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## Consolidated Results for 1st to 3rd Quarter Fiscal 2021: April 1, 2021 – December 31, 2021

(All figures in millions of yen, rounded to the nearest million, unless otherwise specified)

**I. Summary of Consolidated Results**

## 1. Operating results (percent change from previous year in brackets)

	Q1–Q3 2021	Q1–Q3 2020
Net sales	1,824,751 [+18.7%]	1,536,659 [–3.3%]
Operating income	174,056 [+34.4%]	129,515 [–7.6%]
Ordinary income	184,207 [+39.2%]	132,297 [–9.2%]
Net income attributable to owners of the parent	140,662 [+75.9%]	79,979 [–23.0%]
Net income per share*	101.38	57.64
Diluted net income per share*	—	—

\* Yen

Note:

Comprehensive income was ¥171,044 million during Q1–Q3 2021, and ¥77,642 million during Q1–Q3 2020.

## 2. Financial position

At end of	December 2021	March 2021
Total assets	3,240,503	2,918,941
Net assets	1,627,001	1,494,535
Net worth/total assets	49.3%	50.3%
Net worth per share*	1,151.63	1,057.61

\* Yen

Notes:

- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth was ¥1,597,651 million as of December 31, 2021, and ¥1,467,476 million as of March 31, 2021.

**II. Cash Dividends**

Fiscal year	Cash dividends per share*				Total annual
	Q1	Q2	Q3	Q4	
2020	—	17.00	—	17.00	34.00
2021	—	17.00	—	—	—
2021 (forecast)	—	—	—	17.00	34.00

\* Yen

Note:

No revision of cash dividend forecast was made subsequent to the latest announced forecast.

### III. Forecast for Fiscal 2021 (April 1, 2021 – March 31, 2022)

#### 1. Latest forecasts (percent change from results in year-ago period in brackets)

	For the fiscal year
Net sales	2,453,000 [+16.5%]
Operating income	213,100 [+24.1%]
Ordinary income	222,000 [+24.7%]
Net income attributable to owners of the parent	185,500 [+132.5%]
Net income per share*	133.70

\* Yen

Notes:

- Performance forecasts are based on the best information available at this time, but actual results may diverge from these forecasts due to a variety of factors which cannot be foreseen.
- The forecast for fiscal 2021 announced on November 5, 2021, is unchanged.

### IV. Other Information

#### 1. Changes in significant subsidiaries which affected scope of consolidation during the period

Addition of three new subsidiaries:

McDonald Jones Homes Pty Ltd

Respicardia, Inc.

Itamar Medical Ltd.

Elimination of one subsidiary:

Zeus Merger Sub Ltd.

#### 2. Special accounting methods for preparation of the consolidated financial statements

Income tax expenses: A reasonable estimate of the effective tax rate after applying tax-effect accounting for the current fiscal year is made, and quarterly income before income taxes is multiplied by the corresponding effective tax rate.

#### 3. Changes in accounting policies, changes in accounting estimates, and retroactive restatement

Application of Accounting Standard for Revenue Recognition, etc.:

Accounting Standards Board of Japan (ASBJ) Statement No. 29 “Accounting Standard for Revenue Recognition” and other standards are applied from the beginning of the first quarter of the fiscal year ending March 31, 2022, whereby revenue is recognized in the amount foreseeable to be received in exchange for goods or services at the time control of promised goods or services is transferred to the customer.

Accordingly, the method of revenue recognition for contracted construction is changed, mainly in the Homes segment. Whereas previously the construction completion standard was applied to works whose outcome lacked certainty, this is changed to recognizing revenue over a certain period when conditions of performance obligations are fulfilled over a certain period. Measurement of progress related to fulfilment of performance obligations is based on the proportion of the total foreseen construction cost which is incurred by the closing date of each financial period.

In accordance with the proviso of Article 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retroactive application is adjusted to retained earnings as of the beginning of the first quarter of the fiscal year ending March 31, 2022. However, in accordance with Article 86 of the Accounting Standard for Revenue Recognition, the new accounting standard is not applied retroactively to contracts for which nearly all revenue was recognized by the previous method prior to the beginning of the first quarter of the fiscal year ending March 31, 2022.

As a result, net sales, cost of sales, and selling, general and administrative expenses each decreased, by ¥20,357 million, ¥24,208 million, and ¥19 million, respectively, and operating income,

ordinary income, and income before income taxes each increased by ¥3,870 million during the Q1–Q3 period of the fiscal year ending March 31, 2022. Retained earnings at the beginning of the period increased by ¥9,212 million.

Due to the application of the Accounting Standard for Revenue Recognition, “notes and accounts receivable–trade” from the previous fiscal year under current assets in the consolidated balance sheets are included in “notes, accounts receivable–trade, and contract assets” beginning with the first quarter of the fiscal year ending March 31, 2022, while “decrease in notes and accounts receivable–trade” from the first and second quarters of the previous fiscal year under cash flows from operating activities in the consolidated statements of cash flows is included in “decrease in notes, accounts receivable–trade, and contract assets” beginning with the first quarter of the fiscal year ending March 31, 2022. In accordance with Article 89-2 of the Accounting Standard for Revenue Recognition regarding transitional treatment, results for the previous fiscal year and the Q1–Q3 period of the previous fiscal year are not recalculated by the new method.

Application of Accounting Standard for Accounting Standard for Fair Value Measurement, etc.:

ASBJ Statement No. 30 “Accounting Standard for Fair Value Measurement” and other standards are applied from the beginning of the first quarter of the fiscal year ending March 31, 2022. In accordance with Article 19 of the Accounting Standard for Fair Value Measurement and Article 44-2 of ASBJ Statement No. 10 “Accounting Standard for Financial Instruments” regarding transitional treatment, the new accounting policy is to be applied in the future. The effect on the quarterly consolidated financial statements is immaterial.

4. Notable changes in shareholders’ equity: None

5. Number of shares outstanding

	Q1–Q3 2021	FY 2020
Number of shares outstanding at end of period	1,393,932,032	1,393,932,032
Number of shares of treasury stock at end of period	6,638,426	6,396,867
Average number of shares outstanding during period	1,387,478,845	1,387,521,967*

\* Q1–Q3 2020

## V. Consolidated Financial Statements

### 1. Balance sheets

	At end of March 2021	At end of December 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	221,779	245,826
Notes and accounts receivable–trade	338,640	—
Notes, accounts receivable–trade, and contract assets	—	434,988
Merchandise and finished goods	203,159	241,279
Work in process	166,494	140,939
Raw materials and supplies	111,798	130,553
Other	97,131	118,225
Allowance for doubtful accounts	(2,225)	(2,736)
<b>Total current assets</b>	<b>1,136,776</b>	<b>1,309,073</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	598,675	622,519
Accumulated depreciation	(319,144)	(329,477)
Buildings and structures, net	279,531	293,042
Machinery, equipment and vehicles	1,535,326	1,545,371
Accumulated depreciation	(1,286,057)	(1,275,904)
Machinery, equipment and vehicles, net	249,269	269,467
Land	70,577	69,455
Lease assets	8,615	8,638
Accumulated depreciation	(7,687)	(6,904)
Lease assets, net	928	1,734
Construction in progress	84,463	97,386
Other	182,414	153,501
Accumulated depreciation	(149,920)	(118,668)
Other, net	32,495	34,833
<b>Subtotal</b>	<b>717,262</b>	<b>765,915</b>
<b>Intangible assets</b>		
Goodwill	351,921	410,790
Other	342,454	388,064
<b>Subtotal</b>	<b>694,374</b>	<b>798,854</b>
<b>Investments and other assets</b>		
Investment securities	286,517	260,349
Long-term loans receivable	1,241	3,836
Long-term advance payments–trade	29,390	29,929
Deferred tax assets	21,116	40,123
Other	32,709	32,865
Allowance for doubtful accounts	(445)	(442)
<b>Subtotal</b>	<b>370,529</b>	<b>366,660</b>
<b>Total noncurrent assets</b>	<b>1,782,165</b>	<b>1,931,430</b>
<b>Total assets</b>	<b>2,918,941</b>	<b>3,240,503</b>

	At end of March 2021	At end of December 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable–trade	142,087	184,789
Short-term loans payable	144,571	237,108
Commercial paper	84,000	112,000
Lease obligations	880	1,534
Accrued expenses	126,705	120,431
Income taxes payable	21,268	37,035
Advances received	78,601	59,234
Provision for grant of shares	124	—
Provision for periodic repairs	7,222	3,125
Provision for product warranties	3,522	3,961
Provision for removal cost of property, plant and equipment	5,651	5,036
Other	88,533	110,923
<b>Total current liabilities</b>	<b>703,163</b>	<b>875,175</b>
<b>Noncurrent liabilities</b>		
Bonds payable	110,000	160,000
Long-term loans payable	320,404	290,709
Lease obligations	3,921	7,002
Deferred tax liabilities	58,669	53,635
Provision for grant of shares	513	513
Provision for periodic repairs	3,415	4,479
Provision for removal cost of property, plant and equipment	12,652	11,369
Net defined benefit liability	158,832	156,071
Long-term guarantee deposits	21,939	22,375
Other	30,899	32,174
<b>Total noncurrent liabilities</b>	<b>721,243</b>	<b>738,327</b>
<b>Total liabilities</b>	<b>1,424,406</b>	<b>1,613,503</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	103,389	103,389
Capital surplus	79,641	79,525
Retained earnings	1,158,792	1,261,108
Treasury stock	(5,932)	(6,216)
<b>Total shareholders' equity</b>	<b>1,335,890</b>	<b>1,437,805</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on other securities	91,887	78,110
Deferred gains or losses on hedges	(347)	(224)
Foreign currency translation adjustment	50,462	90,651
Remeasurements of defined benefit plans	(10,416)	(8,692)
<b>Total accumulated other comprehensive income</b>	<b>131,586</b>	<b>159,846</b>
<b>Non-controlling interests</b>	<b>27,058</b>	<b>29,349</b>
<b>Total net assets</b>	<b>1,494,535</b>	<b>1,627,001</b>
<b>Total liabilities and net assets</b>	<b>2,918,941</b>	<b>3,240,503</b>

## 2. Statements of income and statements of comprehensive income

### 1) Statements of income

	Q1-Q3 2020	Q1-Q3 2021
Net sales	1,536,659	1,824,751
Cost of sales	1,035,982	1,235,747
Gross profit	500,677	589,004
Selling, general and administrative expenses	371,162	414,948
Operating income	129,515	174,056
Non-operating income		
Interest income	1,465	951
Dividends income	3,639	3,506
Equity in earnings of affiliates	1,190	7,667
Other	4,202	5,787
Total non-operating income	10,496	17,910
Non-operating expenses		
Interest expense	2,445	2,660
Other	5,269	5,100
Total non-operating expenses	7,714	7,760
Ordinary income	132,297	184,207
Extraordinary income		
Gain on sales of investment securities	8,774	14,252
Gain on sales of noncurrent assets	301	852
Gain on step acquisitions	—	1,700
Total extraordinary income	9,075	16,804
Extraordinary loss		
Loss on valuation of investment securities	44	195
Loss on disposal of noncurrent assets	6,529	5,300
Impairment loss	208	450
Loss on fire at plant facilities	11,612	—
Business structure improvement expenses	4,774	9,264
Total extraordinary loss	23,167	15,209
Income before income taxes	118,205	185,802
Total income taxes	36,456	43,420
Net income	81,749	142,382
Net income attributable to non-controlling interests	1,770	1,720
Net income attributable to owners of the parent	79,979	140,662

2) Statements of comprehensive income

	Q1-Q3 2020	Q1-Q3 2021
Net income	81,749	142,382
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	17,888	(13,719)
Deferred gains or losses on hedges	150	123
Foreign currency translation adjustment	(26,455)	40,177
Remeasurements of defined benefit plans	3,482	1,765
Share of other comprehensive income of affiliates accounted for using equity method	828	316
Total other comprehensive income	(4,107)	28,662
Comprehensive income	77,642	171,044
Comprehensive income attributable to:		
Owners of the parent	75,494	168,922
Non-controlling interests	2,148	2,122

### 3. Statements of cash flows

	Q1–Q3 2020	Q1–Q3 2021
<b>Cash flows from operating activities</b>		
Income before income taxes	118,205	185,802
Depreciation and amortization	80,190	88,704
Impairment loss	208	450
Amortization of goodwill	18,749	20,891
Decrease in provision for grant of shares	(68)	(124)
Increase (decrease) in provision for periodic repairs	713	(3,031)
(Decrease) increase in provision for product warranties	(110)	244
Increase (decrease) in provision for removal cost of property, plant and equipment	1,912	(1,899)
Decrease in net defined benefit liability	(2,635)	(3,025)
Interest and dividend income	(5,104)	(4,457)
Interest expense	2,445	2,660
Equity in earnings of affiliates	(1,190)	(7,667)
Gain on sales of investment securities	(8,774)	(14,252)
Loss on valuation of investment securities	44	195
Gain on sale of property, plant and equipment	(301)	(852)
Loss on disposal of noncurrent assets	6,529	5,300
Decrease in notes and accounts receivable–trade	7,143	—
Increase in notes, accounts receivable–trade, and contract assets	—	(59,185)
Decrease (increase) in inventories	631	(57,257)
Increase in notes and accounts payable–trade	7,850	34,989
Decrease in accrued expenses	(19,491)	(10,416)
Increase in advances received	6,247	7,865
Other, net	3,422	(19,397)
<b>Subtotal</b>	<b>216,614</b>	<b>165,537</b>
Interest and dividend income, received	7,117	5,997
Interest expense paid	(1,670)	(2,153)
Income taxes paid	(46,709)	(56,697)
<b>Net cash provided by operating activities</b>	<b>175,352</b>	<b>112,683</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1,687)	(2,528)
Proceeds from withdrawal of time deposits	3,740	6,548
Purchase of property, plant and equipment	(86,002)	(93,206)
Proceeds from sales of property, plant and equipment	417	1,092
Purchase of intangible assets	(9,234)	(17,733)
Purchase of investment securities	(4,448)	(4,392)
Proceeds from sales of investment securities	10,337	17,940
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(4,832)	(78,894)
Payments for transfer of business	(17,778)	—
Payments of loans receivable	(4,787)	(4,272)
Collection of loans receivable	9,658	400
Other, net	(52)	(250)
<b>Net cash used in investing activities</b>	<b>(104,667)</b>	<b>(175,297)</b>



	Q1-Q3 2020	Q1-Q3 2021
Cash flows from financing activities		
Net (decrease) increase in short-term loans payable	(164,728)	74,154
(Decrease) increase in commercial paper	(4,000)	28,000
Proceeds from long-term loans payable	143,463	544
Repayment of long-term loans payable	(6,773)	(18,792)
Proceeds from issuance of bonds payable	50,000	50,000
Repayments of lease obligations	(949)	(2,208)
Purchase of treasury stock	(6)	(409)
Proceeds from disposal of treasury stock	69	125
Cash dividends paid	(45,800)	(47,187)
Cash dividends paid to non-controlling interests	(1,165)	(2,113)
Purchase of shares in subsidiaries not resulting in change in scope of consolidation	(307)	—
Other, net	(48)	(43)
Net cash (used in) provided by financing activities	(30,244)	82,071
Effect of exchange rate change on cash and cash equivalents	102	7,503
Net increase in cash and cash equivalents	40,542	26,960
Cash and cash equivalents at beginning of period	204,771	216,235
Increase in cash and cash equivalents resulting from changes in scope of consolidation	1,769	1,112
Cash and cash equivalents at end of period	247,082	244,308