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February 8, 2023

## Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Q3 FY2022) (Under Japanese GAAP)

Company name: FUJI OIL HOLDINGS INC.  
 Listing: Tokyo Stock Exchange  
 Securities code: 2607  
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 Scheduled date to file quarterly securities report: February 8, 2023  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (For institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the nine months ended December 31, 2022 (April 1, 2022 – December 31, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2022	416,687	30.2	8,776	△26.4	8,375	△28.7	5,062	△46.0
December 31, 2021	319,936	17.1	11,923	△11.8	11,752	△8.7	9,368	8.8

(Note) Comprehensive income For the nine months ended December 31, 2022: ¥26,916 million [38.0%]  
 For the nine months ended December 31, 2021: ¥19,500 million [373.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2022	58.89	—
December 31, 2021	108.98	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
December 31, 2022	499,903	219,866	42.4	2,465.00
March 31, 2022	416,617	189,495	44.7	2,168.13

(Reference) Shareholder's equity As of December 31, 2022: ¥211,903 million  
 As of March 31, 2022: ¥186,377 million

### 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	26.00	—	26.00	52.00
Fiscal year ending March 31, 2023	—	26.00	—		
Fiscal year ending March 31, 2023 (Forecast)				26.00	52.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

### 3. Consolidated forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	550,000	26.8	13,500	△10.1	12,500	△13.0	8,000	△30.5	93.06

(Note) Revisions to the consolidated forecast most recently announced: Yes

Please refer to the "Notice of Revisions to Full-Year Earnings Forecast" released today for further details.

#### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes  
 New: 1 company (Company Name) Fuji Oil International Inc.  
 Note: Please refer to "2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in significant consolidated subsidiaries during the period under review)" on page 10 of the Accompanying Materials for details.

- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes  
 (ii) Changes in accounting policies due to other reasons: None  
 (iii) Changes in accounting estimates: None  
 (iv) Restatement: None

Note: Please refer to "2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 10 of the Accompanying Materials for details.

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

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2022	87,569,383 shares
As of March 31, 2022	87,569,383 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2022	1,604,628 shares
As of March 31, 2022	1,607,211 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2022	85,963,663 shares
Nine months ended December 31, 2021	85,959,667 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Explanations and other special notes concerning the appropriate use of business results forecasts

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on a range of factors.

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## 1. Qualitative Information on Results for the Nine Months Ended December 31, 2022

### (1) Details of Operating Results

During the first nine months of the current consolidated fiscal year, although the global economy began to move on from the impact of COVID-19 towards the normalization of economic activities, the future continued to lack transparency due to various countries successively raising key interest rates in response to global inflation.

Raw material prices for palm oil and soybeans, our main raw material, overall were high in the beginning of the fiscal year due to the impact of the situation in Ukraine and Indonesian palm oil export restrictions. Palm oil price recovered since June due to factors such as the resumption of Indonesian palm oil exports, while Soybean price temporarily fell down but still remains high due to unseasonable weather, an expectation of demand increasing and other. Procurement costs for raw material also remain high due to an increase in logistics costs and labor costs, and in Japan the effect of rapid yen depreciation in foreign exchange rates.

We formulated our new Mid-term Management Plan, Reborn 2024, for the three years from this fiscal year to FYE March 2025. This plan adopts the basic policies of "strengthening our business foundation", "strengthening global business management", and "enhancing sustainability". We are working to improve our corporate value by restoring basic profitability through initiatives such as optimizing sales prices, strengthening business-specific performance management, and market differentiation through sustainable procurement.

As a result of the above, earnings for the first nine months of the consolidated fiscal year under review were as follows.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Nine months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2022	416,687	8,776	8,375	5,062
December 31, 2021	319,936	11,923	11,752	9,368
Year-on-year change (Year-on-year change rate)	+96,750 (+30.2%)	△3,147 (△26.4%)	△3,376 (△28.7%)	△4,305 (△46.0%)

The operating results by reported segment are shown below.

	Net sales			Operating profit		
	Millions of yen	Year-on-year change		Millions of yen	Year-on-year change	
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Vegetable Oils and Fats	153,659	+57,223	+59.3%	5,242	△422	△7.5%
Industrial Chocolate	167,441	+29,618	+21.5%	4,090	△1,150	△21.9%
Emulsified and Fermented Ingredients	69,807	+10,318	+17.3%	936	△712	△43.2%
Soy-based Ingredients	25,779	△410	△1.6%	1,337	△764	△36.4%
Adjustment	—	—	—	△2,832	△96	—
Total	416,687	+96,750	+30.2%	8,776	△3,147	△26.4%

(Vegetable Oils and Fats)

Net sales increased significantly due to higher sales prices to reflect rising prices for palm oil, our main raw material, and other raw materials. Net sales also rose on the launch of operations at a new plant in North America and on the effect of yen depreciation in foreign exchange rates. Despite the contribution of steady sales in Southeast Asia, operating profit decreased due to increased depreciation and other fixed costs associated with the launch of operations at a new plant in North America.

(Industrial Chocolate)

Net sales increased due to the effect of yen depreciation in foreign exchange rates and higher sales prices to reflect rising raw material prices. Operating profit decreased due to lower sales volume in Japan and North America associated with decreased demand from economic decline.

(Emulsified and Fermented Ingredients)

Net sales increased due to higher sales prices to reflect higher raw material prices and the effect of yen depreciation in foreign exchange rates. Despite the higher sales volume in Japan, operating profit decreased on factors such as lower sales volume in China associated with decreased demand caused by prolonged Zero-COVID policy and lower profitability due to rising raw material prices.

(Soy-based Ingredients)

Net sales decreased due to a decline in the sales volume for soy protein ingredients in Japan and the deconsolidation of a soy protein food company in China in the previous fiscal year despite higher sales prices to reflect rising raw material prices. Operating profit decreased due to factors such as a decrease in sales volume for soy protein ingredients in Japan.

## (2) Details of Financial Position

Total assets at the end of the nine months of the fiscal year under review increased by 83,285 million yen from the end of the previous consolidated fiscal year to 499,903 million yen. Under our Mid-term Management Plan, Reborn 2024, we are working to improve our financial structure by strengthening and rebuilding our business foundation. We will improve capital efficiency and strengthen our financial monitoring.

The consolidated financial position at the end of the nine months of the fiscal year under review is as follows.

(Millions of yen)

		As of March 31, 2022	As of December 31, 2022	Year-on-year change
Assets	Current assets	201,334	249,916	+48,582
	Property, plant and equipment	140,628	160,135	+19,507
	Intangible assets	55,697	65,054	+9,356
	Other	18,958	24,797	+5,838
Assets		416,617	499,903	+83,285
Liabilities	Interest-bearing debt	148,769	185,483	+36,713
	Other	78,352	94,553	+16,200
Liabilities		227,122	280,036	+52,913
Net assets		189,495	219,866	+30,371

(Assets)

Assets increased by 83,285 million yen from the end of the previous consolidated fiscal year to 499,903 million yen. Current assets increased due to an increase in operating capital attributable to rising raw material prices and the effect of yen depreciation in foreign exchange rates. Property, plant and equipment increased mainly due to right-of-use assets. The increase in other assets was mainly due to an increase of 6,388 million yen in investment securities resulting from the acquisition of Oilseeds International, Ltd.

(Liabilities)

Liabilities increased by 52,913 million yen from the end of the previous consolidated fiscal year to 280,036 million yen due to an increase in interest-bearing debt associated with an increase in operating capital and the effect of yen depreciation in foreign exchange rates.

(Net assets)

Net assets increased 30,371 million yen from the end of the previous year to 219,866 million yen due to an increase in foreign currency translation adjustments caused by the yen depreciation against the US dollar and euro, and an increase of 3,560 million yen in capital surplus due to in-kind contributions to Fuji Oil International Inc. of shares of Oilseeds International Ltd. and Fuji Vegetable Oil, Inc.

As a result, net assets per share increased by 296.87 yen from the end of the previous consolidated fiscal year to 2,465.00 yen. Equity ratio decreased by 2.3 points from the end of the previous fiscal year to 42.4%.

### (Details of Cash Flows)

To maintain and improve our financial discipline, our fundamental policy is to generate free cash flow of 10 billion yen or more each year through steady profit growth and a shortened cash conversion cycle. Therefore, we are working on improvement of our financial structure by careful selection of capital expenditure, withdrawing from non-core businesses, further selling cross-holding shares for strategic purposes and other.

The consolidated cash flows during the first nine months of the fiscal year under review are as follows.

	(Millions of yen)		
	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Year-on-year change
Cash flows from operating activities	1,680	△13,946	△15,626
Cash flows from investing activities	△12,883	△11,182	+1,700
Free Cash flows	△11,203	△25,128	△13,925
Cash flows from financing activities	10,407	24,286	+13,879
Cash and cash equivalents at end of period	20,154	16,947	△3,207

#### (Cash flows from operating activities)

Cash flows from operating activities for the first nine months of the consolidated fiscal year under review resulted in expenditures of 13,946 million yen, decreasing by 15,626 million yen compared to the first nine months of the previous fiscal year. This was mainly due to an increase in operating capital associated with a decrease in trade payables and an increase in trade receivables attributable to higher sales prices.

#### (Cash flows from investing activities)

Cash flows from investing activities for the first nine months of the consolidated fiscal year under review resulted in expenditures of 11,182 million yen. Compared to the first nine months of the previous consolidated fiscal year, expenditures decreased by 1,700 million yen due to a decrease in capital investment and sales of assets.

#### (Cash flows from financing activities)

Cash flows from financing activities for the first nine months of the consolidated fiscal year under review resulted in income of 24,286 million yen. Compared to the first nine months of the previous consolidated fiscal year, income increased by 13,879 million yen due to proceeds from short-term borrowings attributable to an increase in operating capital despite the redemption of straight bonds in Japan.

### (3) Information on the Future Outlook, Including Consolidated Business Results Forecasts

The consolidated business results forecasts for the full year has been revised from the previous forecast announced on 9 November 2022. Please refer to the "Notice of Revisions to Full-Year Earnings Forecast" released today for further details.

**2. Quarterly Consolidated Financial Statements and Key Notes**  
**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	15,926	16,957
Notes and accounts receivable – trade	81,121	104,109
Merchandise and finished goods	40,786	53,563
Raw materials and supplies	55,249	64,459
Other	8,468	11,048
Allowance for doubtful accounts	△217	△221
<b>Total current assets</b>	<b>201,334</b>	<b>249,916</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,485	43,269
Machinery, equipment and vehicles, net	58,137	61,002
Land	20,659	21,984
Construction in progress	15,283	18,211
Other, net	7,061	15,667
<b>Total property, plant and equipment</b>	<b>140,628</b>	<b>160,135</b>
Intangible assets		
Goodwill	27,008	31,200
Customer related assets	16,954	20,681
Other	11,734	13,172
<b>Total intangible assets</b>	<b>55,697</b>	<b>65,054</b>
Investments and other assets		
Investment securities	7,122	14,546
Retirement benefit asset	4,952	5,356
Deferred tax assets	708	807
Other	6,110	4,037
Allowance for doubtful accounts	△62	△62
<b>Total investments and other assets</b>	<b>18,831</b>	<b>24,684</b>
<b>Total non-current assets</b>	<b>215,156</b>	<b>249,874</b>
Deferred assets		
Bond issuance costs	126	112
<b>Total deferred assets</b>	<b>126</b>	<b>112</b>
<b>Total assets</b>	<b>416,617</b>	<b>499,903</b>

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	40,654	41,035
Short-term borrowings	44,518	86,159
Current portion of bonds payable	10,000	—
Commercial papers	10,000	10,000
Income taxes payable	1,727	1,030
Provision for bonuses	2,588	1,961
Provision for bonuses for directors (and other officers)	62	9
Other	11,290	18,620
Total current liabilities	120,840	158,816
Non-current liabilities		
Bonds payable	35,000	41,000
Long-term borrowings	49,251	48,324
Deferred tax liabilities	15,038	18,576
Retirement benefit liability	1,996	1,691
Other	4,995	11,627
Total non-current liabilities	106,282	121,219
Total liabilities	227,122	280,036
<b>Net assets</b>		
Shareholders' equity		
Share capital	13,208	13,208
Capital surplus	11,945	15,494
Retained earnings	159,664	160,240
Treasury shares	△1,954	△1,946
Total shareholders' equity	182,864	186,997
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,523	1,688
Deferred gains or losses on hedges	1,070	△1,128
Foreign currency translation adjustment	1,079	24,404
Remeasurements of defined benefit plans	△161	△58
Total accumulated other comprehensive income	3,512	24,905
Non-controlling interests	3,117	7,963
Total net assets	189,495	219,866
<b>Total liabilities and net assets</b>	<b>416,617</b>	<b>499,903</b>



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

Quarterly Consolidated Statements of Income (First nine-month period)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	319,936	416,687
Cost of sales	269,599	362,248
Gross profit	50,336	54,439
Selling, general and administrative expenses	38,412	45,662
Operating profit	11,923	8,776
Non-operating income		
Interest income	473	376
Dividend income	74	79
Foreign exchange gains	196	649
Share of profit of entities accounted for using equity method	71	447
Other	381	613
Total non-operating income	1,196	2,166
Non-operating expenses		
Interest expenses	698	1,627
Other	668	939
Total non-operating expenses	1,367	2,566
Ordinary profit	11,752	8,375
Extraordinary income		
Gain on sale of non-current assets	749	82
Gain on sale of investment securities	385	—
Refunded taxes	744	143
Total extraordinary income	1,879	225
Extraordinary losses		
Loss on sale of non-current assets	50	0
Loss on retirement of non-current assets	410	261
Impairment losses	43	—
Restructuring of affiliate company business	242	—
Total extraordinary losses	747	261
Profit before income taxes	12,884	8,340
Income taxes - current	3,149	3,448
Income taxes - deferred	282	△88
Total income taxes	3,432	3,359
Profit	9,452	4,980
Profit (Loss) attributable to non-controlling interests	84	△82
Profit attributable to owners of parent	9,368	5,062

Quarterly Consolidated Statements of Comprehensive Income (First nine-month period)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	9,452	4,980
Other comprehensive income		
Valuation difference on available-for-sale securities	△219	165
Deferred gains or losses on hedges	△49	△2,199
Foreign currency translation adjustment	10,115	23,652
Remeasurements of defined benefit plans, net of tax	86	102
Share of other comprehensive income of entities accounted for using equity method	114	214
Total other comprehensive income	10,047	21,935
Comprehensive income	19,500	26,916
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,308	27,193
Comprehensive income attributable to non-controlling interests	191	△276

(3) Quarterly Consolidated Statements of Cash flows  
(First nine-month period)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	12,884	8,340
Depreciation	11,269	13,036
Amortization of goodwill	1,607	1,929
Decrease (increase) in retirement benefit asset	△640	△404
Increase (decrease) in retirement benefit liability	343	△175
Interest and dividend income	△547	△455
Interest expenses	698	1,627
Impairment losses	43	—
Share of loss (profit) of entities accounted for using equity method	△71	△447
Loss (gain) on sale of investment securities	△385	—
Loss (gain) on disposal of non-current assets	△288	170
Decrease (increase) in trade receivables	△14,632	△17,664
Decrease (increase) in inventories	△12,017	△11,979
Increase (decrease) in trade payables	8,895	△2,182
Other, net	△196	969
Subtotal	6,963	△7,237
Interest and dividends received	291	860
Interest paid	△796	△1,664
Income taxes refund (paid)	△4,778	△5,904
Net cash provided by (used in) operating activities	1,680	△13,946
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△12,714	△12,956
Proceeds from sale of property, plant and equipment	1,240	1,745
Purchase of intangible assets	△881	△774
Purchase of investment securities	△100	△295
Proceeds from sale of investment securities	684	—
Proceeds from sale of investments in capital of subsidiaries	—	1,394
Proceeds from collection of long-term loans receivable	15	7
Purchase of long-term prepaid expenses	△764	—
Other, net	△361	△303
Net cash provided by (used in) investing activities	△12,883	△11,182
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	11,533	33,360
Proceeds from long-term borrowings	10,326	6,984
Repayments of long-term borrowings	△6,436	△6,794
Proceeds from issuance of bonds	—	5,967
Redemption of bonds	—	△10,000
Dividends paid	△4,475	△4,475
Dividends paid to non-controlling interests	△105	△191
Other, net	△434	△564
Net cash provided by (used in) financing activities	10,407	24,286
Effect of exchange rate change on cash and cash equivalents	497	75
Net increase (decrease) in cash and cash equivalents	△297	△767
Cash and cash equivalents at beginning of period	20,452	15,915
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	1,798
Cash and cash equivalents at end of period	20,154	16,947

#### **(4) Notes to Quarterly Consolidated Financial Statements**

##### **(Notes Relating to Assumptions for the Going Concern)**

Not applicable.

##### **(Notes for Case Where Shareholders' Equity underwent Significant Changes in Value)**

Not applicable.

##### **(Changes in significant consolidated subsidiaries during the period under review)**

During the first quarter of the consolidated fiscal year, we established Fuji Oil International Inc. and included it in the scope of consolidation. Fuji Oil International Inc. is classified as a specified subsidiary.

Although this does not constitute a change to specific subsidiaries, the following changes to major subsidiaries were conducted during the first nine months of the consolidated fiscal year.

###### **(1) Change in scope of consolidation**

Fuji Oil International Inc. was included in the scope of consolidation during the first quarter of the current consolidated fiscal year, and its subsidiary Oilseeds International, Ltd. was also included in the scope of consolidation.

###### **(2) Change in scope of application of equity method**

In the first quarter of the current fiscal year, RITO Partnership, an affiliate of Oilseeds International, Ltd. was included in the scope of equity-method affiliates due to the inclusion of Oilseeds International, Ltd. in the scope of consolidation. K&FS PTE.LTD. was excluded from the scope of equity method application due to its decreased materiality.

##### **(Changes in Accounting Policies)**

###### **(Application of Accounting Standards Update (ASU) No. 2016-02, Leases )**

The Company's foreign consolidated subsidiaries applying US-GAAP have adopted Accounting Standards Update (ASU) No. 2016-02, Leases ("the Standard") effective from the first quarter of the current fiscal year. In accordance with this standard, all leases transaction as lessee are generally record as lease assets (net) and lease liabilities. In applying this standard, we have adopted a transitional measure recognizing the cumulative effect of adopting this standard at the date of adoption.

As a result of the application of this standard, other tangible fixed assets, other current liabilities, and other long-term liabilities increased by 8,117 million yen, 613 million yen, and 6,136 million yen, respectively, in the consolidated balance sheet for the first nine months of the current fiscal year. The effect of this change on profit and loss for the first nine months of the current fiscal year was immaterial.

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

###### **(Application of the Treatment of Accounting and Disclosure for the Application of the Group Tax Sharing System)**

Effective from the first quarter of the current fiscal year, the Company and some of its domestic consolidated subsidiaries have shifted from the Consolidated Tax Return Filing System to the Group Tax Sharing System. In conjunction with this change, the Company and some of its domestic consolidated subsidiaries have adopted the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021; hereinafter referred to as "ASBJ PITF No. 42"), which stipulates accounting treatment and disclosure for corporate and local taxes and tax effect accounting. In accordance with Paragraph 32 (1) of the ASBJ PITF No. 42, the Company has deemed that there is no impact from the change in accounting policy due to the application of the ASBJ PITF No. 42.

**(Segment Information)**

First nine-month period of the fiscal year under review (April 1, 2022 - December 31, 2022)

## 1. Information on net sales and profits or losses by reported segment

(Millions of yen)

	Reported segments					Adjustment (Note 1)	Amounts on Quarterly consolidated statements of income (Note 2)
	Vegetable Oils and Fats	Industrial Chocolate	Emulsified and Fermented Ingredients	Soy-based Ingredients	Total		
Net Sales							
Sales to external customers	153,659	167,441	69,807	25,779	416,687	—	416,687
Transactions with other segments	18,849	2,006	4,999	100	25,955	△25,955	—
Total	172,508	169,447	74,806	25,879	442,642	△25,955	416,687
Segment profit	5,242	4,090	936	1,337	11,608	△2,832	8,776

(Note) 1. Adjustment of segment profit △2,832 million yen includes corporate expenses of 2,832 million yen, which are not allocated to each reported segment. Corporate expenses are expenses related to group management at the submitting company and certain area management companies.

2. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

## 2. Information on impairment losses on non-current assets and goodwill by reported segment

Not applicable.