

Nippon Shikizai, Inc.
Summary of Financial Results for the Fiscal Year Ended February 28, 2023
[Japanese Standard] (Consolidated)

Nippon Shikizai, Inc. has announced its consolidated financial results for the fiscal year ended February 28, 2023. Please refer to the contents of the report disclosed below.

Consolidated Financial Results

- **Net sales:** 11,760 million yen (35.1% increase from the previous period)
- **Operating income:** 161 million yen (—)
- **Ordinary income:** 148 million yen (—)
- **Net income attributable to owners of parent company:** 246 million yen (Net loss attributable to owners of parent company of 122 million yen in the previous period)

Summary of Consolidated Operating Results

During the fiscal year ended February 28, 2023 (March 1, 2022 to February 28, 2023), moves toward a recovery were seen, though uncertainty about the direction of the Japanese economy persisted. Waves of COVID-19 infection continued (sixth, seventh and eighth waves), but progress in vaccination continued to be made and the pandemic showed signs of winding down. The Japanese government downgraded the disease's classification under the Infectious Diseases Control Act and eased recommendations on wearing masks. Overseas, recovery gathered momentum but uncertainty persisted on several fronts. The impact of the COVID-19 pandemic on daily life and the economy eased considerably. A number of Western and other countries moved toward dealing with COVID-19 on an endemic basis, scrapping anti-infection measures such as use of masks. Later, China ended its zero-COVID-19 policy. Separately, the Russian invasion of Ukraine that began in February 2022 grew into a protracted conflict, resulting in high prices for energy and other resources, particularly in Europe, as well as logistical delays and other headaches. Worldwide inflation and, rising interest rates bred lingering uncertainty regarding various impacts on economic activity and future prospects.

The cosmetics industry, which is the domain of operations of Nippon Shikizai, Inc., continued to suffer impact from the pandemic, paced by makeup products, but moves toward improvement were visible. In Japan, various anti-infection measures were eased, but mask-wearing became normalized as an entrenched custom. Personal consumption, and spending on makeup in particular, remained below pre-COVID-19 levels. Even so, opportunities to wear makeup increased and consumer mindset seemed much improved. Overseas as well, demand for cosmetics appeared to be moving toward recovery as the COVID-19 pandemic showed signs of winding down and anti-infection measures eased.

While the Nippon Shikizai Group is enjoying a recovery in demand from cosmetics manufacturers throughout Japan and around the world, uncertainties and challenges remain. With demand remaining well below levels previous to the COVID-19 pandemic, the Group has been unable to put fully to work the increased production capacity achieved through capital investments, such as the phase-3 expansion project at Tsukuba Factory. However, with orders currently recovering, plant operation is steadily improving and business results are recovering despite an unforgiving environment. The Group has returned to profitable operations for the first time in three fiscal years.

Going forward, the Group expects the COVID-19 pandemic to wind down gradually and society to transition to an endemic/post-pandemic stance regarding COVID-19. However, uncertainty continues to linger as the cost of living, costs of energy and personnel and other costs continue to rise, triggered by factors such as Russia's invasion

of Ukraine. Against this background, the Group is striving to continue profitable operation and quickly restore business results to pre-pandemic levels. To this end, the Group is resolutely implementing the various measures mooted in the Medium-Term Business Strategy Vision, which covers the period FY2022 to FY2026, which prioritizes rebuilding of the operating base. Over the near term, the Nippon Shikizai Group will respond to customer demand by developing formulas and production technologies geared to cosmetics trends prompted by the COVID-19 pandemic. Looking ahead to the medium-to-long term, the Group will redouble its efforts to achieve rapid recovery in business results, leveraging its strengths in the new market environment of social demands such as “clean beauty” in cosmetics and adherence to the SDGs.

With the results above as background, the operating results for the consolidated fiscal year under review were as follows.

The Group’s net sales surged 35.1% compared to the previous fiscal year, rising to 11,760 million yen. Although the impact of the COVID-19 pandemic remained strong, recovery in domestic and overseas demand for makeup products caused orders for these products in Japan and overseas to bounce back. Also, the Company’s French subsidiary, Nippon Shikizai France S.A.S. (“NS France”), became subject to consolidation in the consolidated fiscal year under review.

The Group returned to profitable operation in the period under review. The phase-3 expansion project at Tsukuba Factory continued to increase various costs, while material expenses and miscellaneous expenses were driven up by inflation. However, thanks to efforts to boost sales and reduce various costs, the Group recorded operating income of 161 million yen (compared with an operating loss of 267 million yen in the previous fiscal year). Ordinary income was 148 million yen, compared with ordinary loss of 171 million in the previous fiscal year, following appropriation of foreign exchange gains of 46 million yen. Net income attributable to owners of parent company was 246 million yen (against net loss attributable to owners of parent company of 122 million yen in the previous fiscal year), as the Group appropriated extraordinary income of 40 million yen from sales of investment securities and gain from income taxes – deferred of 82 million yen due to appropriation of deferred tax assets.

Segment Business Information by Region

(Japan)

Although the impact of the COVID-19 pandemic was significant, it is lightening more recently and domestic and overseas demand for cosmetics is staging a recovery. Orders from domestic and overseas cosmetics manufacturers moved toward recovery. Net sales soared 32.3% from the previous fiscal year to 8,686 million yen. In earnings, although various costs continued to increase in connection with the phase-3 expansion project at Tsukuba Factory, and inflation hit material costs and various other expenses hard, operating income was 137 million yen (against an operating loss of 285 million yen in the previous fiscal year) thanks to increased sales and various cost-reduction efforts. Segment assets grew 2.2% from the previous fiscal year to 13,715 million yen, as rising revenues lifted notes and accounts receivable - trade and inventories.

(France)

Europe, where our subsidiaries Thépenier Pharma & Cosmetics S.A.S. and NS France are located, continued to be affected by the combined impact of COVID-19 and the Russian invasion of Ukraine during the consolidated fiscal year under review (January 1 to December 31, 2022). However, showed signs of recovery as COVID-19 began to be treated as endemic and mask-wearing and other measures against infection were lifted. Moreover, NS France was welcomed as a consolidated subsidiary. Net sales rose 43.3% over the previous fiscal year to 3,155 million yen. In income terms, although increases in costs from capital investment combined with high energy prices and

logistical delays arising from the Russian invasion of Ukraine, revenues increased dramatically, driving operating income up 42.5% over the previous fiscal year to 25 million yen. Segment assets increased 36.9% over the previous fiscal year to 3,812 million yen. Key factors were capital investment and an increase in inventories due to improving revenues, as well as the inclusion of NS France in the scope of consolidation.

Outlook

With respect to the business environment of the coming fiscal year, the spread of COVID-19 is declining and various measures against infection are being softened or removed, alleviating the pandemic's impact on the economies of each country and demand for cosmetics. However, in Japan the pandemic has caused mask-wearing to become normalized working from home to become entrenched as a new lifestyle. These influences seem set to continue to impact consumer demand for cosmetics. Moreover, the pandemic is affecting the direction of cosmetics demand, as eye makeup that is unaffected by masks and lipsticks that do not leave marks on masks are proving popular. To recover business results and grow their operations, it is vital that cosmetics ODM manufacturers resolutely respond to changes in the market as the pandemic wraps up (entering an endemic or post-pandemic phase), by providing new prescriptions that answer emerging consumer needs and developing new, value-added prescriptions.

Against this background, surveying the winding-down of the COVID-19 pandemic, the Group's Medium-Term Business Strategy Vision (FY2022–FY2026) calls for the reconstruction of the Nippon Shikizai Group's business foundations, orienting them toward post-COVID-19 recovery and future growth. Key strategies for achieving this Vision include strengthening and expansion of products with a strong competitive edge; vigorous pursuit of the "clean beauty" market; and transformation into a highly profitable constitution. The Group will vigorously pursue efforts on all of these fronts.

The Group's forecast of consolidated business results for the upcoming fiscal year (fiscal year ending February 29, 2024) is overall positive but hedged with concern. Factors such as the ongoing COVID-19 pandemic and the war in Ukraine cause lingering uncertainty. Order levels, while remaining below pre-pandemic levels, are forecast to stage a gradual recovery. Under these conditions, the Group forecasts an increase in full-year net sales of 11.6% over the previous fiscal year to 13,120 million yen. In earnings, as measures to restrain costs continue, the Group forecasts operating income of 283 million yen, ordinary income of 200 million yen and net income attributable to owners of parent company of 140 million yen.

Given uncertainty over the impact of the COVID-19 pandemic and the severity and chronological extent of the Russian invasion of Ukraine, the Group's forecast of consolidated business results for the upcoming fiscal year (fiscal year ending February 29, 2024) is subject to change.

(%: change in full year from the previous year or in 2nd quarter (cumulative) from the same period previous year)

| | 2nd quarter (cumulative) (increase/decrease) | Full year (increase/decrease) |
|---|---|----------------------------------|
| Net sales | 6,971 million yen (Up 24.2%) | 13,120 million yen (Up 11.6%) |
| Operating income | 211 million yen (Up 503.6%) | 283 million yen (Up 75.2%) |
| Ordinary income | 168 million yen (Up 540.1%) | 200 million yen (Up 34.9%) |
| Net income attributable to owners of parent company | 132 million yen (Up 76.4%) | 140 million yen (Down 43.0%) |
| Net income per share | 63.16 yen | 66.97 yen |

Basic Policy on Distribution of Earnings and Dividends in the Period Under Review and Next Period

The Nippon Shikizai Group regards the improvement of capital efficiency and the return of earnings to shareholders as two of its most important management issues. The Group's basic policy on dividends is to maintain continuous and stable dividend payout. As such, dividends are distributed in response to growth in business results.

With respect to the distribution of dividends at the end of the consolidated fiscal year, as originally forecast, no year-end dividend is distributed for the period under review. This is because the Group must prioritize replenishment of capital from internal reserves. Although the Group appropriated net income attributable to owners of parent company, the Group appropriated net losses in the preceding two fiscal years (fiscal years ending February 28, 2022 and February 28, 2023). However, the Group does expect to distribute a year-end dividend in the upcoming fiscal year (fiscal year ending February 29, 2024). This is because, although uncertainty persists regarding forward-looking trends due to the COVID-19 pandemic and the Russian invasion of Ukraine, the Group forecasts a positive figure for net income attributable to owners of parent company in the forecast of consolidated business results for the upcoming fiscal year, as cited above.

[Appendix]
Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Thousands of yen)

| | At February 28, 2022 | At February 28, 2023 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and deposits | 1,323,082 | 1,331,565 |
| Notes and accounts receivable - trade | 1,638,184 | 1,956,162 |
| Electronically recorded monetary claims - operating | 194,216 | 225,132 |
| Merchandise and finished goods | 691,181 | 894,370 |
| Work in process | 194,678 | 283,411 |
| Raw materials and supplies | 819,854 | 1,245,624 |
| Other | 149,917 | 226,057 |
| Allowance for doubtful accounts | - | (2,161) |
| Total Current Assets | 5,011,114 | 6,160,163 |
| Non-current Assets | | |
| Property, Plant and Equipment | | |
| Buildings and structures | 10,025,487 | 10,166,074 |
| Accumulated depreciation | (4,975,756) | (5,345,124) |
| Buildings and structures, net | 5,049,730 | 4,820,950 |
| Machinery, equipment and vehicles | 4,686,827 | 5,112,034 |
| Accumulated depreciation | (3,222,484) | (3,588,267) |
| Machinery, equipment and vehicles, net | 1,464,342 | 1,523,766 |
| Tools, furniture and fixtures | 1,059,234 | 1,222,720 |
| Accumulated depreciation | (793,694) | (889,578) |
| Tools, furniture and fixtures, net | 265,540 | 333,142 |
| Land | 2,139,815 | 2,140,853 |
| Construction in progress | 108,088 | 207,339 |
| Total Property, Plant and Equipment | 9,027,517 | 9,026,052 |
| Intangible Assets | 331,277 | 360,237 |
| Investments and Other Assets | | |
| Investment securities | 416,453 | 357,375 |
| Other | 568,211 | 156,601 |
| Allowance for doubtful accounts | (773) | (11,410) |
| Total Investments and Other Assets | 983,891 | 502,566 |
| Total Non-current Assets | 10,342,686 | 9,888,856 |
| Total Assets | 15,353,800 | 16,049,019 |

(Thousands of yen)

| | At February 28, 2022 | At February 28, 2023 |
|---|----------------------|----------------------|
| LIABILITIES | | |
| Current Liabilities | | |
| Notes and accounts payable - trade | 525,136 | 791,310 |
| Electronically recorded obligations - operating | 555,230 | 1,036,519 |
| Short-term loans payable | 2,169,279 | 2,494,927 |
| Lease obligations | 85,233 | 93,139 |
| Provision for bonuses | 34,964 | 85,561 |
| Other | 741,813 | 841,390 |
| Total Current Liabilities | 4,111,658 | 5,342,849 |
| Non-current Liabilities | | |
| Long-term loans payable | 7,564,323 | 7,041,034 |
| Lease obligations | 398,022 | 412,943 |
| Provision for directors' retirement benefits | 146,430 | 146,430 |
| Net defined benefit liability | 91,629 | 87,465 |
| Other | 91,331 | 6,839 |
| Total Non-current Liabilities | 8,291,736 | 7,694,713 |
| Total Liabilities | 12,403,395 | 13,037,562 |
| NET ASSETS | | |
| Shareholders' Equity | | |
| Capital stock | 714,104 | 100,000 |
| Capital surplus | 943,209 | 1,510,339 |
| Retained earnings | 1,098,620 | 1,146,283 |
| Treasury shares | (3,857) | (3,918) |
| Total Shareholders' Equity | 2,752,077 | 2,752,703 |
| Accumulated Other Comprehensive Income | | |
| Valuation difference on available-for-sale securities | 202,507 | 160,238 |
| Foreign currency translation adjustment | (4,180) | 98,515 |
| Total Accumulated Other Comprehensive Income | 198,327 | 258,753 |
| Total Net Assets | 2,950,405 | 3,011,457 |
| Total Liabilities and Net Assets | 15,353,800 | 16,049,019 |

(2) Consolidated Statement of Income

(Thousands of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|---|--|--|
| Net Sales | 8,702,029 | 11,760,414 |
| Cost of Sales | 7,897,785 | 10,373,346 |
| Gross Profit | 804,243 | 1,387,068 |
| Selling, General and Administrative Expenses | 1,072,153 | 1,225,257 |
| Operating Income (Loss) | (267,909) | 161,810 |
| Non-operating Income: | | |
| Interest income | 2,478 | 5 |
| Dividend income | 6,807 | 7,213 |
| Foreign exchange gains | 7,689 | 46,773 |
| Subsidy income | 166,485 | 23,935 |
| Miscellaneous income | 29,051 | 31,210 |
| Total Non-operating Income | 212,512 | 109,137 |
| Non-operating Expenses: | | |
| Interest expenses | 109,830 | 108,212 |
| Other | 5,846 | 14,379 |
| Total Non-operating Expenses | 115,677 | 122,592 |
| Ordinary Income (Loss) | (171,074) | 148,355 |
| Extraordinary Income: | | |
| Gain on sales of non-current assets | 83,964 | 207 |
| Gain on sales of investment securities | - | 40,037 |
| Total Extraordinary Income | 83,964 | 40,244 |
| Extraordinary Losses: | | |
| Loss on retirement of non-current assets | 4,860 | 304 |
| Loss on withdrawal of corporate pension funds | 19,729 | - |
| Total Extraordinary Losses | 24,590 | 304 |
| Income (Loss) before Income Taxes | (111,700) | 188,296 |
| Income taxes - current | 10,331 | 24,583 |
| Income taxes - deferred | - | (82,582) |
| Total Income Taxes | 10,331 | (57,998) |
| Net Income (Loss) | (122,031) | 246,295 |
| Net Income (Loss) Attributable to Owners of Parent Company | (122,031) | 246,295 |

Consolidated Statement of Comprehensive Income

(Thousands of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|--|--|--|
| Net income (loss) | (122,031) | 246,295 |
| Other Comprehensive Income | | |
| Valuation difference on available-for-sale securities | (52,385) | (42,269) |
| Foreign currency translation adjustment | 34,119 | 102,695 |
| Total Other Comprehensive Income | (18,266) | 60,425 |
| Comprehensive Income | (140,297) | 306,720 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent company | (140,297) | 306,720 |
| Comprehensive income attributable to non-controlling interests | - | - |

(3) Consolidated Statement of Changes in Equity

Fiscal year ended February 28, 2022

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 714,104 | 943,209 | 1,220,652 | (3,857) | 2,874,109 |
| Changes of items during period | | | | | |
| Net income (loss) attributable to owners of parent company | | | (122,031) | | (122,031) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | - | - | (122,031) | - | (122,031) |
| Balance at end of current period | 714,104 | 943,209 | 1,098,620 | (3,857) | 2,752,077 |

| | Accumulated other comprehensive income | | | Total net assets |
|--|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | |
| Balance at beginning of current period | 254,893 | (38,299) | 216,593 | 3,090,703 |
| Changes of items during period | | | | |
| Net income (loss) attributable to owners of parent company | | | | (122,031) |
| Net changes of items other than shareholders' equity | (52,385) | 34,119 | (18,266) | (18,266) |
| Total changes of items during period | (52,385) | 34,119 | (18,266) | (140,297) |
| Balance at end of current period | 202,507 | (4,180) | 198,327 | 2,950,405 |

Fiscal year ended February 28, 2023

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 714,104 | 943,209 | 1,098,620 | (3,857) | 2,752,077 |
| Cumulative effects of changes in accounting policies | | | (1,206) | | (1,206) |
| Restated balance | 714,104 | 943,209 | 1,097,414 | (3,857) | 2,750,871 |
| Changes of items during period | | | | | |
| Capital reduction | (614,104) | 614,104 | | | - |
| Net income attributable to owners of parent company | | | 246,295 | | 246,295 |
| Purchase of treasury shares | | | | (61) | (61) |
| Change in scope of consolidation | | (46,974) | (197,426) | | (244,401) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | (614,104) | 567,129 | 48,868 | (61) | 1,832 |
| Balance at end of current period | 100,000 | 1,510,339 | 1,146,283 | (3,918) | 2,752,703 |

| | Accumulated other comprehensive income | | | Total net assets |
|--|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | |
| Balance at beginning of current period | 202,507 | (4,180) | 198,327 | 2,950,405 |
| Cumulative effects of changes in accounting policies | | | | (1,206) |
| Restated balance | 202,507 | (4,180) | 198,327 | 2,949,199 |
| Changes of items during period | | | | |
| Capital reduction | | | | - |
| Net income attributable to owners of parent company | | | | 246,295 |
| Purchase of treasury shares | | | | (61) |
| Change in scope of consolidation | | | | (244,401) |
| Net changes of items other than shareholders' equity | (42,269) | 102,695 | 60,425 | 60,425 |
| Total changes of items during period | (42,269) | 102,695 | 60,425 | 62,258 |
| Balance at end of current period | 160,238 | 98,515 | 258,753 | 3,011,457 |

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|--|--|--|
| Cash Flows from Operating Activities: | | |
| Income (loss) before income taxes | (111,700) | 188,296 |
| Depreciation | 785,250 | 796,845 |
| Amortization of goodwill | - | 17,078 |
| Increase (decrease) in provision for bonuses | (6,202) | 50,596 |
| Increase (decrease) in net defined benefit liability | 19,445 | (41,211) |
| Increase (decrease) in allowance for doubtful accounts | (7,367) | 12,654 |
| Interest and dividend income | (9,285) | (7,218) |
| Interest expenses | 109,830 | 108,212 |
| Loss (gain) on sales of investment securities | - | (40,037) |
| Loss (gain) on sales of non-current assets | (83,964) | (207) |
| Loss on retirement of non-current assets | 4,860 | 304 |
| Decrease (increase) in notes and accounts receivable - trade | (191,556) | (274,472) |
| Decrease (increase) in inventories | 167,710 | (576,254) |
| Increase (decrease) in notes and accounts payable - trade | 258,175 | 697,186 |
| Increase (decrease) in accounts payable - other | 22,201 | 11,430 |
| Increase (decrease) in accrued consumption taxes | (52,466) | (148,524) |
| Other | (25,725) | (58,467) |
| Subtotal | 879,203 | 736,211 |
| Interest and dividend income received | 12,881 | 7,218 |
| Interest expenses paid | (110,221) | (106,043) |
| Income taxes (paid) refund | (525) | (21,988) |
| Net Cash Provided by Operating Activities | 781,337 | 615,397 |

(Thousands of yen)

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|---|--|--|
| Cash Flows from Investing Activities: | | |
| Payments into time deposits | (180,000) | (196,000) |
| Proceeds from withdrawal of time deposits | 200,122 | 175,000 |
| Purchase of property, plant and equipment | (239,885) | (273,807) |
| Proceeds from sales of property, plant and equipment | 103,340 | - |
| Purchase of intangible assets | (8,185) | (9,450) |
| Purchase of investment securities | (598) | (258) |
| Proceeds from sales of investment securities | - | 51,709 |
| Purchase of shares of unconsolidated subsidiaries | (11,772) | - |
| Payments of long-term loans receivable | (78,487) | - |
| Collection of long-term loans receivable | 27,596 | - |
| Net Cash Used in Investing Activities | (187,871) | (252,807) |
| Cash Flows from Financing Activities: | | |
| Net increase (decrease) in short-term loans payable | 129,870 | 242,252 |
| Proceeds from long-term loans payable | 1,461,238 | 1,455,611 |
| Repayments of long-term loans payable | (1,834,188) | (2,014,927) |
| Repayments of lease obligations | (95,136) | (95,910) |
| Cash dividends paid | (11) | (73) |
| Other | (3) | (66) |
| Net Cash Used in Financing Activities | (338,231) | (413,114) |
| Effect of Exchange Rate Change on Cash and Cash Equivalents | 8,095 | 27,015 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 263,330 | (23,508) |
| Cash and Cash Equivalents at Beginning of Period | 959,557 | 1,222,888 |
| Increase (Decrease) in Cash and Cash Equivalents Resulting from Change in Scope of Consolidation | - | 29,122 |
| Cash and Cash Equivalents at End of Period | 1,222,888 | 1,228,503 |

(5) Segment Information***Performance by Business Segment***

Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(Thousands of yen)

| | Reporting Segment | | | Adjustment Amount (Notes 1, 2) | Consolidated Financial Statements Amount (Note 3) |
|---|-------------------|-----------|------------|--------------------------------------|--|
| | Japan | France | Total | | |
| Sales | | | | | |
| In Japan | 7,527,833 | 17,672 | 7,545,506 | (2,102) | 7,543,403 |
| Overseas | 1,158,464 | 3,137,468 | 4,295,933 | (78,922) | 4,217,010 |
| Revenue from contracts with customers | 8,686,298 | 3,155,140 | 11,841,439 | (81,024) | 11,760,414 |
| Sales to outside customers | 8,607,376 | 3,153,038 | 11,760,414 | - | 11,760,414 |
| Internal sales and transfers between segments | 78,922 | 2,102 | 81,024 | (81,024) | - |
| Total | 8,686,298 | 3,155,140 | 11,841,439 | (81,024) | 11,760,414 |
| Segment income | 137,531 | 25,097 | 162,628 | (818) | 161,810 |
| Segment assets | 13,715,659 | 3,812,704 | 17,528,364 | (1,479,344) | 16,049,019 |
| Other items | | | | | |
| Depreciation | 542,786 | 254,058 | 796,845 | - | 796,845 |
| Increase of property, plant and equipment and intangible assets | 124,279 | 287,971 | 412,250 | - | 412,250 |

Notes: 1. The adjustment amount of negative 818 thousand yen in segment income is an elimination of transactions between segments.

2. The adjustment amount of negative 1,479,344 thousand yen in segment assets is a reflection of consolidated adjustment between segments.

3. The segment income is adjusted with operating income on the consolidated financial statements.

(Major Subsequent Events)

Not applicable.