

August 3, 2020

Consolidated Financial Results

Kikkoman Corporation Flash Report for Fiscal 2021 1Q

Three-month period ended June 30, 2020

Listed company name: **Kikkoman Corporation**
Shares listed: Tokyo (1st Section)
Code No.: 2801
URL: <https://www.kikkoman.com>
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Scheduled submission date of quarterly accounting report: August 12, 2020
Scheduled date for cash dividend payments: —
Supplementary Schedules for quarter: Yes
Results briefing for quarter: Yes

Notes:

1. All information has been prepared in accordance with accounting principles and practices generally accepted in Japan.
2. Amounts less than ¥1 million, except for per share amounts, have been omitted in the following tables.

1. Business Performance for the Three-month Period Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

1) Business Performance

(Millions of yen)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)
Apr. 1, 2020 -Jun. 30, 2020	108,090	(6.5)	9,765	(7.5)	9,947	(10.9)	6,954	(12.8)
Apr. 1, 2019 -Jun. 30, 2019	115,642	3.5	10,553	4.5	11,162	11.2	7,975	12.3

(Note) Comprehensive Income

April 1, 2020 to June 30, 2020: ¥ 8,971 million (624.6%)

April 1, 2019 to June 30, 2019: ¥ 1,238 million ((90.3)%)

	Earnings per share (yen)	Earnings per share (Assuming full dilution) (yen)
Apr. 1, 2020 -Jun. 30, 2020	36.22	—
Apr. 1, 2019 -Jun. 30, 2019	41.54	—

2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
Jun. 30, 2020	388,814	282,512	71.4%
Mar. 31, 2020	387,329	277,757	70.3%

(Reference) Total shareholders' equity

June 30, 2020: ¥ 277,428 million

March 31, 2020: ¥ 272,434 million

2. Cash Dividends

	Cash dividends per share (yen)				
	Three-month period ended	Six-month period ended	Nine-month period ended	Full year ended	Total
Apr. 1, 2019 -Mar. 31, 2020	—	21.00	—	21.00	42.00
Apr. 1, 2020 -Mar. 31, 2021	—	/	/	/	/
Apr. 1, 2020 -Mar. 31, 2021 (Estimated)	/	—	—	—	—

(Note) Revisions to recently announced forecasts of dividends: None

(Note) Cash dividends for the fiscal year ending March 31, 2021 (Estimated) remain undetermined. The expected amount of cash dividends will be announced as soon as it becomes available for disclosure.

3. Forecasts of Business Performance for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

The COVID-19 pandemic is expected to affect the Group's sales both in Japan and overseas. Given the uncertainty in many countries, such as restrictions and voluntary restraint on outings imposed to prevent infection and the timing of resuming economic activities, it is difficult for the Group to forecast its business performance during the fiscal year review. It will announce the forecasts as soon as they become available.

[Notes]

1) Changes in important subsidiaries during the first three months (Changes in certain specific subsidiaries resulting in a revised scope of consolidation): None

2) Application of special accounting methods in preparation for the consolidated quarterly financial statements: Yes

(Note) For details, please refer to the attachments to this report, Page 14, 2. Consolidated Quarterly Financial Statements and Main Notes, 3) Notes on quarterly consolidated financial statements, (Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements).

3) Changes in accounting policy, changes in accounting estimates and restatement of revisions

- ① Changes in accounting policy associated with accounting standard revisions: None
- ② Changes in accounting policy other than those in ① above: None
- ③ Changes in accounting estimates: None
- ④ Restatement of revisions: None

4) Issued and outstanding shares (common stock)

① Shares issued and outstanding at end of period (including treasury stock)			
June 30, 2020	—	193,883,202 shares	March 31, 2020 — 193,883,202 shares
② Treasury stock at end of period			
June 30, 2020	—	1,908,998 shares	March 31, 2020 — 1,908,731 shares
③ Shares outstanding during the period (cumulative for period, consolidated)			
June 30, 2020	—	191,974,319 shares	June 30, 2019 — 191,977,334 shares

* This flash report is not included in the scope of an audit by certified public accountants or the audit corporations.

* Explanation of appropriate use of business forecasts and other special matters.

(Caution Regarding Forward-looking Statements)

The COVID-19 pandemic is expected to affect the Group's sales both in Japan and overseas. Given the uncertainty in many countries, such as restrictions and voluntary restraint on outings imposed to prevent infection and the timing of resuming economic activities, it is difficult for the Group to forecast its business performance during the fiscal year review. It will announce the forecasts as soon as they become available.

(How to obtain business performance presentation materials)

Kikkoman will publish supplementary schedules to the first quarter results on TD-net for viewing in Japan, and on its website.

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1. Qualitative Information and Consolidated Financial Statements, etc.

1) Explanation of business performance

During the first three months under review, the global economy was in an extremely severe situation due to the impact of the COVID-19 pandemic.

The Group was also affected by the pandemic in the range of geographic areas where it operates. Overall domestic sales of the Group fell year on year in the Foods – Manufacturing and Sales business due to year-on-year decreases in the sales of soy sauce, food products, liquor and wine, despite the solid performance of beverages. Looking at overseas, sales increased year on year in the Foods – Manufacturing and Sales business, although fell short of the year-ago level in the Foods – Wholesale business.

As a result, consolidated operating results for the first three months of fiscal 2021 were as follows.

<Consolidated Financial Statements>

(Millions of yen, %)

	FY2020 1Q		FY2021 1Q		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.2019 – 6.30.2019		4.1.2020 – 6.30.2020		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	115,642	100.0	108,090	100.0	(7,552)	93.5	—	(1,788)	(5,764)	95.0
Operating Profit	10,553	9.1	9,765	9.0	(787)	92.5	(0.1)	(273)	(514)	95.1
Ordinary Profit	11,162	9.7	9,947	9.2	(1,215)	89.1	(0.5)	(256)	(959)	91.4
Profit attributable to owners of parent	7,975	6.9	6,954	6.4	(1,021)	87.2	(0.5)	(186)	(834)	89.5
Exchange Rate (¥/US\$)	110.00		107.74		(2.26)					
(¥/EUR)	123.29		118.94		(4.35)					

<Reporting Segments>

(Millions of yen, %)

		FY2020 1Q		FY2021 1Q		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.2019 – 6.30.2019		4.1.2020 – 6.30.2020		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%				Amount		
Domestic Foods— Manufacturing and Sales	Net Sales	45,550	100.0	44,316	100.0	(1,233)	97.3	—	—	(1,233)	97.3
	Operating Profit	3,151	6.9	2,787	6.3	(363)	88.5	(0.6)	—	(363)	88.5
Domestic Others	Net Sales	5,373	100.0	5,190	100.0	(183)	96.6	—	—	(183)	96.6
	Operating Profit	503	9.4	413	8.0	(89)	82.2	(1.4)	—	(89)	82.2
Overseas Foods— Manufacturing and Sales	Net Sales	23,724	100.0	24,368	100.0	644	102.7	—	(632)	1,276	105.4
	Operating Profit	4,905	20.7	5,188	21.3	283	105.8	0.6	(169)	452	109.2
Overseas Foods— Wholesale	Net Sales	48,440	100.0	40,969	100.0	(7,471)	84.6	—	(1,219)	(6,251)	87.1
	Operating Profit	2,384	4.9	1,762	4.3	(622)	73.9	(0.6)	(76)	(545)	77.1
Adjustments	Net Sales	(7,446)	100.0	(6,754)	100.0	691	—	—	63	627	—
	Operating Profit	(391)	—	(387)	—	4	—	—	(28)	32	—
Consolidated Total	Net Sales	115,642	100.0	108,090	100.0	(7,552)	93.5	—	(1,788)	(5,764)	95.0
	Operating Profit	10,553	9.1	9,765	9.0	(787)	92.5	(0.1)	(273)	(514)	95.1
Exchange Rate (¥/US\$)		110.00		107.74		(2.26)					
		(¥/EUR)	123.29		118.94						

Performance in each reporting segment is outlined as follows.

【Domestic】

Sales in Japan were as follows.

Foods—Manufacturing and Sales

This business segment comprises manufacturing and sales in Japan of products from the Soy Sauce Division and the Food Products Division, which includes *tsuyu* (soy sauce soup base), *tare* (dipping and marinade sauces), and Del Monte seasonings, as well as the Beverages Division, which includes soy milk beverages and Del Monte beverages, and the Liquor and Wine Division, which includes *mirin* and wines. Sales for each division were as follows.

During the three-month period under review, home-use demand increased due to the impact of COVID-19. However, demand declined in the industrial- and foodservice-use sectors, reflecting the sharp deterioration of the restaurant industry.

■ Soy Sauce Division

Sales of the *Itsudemo Shinsen* (always fresh) series continued to increase and products in conventional plastic bottles, such as *Koikuchi Shoyu*, also rose year on year in the home-use sector. Sales were down year on year in the industrial- and foodservice-use sectors. As a result, overall sales decreased year on year for the Soy Sauce Division.

■ Food Products Division

Overall sales of *tsuyu* products increased year on year due to the strong performance of *Koidashi Hontsuyu* in particular. Sales of *tare* products declined year on year, reflecting slow sales in the industrial- and foodservice-use sectors, although the mainstay *Wagaya wa Yakiniyasan* series remained strong. Sales of the *Uchi no Gohan* series (handy Japanese-style seasoning mixes) were lower than the year-ago level because the division suspended sales of certain products to ensure the supply of mainstay products, for which demand expanded rapidly due to the impact of COVID-19, and refrained from promoting sales. Sales declined year on year for Del Monte seasonings due to lower sales in the industrial- and foodservice-use sectors despite growth in the home-use sector. As a result, sales decreased year on year for the Food Products Division due to a decline in sales in the industrial- and foodservice-use sectors.

■ Beverages Division

Sales of soy milk beverages increased steadily, reflecting the growth of unprocessed soy milk with rising health awareness and a resultant increase in the number of consumers who use soy milk not only as a beverage but also as a cooking ingredient. Sales were higher than the year-ago level, mainly reflecting an increase in sales of products in one-liter containers due to a rise in home-use demand.

Sales decreased year on year for Del Monte beverages due to lackluster sales of tomato juice and fruit juice, although sales of vegetable juice, such as salt-free vegetable juice, remained strong.

As a result, overall sales increased year on year for the Beverages Division.

■ Liquor and Wine Division

Sales decreased year on year for *Hon Mirin*. In the home-use sector, sales grew for high value-added products such as *Komekoji Kodawari-jikomi Hon Mirin* and *Nokojukusei Hon Mirin* with a rise in home-use demand, which was offset by a decline in sales for products in large containers in the industrial- and foodservice-use sectors.

Sales fell year on year for wine, reflecting a decline in sales in the industrial- and foodservice-use sectors due to lower demand from hotels and restaurants.

As a result, overall sales decreased year on year for the Liquor and Wine Division.

As a result of the above, the Foods—Manufacturing and Sales segment recorded lower sales and lower profit, with net sales decreasing 2.7% year on year, to ¥44,316 million, and operating profit decreasing 11.5% year on year, to ¥2,787 million.

Others

This segment includes production and sales of clinical diagnostic reagents, hygiene inspection agents, processing enzymes and chemical products such as hyaluronic acid, as well as real estate rental, logistics, back-office functions for the Kikkoman Group, and other businesses.

Sales of biochemical business rose year on year due to the growth of hygiene inspection agents although sales of clinical diagnostic reagents and hyaluronic acid were lower than the year-ago levels. Sales for logistics business decreased year on year. As a result, overall sales decreased year on year for the Others Division.

As a result of the above, the Others segment recorded lower sales and lower profit, with net sales decreasing 3.4% year on year, to ¥5,190 million, and operating profit decreasing 17.8% year on year, to ¥413 million.

【Overseas】

Sales overseas were as follows.

In the home-use sector, home-use demand increased overseas as well due to the impact of COVID-19. On the other hand, foodservice-use demand declined in the foodservice-use sector due to the sharp deterioration of the restaurant industry.

Foods—Manufacturing and Sales

This business comprises overseas manufacturing and sales of products from the Soy Sauce Division, Del Monte Division, and the Other Foods Division, including health foods. Sales for each division were as follows.

■ Soy Sauce Division

In the North American market, the division continued to enhance the lineup of soy sauce-based seasonings and other products, as well as mainstay soy sauce products, with a focus on home-use demand, while at the same time expanding business by leveraging the Kikkoman brand. As a result, sales increased year on year in this market as a whole.

In the European market, sales increased year on year, reflecting growth in sales in main markets such as the U.K. and Germany.

In the Asia and Oceania market, sales decreased year on year. Sales increased in Southeast Asia and Australia although declined year on year in China due to the spread of COVID-19.

As a result, overall sales for the Soy Sauce Division rose year on year.

■ Del Monte Division

This division manufactures and sells canned fruits, canned corn, tomato ketchup and other products in the Asia and Oceania region.

Sales rose year on year for the Del Monte Division.

■ Other Foods Division

This division manufactures and sells health foods, mainly in the North American region.

Sales increased year on year for the Other Foods Division on a local currency basis.

As a result of the above, the Foods—Manufacturing and Sales segment recorded higher sales and higher profit, with net sales increasing 2.7% year on year, to ¥24,368 million, and operating profit increasing 5.8% year on year, to ¥5,188 million.

Foods—Wholesale

This segment procures and sells oriental foods in Japan and overseas.

Sales decreased year on year in North America because the restaurant industry suffered a sharp decline in sales mainly due to voluntary restraint on outings.

Sales were lower than the year-ago levels in Europe, Asia and Oceania for the same reason.

As a result, overall sales decreased year on year for the Foods – Wholesale segment.

As a result of the above, the Foods—Wholesale segment recorded lower sales and lower profit, with net sales decreasing 15.4% year on year, to ¥40,969 million, and operating profit decreasing 26.1% year on year, to ¥1,762 million.

As a result of the aforementioned segment results, the Company reported consolidated net sales for the first three months of fiscal 2021 of ¥108,090 million decreasing 6.5% year on year, operating profit of ¥9,765 million decreasing 7.5%, ordinary profit of ¥9,947 million decreasing 10.9%, and profit attributable to owners of parent of ¥6,954 million decreasing 12.8%.

2) Explanation of financial position

(Assets)

Current assets as of June 30, 2020, were ¥159,058 million yen, down ¥481 million from March 31, 2020. This was mainly due to a decrease in notes and accounts receivable-trade, which offset an increase in cash and deposits. Non-current assets were ¥229,755 million, up ¥1,966 million from March 31, 2020. This was largely attributable to an increase in investment securities.

As a result, total assets increased ¥1,485 million from March 31, 2020, to ¥388,814 million.

(Liabilities)

Current liabilities as of June 30, 2020, were ¥58,706 million, down ¥3,084 million from March 31, 2020. This was mainly due to decreases in notes and accounts payable-trade and accounts payable-other, which offset an increase in short-term loans payable. Non-current liabilities were ¥47,594 million, down ¥185 million from March 31, 2020. This was largely due to a decrease in net defined benefit liability, which offset an increase in deferred tax liabilities.

As a result, total liabilities decreased ¥3,270 million from March 31, 2020, to ¥106,301 million.

(Net Assets)

Net assets as of June 30, 2020, were ¥282,512 million yen, up ¥4,755 million from March 31, 2020. This was largely attributable to increases in retained earnings and valuation difference on available-for-sale securities.

As a result, the equity ratio was 71.4% (up from 70.3% on March 31, 2020).

3) Explanation of forward-looking statements, including forecasts of consolidated business performance

The COVID-19 pandemic is expected to affect the Group's sales both in Japan and overseas. Given the uncertainty in many countries, such as restrictions and voluntary restraint on outings imposed to prevent infection and the timing of resuming economic activities, it is difficult for the Group to forecast its business performance during the fiscal year review. It will announce the forecasts as soon as they become available.

2. Consolidated Quarterly Financial Statements and Main Notes

1) Consolidated Quarterly Balance Sheets

	(Millions of yen)	
	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	30,088	33,503
Notes and accounts receivable-trade	61,145	56,683
Short-term investment securities	—	156
Merchandise and finished goods	43,255	41,583
Work in process	11,798	12,034
Raw materials and supplies	5,901	6,218
Other	8,543	10,087
Allowance for doubtful accounts	(1,192)	(1,209)
Total current assets	159,540	159,058
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	55,200	55,141
Machinery, equipment and vehicles, net	44,751	44,719
Land	20,900	20,861
Lease assets, net	15,841	15,714
Construction in progress	7,705	7,492
Other, net	4,669	4,564
Total property, plant and equipment	149,067	148,493
Intangible assets		
Goodwill	4,164	4,027
Other	5,004	4,921
Total intangible assets	9,168	8,949
Investments and other assets		
Investment securities	57,672	60,138
Long-term loans receivable	1,881	2,024
Net defined benefit asset	4,934	5,854
Deferred tax assets	3,416	3,227
Other	3,799	3,226
Allowance for doubtful accounts	(2,153)	(2,159)
Total investments and other assets	69,552	72,312
Total non-current assets	227,788	229,755
Total assets	387,329	388,814

	(Millions of yen)	
	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,414	21,068
Short-term loans payable	5,311	10,191
Lease obligations	2,437	2,429
Accounts payable-other	19,249	14,002
Income taxes payable	3,297	2,912
Provision for bonuses	2,662	1,004
Provision for directors' bonuses	129	30
Other	5,288	7,066
Total current liabilities	61,791	58,706
Non-current liabilities		
Long-term loans payable	13,602	13,602
Lease obligations	13,997	13,923
Deferred tax liabilities	6,847	7,754
Provision for directors' retirement benefits	732	692
Provision for environmental measures	31	3
Net defined benefit liability	7,243	6,246
Other	5,326	5,373
Total non-current liabilities	47,780	47,594
Total liabilities	109,571	106,301
Net assets		
Shareholders' equity		
Capital stock	11,599	11,599
Capital surplus	13,695	13,695
Retained earnings	244,044	246,965
Treasury stock	(3,641)	(3,643)
Total shareholders' equity	265,697	268,617
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,012	15,522
Deferred gains or losses on hedges	(0)	6
Foreign currency translation adjustment	(4,376)	(5,168)
Remeasurements of defined benefit plans	(2,898)	(1,549)
Total Accumulated other comprehensive income	6,736	8,810
Non-controlling interests	5,322	5,084
Total net assets	277,757	282,512
Total liabilities and net assets	387,329	388,814

2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

(Consolidated Quarterly Statements of Income)
(During the first three months of fiscal 2021)

	(Millions of yen)	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	115,642	108,090
Cost of sales	69,701	64,454
Gross profit	45,941	43,635
Selling, general and administrative expenses	35,388	33,870
Operating profit	10,553	9,765
Non-operating income		
Interest income	68	39
Dividends income	514	553
Equity in earnings of affiliates	22	20
Rent income	178	184
Foreign exchange gains	1,785	474
Gain on valuation of derivatives	52	119
Other	292	334
Total non-operating income	2,914	1,725
Non-operating expenses		
Interest expenses	180	121
Foreign exchange losses	109	60
Loss on valuation of derivatives	1,073	23
Other	941	1,339
Total non-operating expenses	2,305	1,544
Ordinary profit	11,162	9,947
Extraordinary income		
Gain on sales of property, plant and equipment	—	51
Gain on sales of investment securities	148	—
Total extraordinary income	148	51
Extraordinary loss		
Loss on retirement of non-current assets	—	21
Loss on valuation of investment securities	21	80
Loss on valuation of golf club membership	15	—
Total extraordinary loss	37	102
Profit before income taxes	11,273	9,896
Income taxes	3,165	2,826
Profit	8,108	7,069
Profit attributable to non-controlling interests	132	115
Profit attributable to owners of parent	7,975	6,954

(Consolidated Quarterly Statements of Comprehensive Income)
 (During the first three months of fiscal 2021)

	(Millions of yen)	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	8,108	7,069
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,351)	1,479
Deferred gains or losses on hedges	(40)	6
Foreign currency translation adjustment	(4,416)	(964)
Remeasurements of defined benefit plans, net of tax	(10)	1,360
Share of other comprehensive income of associates accounted for using equity method	(51)	19
Total other comprehensive income	(6,870)	1,901
Comprehensive income	1,238	8,971
Total comprehensive income attributable to:		
Owners of parent	956	9,028
Non-controlling interests	281	(56)

3) Notes on quarterly consolidated financial statements (Notes Regarding Going Concern)

No applicable items.

(Notes Regarding Significant Changes in Shareholders' Equity)

No applicable items.

(Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements)

Calculation of tax expenses

The effective tax rate after application of deferred tax accounting to profit before income taxes and non-controlling interests for the consolidated fiscal year, including the first three months under review, is reasonably estimated, and the tax expenses are calculated by multiplying this estimated effective tax rate by profit before income taxes and non-controlling interests.

(Additional Information)

Application of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System”

The Company and some of its domestic consolidated subsidiaries have not applied the provisions of paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28 issued February 16, 2018) in accordance with the treatment set forth in paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39 issued March 31, 2020) to the items for which the non-consolidated taxation system was revised in line with the shift from the consolidated taxation system to the group tax sharing system, which was created under “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020), and posted the amounts of deferred tax assets and deferred tax liabilities based on the provisions of tax laws before the revision.

(Segment Information)

 I. First three months of fiscal 2020 (April 1, 2019 to June 30, 2019)
 Sales, Profit, and Losses by Reporting Segment

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Consoli- dated Total (Note 2)
	Domestic Foods— Manufacturing and Sales	Domestic Others	Overseas Foods— Manufacturing and Sales	Overseas Foods— Wholesale	Total		
Sales							
Sales to third parties	45,042	1,789	20,485	48,324	115,642	—	115,642
Intragroup sales or transfers	507	3,583	3,238	116	7,446	(7,446)	—
Total sales	45,550	5,373	23,724	48,440	123,088	(7,446)	115,642
Operating profit	3,151	503	4,905	2,384	10,944	(391)	10,553

(Notes)

1. Adjustments of ¥ (391) million in segment operating profit consist mainly of difference in the allocation of corporate expenses.
2. Segment operating profits are adjusted to the operating profits recorded in the consolidated statements of income.

 II. First three months of fiscal 2021 (April 1, 2020 to June 30, 2020)
 Sales, Profit, and Losses by Reporting Segment

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Consoli- dated Total (Note 2)
	Domestic Foods— Manufacturing and Sales	Domestic Others	Overseas Foods— Manufacturing and Sales	Overseas Foods— Wholesale	Total		
Sales							
Sales to third parties	43,660	1,785	21,803	40,840	108,090	—	108,090
Intragroup sales or transfers	656	3,404	2,565	129	6,754	(6,754)	—
Total sales	44,316	5,190	24,368	40,969	114,844	(6,754)	108,090
Operating profit	2,787	413	5,188	1,762	10,152	(387)	9,765

(Notes)

1. Adjustments of ¥ (387) million in segment operating profit consist mainly of difference in the allocation of corporate expenses.
2. Segment operating profits are adjusted to the operating profits recorded in the consolidated statements of income.