code number:** 7951

**Stock listing:** Tokyo Stock Exchange (First Section)

**Address of headquarters:** 10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka 430-8650, Japan

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**Scheduled date to submit Quarterly Securities Report:** August 12, 2016

**Scheduled date to begin dividend payments:** —

**Supplementary materials to the quarterly financial statements have been prepared:** Yes

**Presentation will be held to explain the quarterly financial results:** Yes (for securities analysts and institutional investors)

### 1. Results for the First Quarter of FY2017.3 (April 1, 2016–June 30, 2016)

Figures of less than ¥1 million have been omitted.

#### (1) Consolidated Operating Results (Accumulation)

(Percentage figures are changes from the same period of the previous fiscal year.)

|                                  | Net sales       |                                 | Operating income |                                 | Ordinary income |                                 |
|----------------------------------|-----------------|---------------------------------|------------------|---------------------------------|-----------------|---------------------------------|
|                                  | Millions of yen | % change from the previous year | Millions of yen  | % change from the previous year | Millions of yen | % change from the previous year |
| <b>First quarter of FY2017.3</b> | <b>¥98,399</b>  | <b>(6.8)%</b>                   | <b>¥11,775</b>   | <b>33.0%</b>                    | <b>¥11,463</b>  | <b>35.5%</b>                    |
| First quarter of FY2016.3        | ¥105,533        | 6.0%                            | ¥8,851           | 42.0%                           | ¥8,462          | 44.5%                           |

Note: Comprehensive income: **First quarter of FY2017.3** **¥2,018 million (55.9)%**  
First quarter of FY2016.3 ¥4,581 million (19.4)%

|                                  | Net income attributable to owners of parent |                                 | Net income per share | Net income per share after full dilution |
|----------------------------------|---|---------------------------------|----------------------|--|
|                                  | Millions of yen                             | % change from the previous year | Yen                  | Yen                                      |
| <b>First quarter of FY2017.3</b> | <b>¥22,486</b>                              | <b>259.7%</b>                   | <b>¥119.83</b>       | —  |
| First quarter of FY2016.3        | ¥6,251                                      | 53.3%                           | ¥32.29               | —  |

#### (2) Consolidated Financial Data

|  | Total assets    | Net assets      | Shareholders' equity ratio | Net assets per share |
|--|-----------------|-----------------|----------------------------|----------------------|
|  | Millions of yen | Millions of yen | %                          | Yen                  |
| <b>First quarter of FY2017.3 (As of June 30, 2016)</b> | <b>¥441,334</b> | <b>¥298,193</b> | <b>67.1%</b>               | <b>¥1,579.69</b>     |
| FY2016.3 (As of March 31, 2016)                        | ¥469,745        | ¥303,889        | 64.2%                      | ¥1,601.55            |

(For reference) Shareholders' equity: **First quarter of FY2017.3** **¥296,091 million** FY2016.3 ¥301,544 million

## 2. Dividends

|                     | Dividends applicable to the fiscal year |                       |                      |                    |                  |
|---------------------|---|-----------------------|----------------------|--------------------|------------------|
|                     | End of first quarter                    | End of second quarter | End of third quarter | End of fiscal year | Full fiscal year |
|                     | Yen                                     | Yen                   | Yen                  | Yen                | Yen              |
| FY2016.3            | —                                       | ¥18.00                | —                    | ¥26.00             | ¥44.00           |
| FY2017.3            | —                                       |                       |                      |                    |                  |
| FY2017.3 (Forecast) |   | ¥26.00                | —                    | ¥26.00             | ¥52.00           |

Note: Revisions from recently announced dividend forecast: None

## 3. Consolidated Financial Forecasts for FY2017.3 (April 1, 2016–March 31, 2017)

(Percentage figures for the full fiscal year are changes from the previous year, and those for the second quarter accumulation are changes from the same period of the previous fiscal year.)

|   | Net sales       |                                 | Operating income |                                 | Ordinary income |                                 |
|---|-----------------|---------------------------------|------------------|---------------------------------|-----------------|---------------------------------|
|   | Millions of yen | % change from the previous year | Millions of yen  | % change from the previous year | Millions of yen | % change from the previous year |
| Second quarter accumulation of FY2017.3 | ¥200,500        | (7.8)%                          | ¥23,000          | 8.3%                            | ¥23,500         | 5.7%                            |
| FY2017.3                                | ¥411,000        | (5.6)%                          | ¥42,000          | 3.3%                            | ¥42,000         | 2.7%                            |

|   | Net income attributable to owners of parent |                                 | Net income per share |
|---|---|---------------------------------|----------------------|
|   | Millions of yen                             | % change from the previous year | Yen                  |
| Second quarter accumulation of FY2017.3 | ¥31,500                                     | 80.9%                           | ¥167.95              |
| FY2017.3                                | ¥45,500                                     | 39.4%                           | ¥242.66              |

Note: Revisions from recently announced performance forecast: Yes

## Footnote Items

- (1) Changes in the state of material subsidiaries during the period (Changes regarding significant subsidiaries accompanying changes in the scope of consolidation): None
- (2) The application of special accounting treatment for the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting principles, changes in accounting estimates, and changes in presentation due to revisions
  - (a) Changes in accounting principles accompanying revisions in accounting standards: None
  - (b) Changes other than those in (a) above: Yes
  - (c) Changes in accounting estimates: Yes
  - (d) Changes in presentation due to revisions: None

(Note) Regarding the methods for calculation of depreciation of property, plant and equipment, previously, the Company and its consolidated subsidiaries in Japan adopted the declining balance method, and overseas consolidated subsidiaries mainly applied the straight-line method for calculating depreciation. However, from the beginning of the first quarter of FY2017.3, the method for depreciation in the Company and its subsidiaries has been changed to the straight-line method. Since this matter corresponds to Article 10-5 of the Regulations for Preparation of Quarterly Consolidated Financial Statements, “Yes” is shown in the section “(b) Changes other than those in (a) above: Changes in accounting principles accompanying revisions in accounting standards” and in the section “Changes in accounting estimates.”

For further details, please refer to page 2 of the supplementary materials, the section entitled: “1. Summary Information (Footnote Items), (1) “Changes in Accounting Principles, Changes in Accounting Estimates, and Changes in Presentation due to Revisions.”

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

|   |                                  |                           |                           |                    |
|---|----------------------------------|---------------------------|---------------------------|--------------------|
| (a) Number of shares issued at the end of the period (including treasury stock)       | <b>First quarter of FY2017.3</b> | <b>197,255,025 shares</b> | FY2016.3                  | 197,255,025 shares |
| (b) Number of treasury stock at the end of the period                                 | <b>First quarter of FY2017.3</b> | <b>9,818,558 shares</b>   | FY2016.3                  | 8,971,933 shares   |
| (c) Average number of shares issued during the period (quarterly accumulation period) | <b>First quarter of FY2017.3</b> | <b>187,648,198 shares</b> | First quarter of FY2016.3 | 193,623,063 shares |

## Status of Performance of Quarterly Review Procedures

This quarterly flash report is exempt from the quarterly review procedures based on Japan’s Financial Instruments and Exchange Law. At the time when this quarterly flash report was disclosed, the quarterly review procedures have been under way.

## Explanation of the Appropriate Use of Performance Forecasts and Other Related Items

Consolidated financial forecasts were prepared based on information available at the time of the announcement and do not represent promises by the Company or its management that these performance figures will be attained. Actual consolidated results may differ from forecasts owing to a wide range of factors.

For commentary information regarding the closing of accounts for the first quarter of FY2017.3, please refer to “Outline of the Consolidated Financial Results for the First Quarter (Three Months) of the Fiscal Year Ending March 31, 2017 (FY2017.3) and Outlook for Consolidated Performance for the Full Fiscal Year,” which was released today (August 2, 2016).

## Revision in Performance Forecast

After consideration of the financial results for the first quarter of FY2017.3 and business trends going forward, in the consolidated forecast for the second quarter accumulation (six months), the outlook for net sales has been revised downward to ¥200.5 billion, while the forecasts for income have been revised upwards as follows: operating income of ¥23.0 billion, ordinary income of ¥23.5 billion and net income attributable to owners of the parent of ¥31.5 billion. In addition, for the full year ending March 31, 2017, the forecast for net sales has been revised downward to ¥411.0 billion. However, the outlooks for operating income, ordinary income and net income attributable to owners of the parent remain unchanged.

The materials to be distributed for this earnings presentation and other materials will be posted on the Company’s website immediately after the presentation is concluded.

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## **1. Summary Information (Footnote Items)**

### **(1) Changes in Accounting Principles, Changes in Accounting Estimates, and Changes in Presentation due to Revisions**

#### **Changes in the depreciation method for calculation of property, plant and equipment**

Regarding the methods for calculation of depreciation of property, plant and equipment, previously, the Company and its consolidated subsidiaries in Japan adopted the declining balance method, and overseas consolidated subsidiaries mainly applied the straight-line method for calculating depreciation. However, from the beginning of the first quarter of FY2017.3, the method for depreciation in the Company and its subsidiaries has been changed to the straight-line method.

Under the new medium-term management plan “NEXT STAGE 12,” which will cover the three-year period beginning from the current fiscal year, as a part of its key strategies, the Company has set the objectives of continually reducing costs, including reorganization of production processes and strengthening its global business platforms. In addition, along with the expansion of the sales and production overseas and the increasing number of overseas subsidiaries through M&A, the importance of overseas bases is increasing. Since standardization of accounting treatment throughout the Group has risen in importance, on the occasion of preparing a new medium-term business plan, the Company reconsidered the methods for calculating depreciation of property, plant and equipment

Taking into account the actual usage and capital investments in the past as well as the usage plans and capital investments in the future, since the outlook is for the property, plant and equipment to be used stably over long useful lives, the Company has decided that it will be reasonable for depreciation expenses to be spread evenly over the useful lives of these assets through the use of the straight-line method of depreciation.

As a result of this change, operating income, ordinary income, and income before income taxes for the first quarter (accumulated) were ¥129 million higher than they would have been in the absence of such changes, respectively.

Please note that the effect of this change to the segment information is stated in the related section.

### **(2) Additional Information**

#### **Presentation of deferred tax assets accompanying the application of “Implementation Guidance on Recoverability of Deferred Tax Assets”**

The Company has applied “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, issued March 28, 2016) from the beginning of the first quarter of FY2017.3, and based on the recent performance trends and other factors, the Company has revised the recoverability of deferred tax assets.

As a result, during the first quarter of FY2017.3, deferred tax assets have been additionally recorded in the consolidated financial statements, with ¥13,500 million to be credited as income taxes-deferred.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

|  | First quarter of FY2017.3<br>(as of June 30, 2016) | FY2016.3<br>(as of March 31, 2016) |
|--|--|------------------------------------|
| <b>ASSETS</b>                          |  |                                    |
| <b>Current assets</b>                  |  |                                    |
| Cash and deposits                      | ¥ 84,654   | ¥ 88,166                           |
| Notes and accounts receivable–trade    | 46,165   | 49,026                             |
| Merchandise and finished goods         | 64,690   | 63,232                             |
| Work in process                        | 12,980   | 12,825                             |
| Raw materials and supplies             | 15,664   | 15,808                             |
| Other                                  | 23,189   | 27,324                             |
| Allowance for doubtful accounts        | (1,196)  | (1,247)                            |
| Total current assets                   | <u>246,147</u>                                     | <u>255,135</u>                     |
| <b>Noncurrent assets</b>               |  |                                    |
| Property, plant and equipment          |  |                                    |
| Buildings and structures, net          | 31,881   | 33,728                             |
| Machinery, equipment and vehicles, net | 11,883   | 12,722                             |
| Tools, furniture and fixtures, net     | 9,541  | 9,889                              |
| Land                                   | 45,617   | 46,061                             |
| Lease assets, net                      | 301  | 333                                |
| Construction in progress               | 2,511  | 1,544                              |
| Total property, plant and equipment    | <u>101,736</u>                                     | <u>104,280</u>                     |
| Intangible assets                      |  |                                    |
| Goodwill                               | 2,051  | 2,456                              |
| Other                                  | 2,849  | 3,104                              |
| Total intangible assets                | <u>4,901</u>                                       | <u>5,560</u>                       |
| Investments and other assets           |  |                                    |
| Investment securities                  | 81,007   | 96,911                             |
| Other                                  | 7,666  | 7,962                              |
| Allowance for doubtful accounts        | (125)  | (104)                              |
| Total investments and other assets     | <u>88,548</u>                                      | <u>104,769</u>                     |
| Total noncurrent assets                | <u>195,186</u>                                     | <u>214,610</u>                     |
| <b>Total assets</b>                    | <u><b>¥441,334</b></u>                             | <u><b>¥469,745</b></u>             |

Note: Figures of less than ¥1 million have been omitted.

(Millions of yen)

|   | First quarter of FY2017.3<br>(as of June 30, 2016) | FY2016.3<br>(as of March 31, 2016) |
|---|--|------------------------------------|
| <b>LIABILITIES</b>                                    |  |                                    |
| <b>Current liabilities</b>                            |  |                                    |
| Notes and accounts payable–trade                      | ¥ 18,948   | ¥ 19,353                           |
| Short-term loans payable                              | 14,018   | 8,409                              |
| Current portion of long-term loans payable            | 30   | 30                                 |
| Accounts payable–other and accrued expenses           | 29,200   | 37,222                             |
| Income taxes payable                                  | 2,155  | 2,307                              |
| Provision   | 2,371  | 2,620                              |
| Other   | 8,170  | 5,516                              |
| Total current liabilities                             | 74,895   | 75,459                             |
| <b>Noncurrent liabilities</b>                         |  |                                    |
| Long-term loans payable                               | 63   | 71                                 |
| Net defined benefit liabilities                       | 36,866   | 38,024                             |
| Other   | 31,315   | 52,301                             |
| Total noncurrent liabilities                          | 68,246   | 90,396                             |
| <b>Total liabilities</b>                              | <b>143,141</b>                                     | <b>165,856</b>                     |
| <b>NET ASSETS</b>                                     |  |                                    |
| <b>Shareholders' equity</b>                           |  |                                    |
| Capital stock   | 28,534   | 28,534                             |
| Capital surplus                                       | 40,054   | 40,054                             |
| Retained earnings                                     | 230,835  | 213,050                            |
| Treasury stock  | (23,724)   | (20,945)                           |
| Total shareholders' equity                            | 275,700  | 260,694                            |
| <b>Accumulated other comprehensive income</b>         |  |                                    |
| Valuation difference on available-for-sale securities | 43,705   | 55,038                             |
| Deferred gains or losses on hedges                    | 585  | (97)                               |
| Revaluation reserve for land                          | 16,549   | 16,743                             |
| Foreign currency translation adjustment               | (32,930)   | (19,513)                           |
| Remeasurements of defined benefit plans               | (7,518)  | (11,320)                           |
| Total accumulated other comprehensive income          | 20,391   | 40,850                             |
| <b>Non controlling interests</b>                      | <b>2,102</b>                                       | <b>2,344</b>                       |
| <b>Total net assets</b>                               | <b>298,193</b>                                     | <b>303,889</b>                     |
| <b>Total liabilities and net assets</b>               | <b>¥441,334</b>                                    | <b>¥469,745</b>                    |

**(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Operations**

(Millions of yen)

|   | First quarter of FY2017.3<br>(April 1, 2016–June 30, 2016) | First quarter of FY2016.3<br>(April 1, 2015–June 30, 2015) |
|---|--|--|
| <b>Net sales</b>  | ¥98,399  | ¥105,533   |
| <b>Cost of sales</b>  | 56,489   | 63,766   |
| Gross profit  | 41,910   | 41,767   |
| <b>Selling, general and administrative expenses</b>         | 30,134   | 32,915   |
| Operating income  | 11,775   | 8,851  |
| <b>Non-operating income</b>                                 |  |  |
| Interest income   | 178  | 149  |
| Dividends income  | 292  | 284  |
| Other   | 199  | 185  |
| Total non-operating income                                  | 671  | 619  |
| <b>Non-operating expenses</b>                               |  |  |
| Sales discounts   | 592  | 663  |
| Foreign exchange losses                                     | 294  | 65   |
| Other   | 96   | 279  |
| Total non-operating expenses                                | 983  | 1,009  |
| Ordinary income   | 11,463   | 8,462  |
| <b>Extraordinary income</b>                                 |  |  |
| Gain on sales of noncurrent assets                          | 209  | 24   |
| Total extraordinary income                                  | 209  | 24   |
| <b>Extraordinary losses</b>                                 |  |  |
| Loss on retirement of noncurrent assets                     | 29   | 66   |
| Loss on valuation of investment securities                  | 0  | 0  |
| Impairment loss   | 406  | 137  |
| Total extraordinary losses                                  | 435  | 204  |
| <b>Income before income taxes</b>                           | 11,237   | 8,282  |
| <b>Income taxes—current</b>                                 | 2,196  | 1,986  |
| <b>Income taxes—deferred</b>                                | (13,500)   | 113  |
| <b>Total income taxes</b>                                   | (11,303)   | 2,099  |
| <b>Net income for the period</b>                            | 22,540   | 6,182  |
| <b>Net income attributable to non-controlling interests</b> | 54   | (69)   |
| <b>Net income attributable to owners of parent</b>          | ¥22,486  | ¥ 6,251  |

Note: Figures of less than ¥1 million have been omitted.



## Consolidated Statements of Comprehensive Income

(Millions of yen)

|  | First quarter of FY2017.3<br>(April 1, 2016–June 30, 2016) | First quarter of FY2016.3<br>(April 1, 2015–June 30, 2015) |
|--|--|--|
| <b>Net income for the period</b>   | <b>¥22,540</b>   | ¥ 6,182  |
| <b>Other comprehensive income</b>  |  |  |
| Valuation difference on available-for-sale securities                                  | (11,324)   | (5,408)  |
| Deferred gains or losses on hedges   | 683  | (425)  |
| Foreign currency translation adjustments   | (13,674)   | 4,043  |
| Remeasurements of defined benefit plans  | 3,802  | 178  |
| Share of other comprehensive income of associates<br>accounted for using equity method | (8)  | 11   |
| Total other comprehensive income   | (20,521)   | (1,601)  |
| <b>Comprehensive income</b>  | <b>2,018</b>   | 4,581  |
| (Composition)  |  |  |
| Comprehensive income attributable to owners of parent                                  | 2,220  | 4,603  |
| Comprehensive income attributable to non-controlling interests                         | ¥ (201)  | ¥ (22)   |

Note: Figures of less than ¥1 million have been omitted.

**(3) Notes to the Quarterly Financial Statements**  
**Notes Regarding Assumptions as a Going Concern**

None

**Notes Regarding Any Major Change in the Amount of Consolidated Shareholders' Equity**

None

**Segment Information, Etc.**

**(Segment Information)**

**First quarter of FY2017.3 (April 1, 2016–June 30, 2016)**

1. Sales and Income by Reporting Segment

(Millions of yen)

|                                 | Reporting segment   |                 |          | Others | Total   | Adjustments | Consolidated |
|---------------------------------|---------------------|-----------------|----------|--------|---------|-------------|--------------|
|                                 | Musical instruments | Audio equipment | Total    |        |         |             |              |
| Sales to external customers     | ¥64,655             | ¥25,540         | ¥90,195  | ¥8,203 | ¥98,399 |             | ¥98,399      |
| Intersegment sales or transfers |                     |                 |          | 127    | 127     | ¥(127)      |              |
| Total sales                     | 64,655              | 25,540          | 90,195   | 8,330  | 98,526  | ¥(127)      | 98,399       |
| Segment income                  | ¥ 9,368             | ¥ 2,015         | ¥ 11,383 | ¥ 392  | ¥11,775 |             | ¥11,775      |

Notes: 1. The item "Adjustments" contains the following:

The sales adjustment item of ¥(127) million, which comprises eliminations of transactions among the Company's business segments

2. "Segment income" means the operating income of the segment as presented in the Consolidated Statements of Operations.

2. Changes in Reporting Segments

**(Change in business segments)**

From the beginning of the first quarter of FY2017.3, the reporting segment classification and presentation have been changed.

Accompanying the decrease in size of the electronic devices business, it has been excluded from reporting segment and included in the others segment. Sales of this business to external customers for the first quarter in the previous fiscal year amounted to ¥3,493 million and segment income was ¥366 million.

Also, as a result of the review of the classification of businesses, the soundproof product business has been moved from the musical instruments segment to the audio equipment segment. The impact of this change was not material.

Please note that segment information for the first quarter (accumulated) of the previous fiscal year has been prepared and presented after the change in business segments.

**(Changes in the depreciation method for calculation of property, plant and equipment)**

As noted in "1. Summary Information (Footnote Items), (1) "Changes in Accounting Principles, Changes in Accounting Estimates, and Changes in Presentation due to Revisions," the method for depreciation has been changed. Regarding the methods for calculation of depreciation of property, plant and equipment, previously, the Company and its consolidated subsidiaries in Japan adopted the declining balance method, and overseas consolidated subsidiaries mainly applied the straight-line method for calculating depreciation. However, from the beginning of the first quarter of FY2017.3, the method for depreciation in the Company and its subsidiaries has been changed to the straight-line method.

As a result of this change, segment income of musical instruments and audio equipment was ¥80 million and ¥60 million higher, and others was ¥11 million lower than they would have been in the absence of this change, respectively.

First quarter of FY2016.3 (April 1, 2015–June 30, 2015)

2. Sales and Income by Reporting Segment

(Millions of yen)

|                                 | Reporting segment   |                 |         | Others  | Total    | Adjustments | Consolidated |
|---------------------------------|---------------------|-----------------|---------|---------|----------|-------------|--------------|
|                                 | Musical instruments | Audio equipment | Total   |         |          |             |              |
| Sales to external customers     | ¥70,425             | ¥25,121         | ¥95,547 | ¥ 9,986 | ¥105,533 |             | ¥105,533     |
| Intersegment sales or transfers |                     |                 |         | 142     | 142      | ¥(142)      |              |
| Total sales                     | 70,425              | 25,121          | 95,547  | ¥10,129 | 105,676  | ¥(142)      | 105,533      |
| Segment income                  | ¥ 7,093             | ¥ 954           | ¥ 8,047 | ¥ 804   | ¥ 8,851  |             | ¥ 8,851      |

Notes: 1. The item “Adjustments” contains the following:

The sales adjustment item of ¥(142) million, which comprises eliminations of transactions among the Company’s business segments

2. “Segment income” means the operating income of the segment as presented in the Consolidated Statements of Operations.

**Reference Information**

**(Sales Information Based on the Geographical Location of the Customers)**

**First quarter of FY2017.3 (April 1, 2016–June 30, 2016)**

(Millions of yen)

|                | Japan   | Overseas      |         |                                |         | Consolidated |
|----------------|---------|---------------|---------|--------------------------------|---------|--------------|
|                |         | North America | Europe  | Asia, Oceania, and other areas | Total   |              |
| Overseas sales | ¥34,414 | ¥18,849       | ¥18,875 | ¥26,260                        | ¥63,984 | ¥98,399      |
| % of net sales | 35.0%   | 19.2%         | 19.2%   | 26.6%                          | 65.0%   | 100.0%       |

Notes: 1. Sales information is based on the geographical location of customers, and it is classified by country or region.

2. Main country and regional divisions:

North America: U.S.A., Canada

Europe: Germany, France, U.K.

Asia, Oceania, and other areas: People’s Republic of China, Republic of Korea, Australia

**First quarter of FY2016.3 (April 1, 2015–June 30, 2015)**

(Millions of yen)

|                | Japan   | Overseas      |         |                                |         | Consolidated |
|----------------|---------|---------------|---------|--------------------------------|---------|--------------|
|                |         | North America | Europe  | Asia, Oceania, and other areas | Total   |              |
| Overseas sales | ¥39,249 | ¥19,881       | ¥17,244 | ¥29,159                        | ¥66,284 | ¥105,533     |
| % of net sales | 37.2%   | 18.8%         | 16.4%   | 27.6%                          | 62.8%   | 100.0%       |

Notes: 1. Sales information is based on the geographical location of customers, and it is classified by country or region.

2. Main country and regional divisions:

North America: U.S.A., Canada

Europe: Germany, France, U.K.

Asia, Oceania, and other areas: People’s Republic of China, Republic of Korea, Australia

**(Sales Information Based on Group Locations Where Sales Take Place)****First quarter of FY2017.3 (April 1, 2016–June 30, 2016)**

(Millions of yen)

|                                 | Japan   | North America | Europe  | Asia,<br>Oceania, and<br>other areas | Total    | Adjustments | Consolidated |
|---------------------------------|---------|---------------|---------|--------------------------------------|----------|-------------|--------------|
| Sales to external customers     | ¥36,734 | ¥19,949       | ¥18,842 | ¥22,872                              | ¥ 98,399 |             | ¥98,399      |
| Intersegment sales or transfers | 42,564  | 683           | 670     | 23,964                               | 67,883   | ¥(67,883)   |              |
| Total sales                     | ¥79,299 | ¥20,633       | ¥19,512 | ¥46,836                              | ¥166,282 | ¥(67,883)   | ¥98,399      |
| Segment income                  | ¥ 6,623 | ¥ 889         | ¥ 932   | ¥ 4,045                              | ¥ 12,490 | ¥ (714)     | ¥11,775      |

Notes: 1. Sales information is based on Group locations where sales take place and it is classified by country or region.

2. Main country and regional divisions:

This classification is the same as the one for “Sales Information Based on the Geographical Location of the Customers.”

3. The item “Adjustments” contains the following:

The sales adjustment item of ¥(67,883) million, which comprises eliminations of transactions among the Company’s business segments

4. “Segment income” means the operating income of the segment as presented in the Consolidated Statements of Operations.

**First quarter of FY2016.3 (April 1, 2015–June 30, 2015)**

(Millions of yen)

|                                 | Japan   | North America | Europe  | Asia,<br>Oceania, and<br>other areas | Total    | Adjustments | Consolidated |
|---------------------------------|---------|---------------|---------|--------------------------------------|----------|-------------|--------------|
| Sales to external customers     | ¥42,194 | ¥21,225       | ¥17,435 | ¥24,678                              | ¥105,533 |             | ¥105,533     |
| Intersegment sales or transfers | 42,216  | 908           | 400     | 24,806                               | 68,331   | ¥(68,331)   |              |
| Total sales                     | ¥84,410 | ¥22,134       | ¥17,836 | ¥49,484                              | ¥173,865 | ¥(68,331)   | ¥105,533     |
| Segment income (loss)           | ¥ 5,686 | ¥ (29)        | ¥ 343   | ¥ 3,692                              | ¥ 9,692  | ¥ (840)     | ¥ 8,851      |

Notes: 1. Sales information is based on Group locations where sales take place and it is classified by country or region.

2. Main country and regional divisions:

This classification is the same as the one for “Sales Information Based on the Geographical Location of the Customers.”

3. The item “Adjustments” contains the following:

The sales adjustment item of ¥(68,331) million, which comprises eliminations of transactions among the Company’s business segments

4. “Segment income (loss)” means the operating income (loss) of the segment as presented in the Consolidated Statements of Operations.