

**Translation**

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## Summary of Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending January 2024 (Based on Japanese GAAP)

December 15, 2023

Company name: Appirits Inc.

Listing exchange: Tokyo Stock Exchange

Securities code: 4174

URL: <https://appirits.com/>

Representative: Junji Wada, President and Chief Executive Officer

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Scheduled date for filing quarterly securities report: December 15, 2023

Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: Yes

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

### 1. Consolidated Financial Results for the First Three Quarters (February 1, 2023 to October 31, 2023) of the Fiscal Year Ending January 31, 2024

#### (1) Consolidated Operating Results (Cumulative)

(Percentage figures represent 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                         | %    |
| First three quarters ended October 31, 2023 | 6,317           | 20.0 | 449              | 48.9 | 447             | 55.7 | 271                                     | 58.9 |
| First three quarters ended October 31, 2022 | 5,263           | -    | 301              | -    | 287             | -    | 171                                     | -    |

#### (Note) Comprehensive income

First three quarters ended October 31, 2023: 271 million yen [58.9%]

First three quarters ended October 31, 2022: 171 million yen [- %]

|   | Basic earnings per share | Diluted earnings per share |
|---|--------------------------|----------------------------|
|   | Yen                      | Yen                        |
| First three quarters ended October 31, 2023 | 66.38                    | 63.15                      |
| First three quarters ended October 31, 2022 | 42.62                    | 39.79                      |

(Note) As the Company started preparation of consolidated financial statements from the end of the fiscal year ended January 31, 2022, the year-on-year changes for the first three quarters of the fiscal year ended January 31, 2023, are not indicated.

#### (2) Consolidated Financial Position

|   | Total assets    | Net assets      | Equity ratio |
|---|-----------------|-----------------|--------------|
|   | Millions of yen | Millions of yen | %            |
| As of October 31, 2023                                  | 4,483           | 2,346           | 51.9         |
| As of January 31, 2023<br>(end of previous fiscal year) | 4,198           | 2,121           | 50.4         |

#### (Reference) Total shareholders' equity

As of October 31, 2023: 2,326 million yen As of January 31, 2023: 2,115 million yen

## 2. Cash Dividends

|  | Annual dividends per share |                    |                    |                 |       |
|--|----------------------------|--------------------|--------------------|-----------------|-------|
|  | End of 1st quarter         | End of 2nd quarter | End of 3rd quarter | Fiscal year-end | Total |
|  | Yen                        | Yen                | Yen                | Yen             | Yen   |
| Fiscal year ended January 2023             | –                          | 5.00               | –                  | 5.00            | 10.00 |
| Fiscal year ending January 2024            | –                          | 6.00               | –                  |                 |       |
| Fiscal year ending January 2024 (Forecast) |                            |                    |                    | 6.00            | 12.00 |

(Note) Revisions to the most recently announced dividend forecast: No

## 3. Forecast of Financial Results for the Fiscal Year Ending January 31, 2024 (from February 1, 2023 to January 31, 2024)

(Percentage figures represent year-on-year changes)

|           | Net sales       |      | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      | Basic earnings per share |
|-----------|-----------------|------|------------------|------|-----------------|------|---|------|--------------------------|
|           | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen                         | %    | Yen                      |
| Full year | 8,734           | 19.3 | 550              | 18.8 | 545             | 22.6 | 327                                     | 55.7 | 81.32                    |

(Note) Revisions to the most recently announced earnings forecast: No

### \* Explanatory notes

(1) Changes in significant subsidiaries during the first three quarters (changes in specified subsidiaries resulting in change in scope of consolidation): No

Newly consolidated: No Excluded from consolidation: No

(2) Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies other than those in 1) above: No

3) Changes in accounting estimates: Yes

4) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

|                        |                  |                        |                  |
|------------------------|------------------|------------------------|------------------|
| As of October 31, 2023 | 4,167,900 shares | As of January 31, 2023 | 4,133,700 shares |
|------------------------|------------------|------------------------|------------------|

2) Number of treasury shares at the end of the period

|                        |               |                        |               |
|------------------------|---------------|------------------------|---------------|
| As of October 31, 2023 | 77,338 shares | As of January 31, 2023 | 50,038 shares |
|------------------------|---------------|------------------------|---------------|

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

|   |                  |   |                  |
|---|------------------|---|------------------|
| First three quarters ended October 31, 2023 | 4,095,506 shares | First three quarters ended October 31, 2022 | 4,014,974 shares |
|---|------------------|---|------------------|

\* This summary of financial results is not subject to quarterly review procedures by a public accountant or audit corporation.

\* Explanation regarding the appropriate use of earnings forecasts, and other notes

(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors.

(How to obtain supplementary materials on quarterly financial results and details of the quarterly financial results briefing session)

The Company plans to promptly post the explanation (video) and explanatory materials regarding the financial results on its website.

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## 1. Qualitative Information on the Financial Results for the Period under Review

Forward-looking statements in this document were determined by Appirits Inc. ("the Company") as of the end of the third quarter (October 31, 2023) of the current fiscal year.

### (1) Explanation of Operating Results

During the first three quarters of the current fiscal year ending January 2024, the Japanese economy began to return to normalization and was on a gradual recovery track in accordance with deregulation regarding COVID-19, including its re-classification as a Class 5 infectious disease under the Infectious Diseases Control Law. The outlook remains uncertain, however, due to concerns about the impact of an economic slowdown caused by factors such as prolonged geopolitical risks, rising natural resources and raw material prices, foreign exchange fluctuations led by the sharp depreciation of the yen, and higher policy interest rates against global inflation.

The Internet industry and online gaming industry, to which the Company and its group of companies ("the Group") belong, continue to see a strong trend of new digitalization, which brings about drastic changes to business models and the industry structure through digital transformation (DX), mainly at large companies. The need to respond to new lifestyles through digitalization is solid and strong, and companies continue to expand their investments in information technology (IT).

Given such a business environment, the Group has set forth its mission of "Always make Internet services that delight and enrich the world" under its vision of "The Internet Company." To achieve this mission, the Group conducts three main businesses: Web Solutions, Digital Talent Development and Staffing, and Online Gaming, and works to expand earnings with the trend of DX bolstering its endeavor.

Moreover, the Group has achieved an M&A strategy, a part of its growth strategies, by the Company acquiring Moving Crew Co., Ltd., which is engaged in the planning, development, and operation of fan community websites, in January 2022, and Y's Inc., which conducts IT talent staffing business and website production, in July 2022. With these companies becoming fully owned subsidiaries, the group is striving to secure and develop digital talents and expand the relevant business areas.

Furthermore, in an endeavor to enhance shareholder returns, the Company paid an interim dividend of 6 yen per share, as forecasted at the beginning of the fiscal year, and also purchased treasury shares.

As a result of the above, the Group achieved the following results for the first three quarters under review:

|   |  |
|---|--|
| Net sales                               | 6,317,326 thousand yen (up 20.0% year on year) |
| Operating profit                        | 449,079 thousand yen (up 48.9% year on year)   |
| Ordinary profit                         | 447,122 thousand yen (up 55.7% year on year)   |
| Profit attributable to owners of parent | 271,855 thousand yen (up 58.9% year on year)   |

Operating results by segment for the first three quarters under review are as follows:

Note that, effective from the second quarter of the previous fiscal year, the Company changed its business segmentation to three segments, adding the Digital Talent Development and Staffing business to the existing Web Solutions business and Online Gaming business.

The following year-on-year comparisons of net sales and segment profit (loss) are calculated by assuming that the segment change occurred at the beginning of the previous fiscal year.

The indicated amounts are the figures before eliminating inter-segment transactions.

#### 1) Web Solutions business

In the Web Solutions business, which includes the development, operations, and support of large-scale cloud-based systems for transforming clients' business models and processes, the Company carries out a series of operations, from service design to development and maintenance tailored to client needs. Through this, the Company has established a customer loyalty loop and steadily increased the number of continuing orders and projects requiring composite services. The Company also understands that a material issue for its business expansion is the growth of young people engaged in the development of these services. The Company works to improve their skills as development engineers by having them experience responsible positions and, after they have grown, they convey the skills and expertise to young, less experienced engineers, thereby creating a growth spiral through the cycle. As a result, based on these endeavors, the Web Solutions business has been able to steadily expand its performance by receiving steady orders for ongoing projects as a partner to realize DX for its clients, steadily securing new projects under the active market environment, and increasing unit prices due to the larger size of the projects themselves.

As a result, the segment posted net sales of 2,660,701 thousand yen (up 25.8% year on year) for the first three quarters under review, with segment profit amounting to 810,240 thousand yen (up 36.1% year on year).

#### 2) Digital Talent Development and Staffing business

The Digital Talent Development and Staffing business is a newly launched business that integrates the functions of the digital talent staffing business, which had been included in the Web Solutions business and Online Gaming business segments, and Y's Inc., which became a wholly owned subsidiary in July 2022. As seen in the recent trends for DX, the gap between supply and demand for digital talents to support the rapid progress of digital business has become a structural issue. For more flexible responses, the Company has separated the business into a new segment to provide solutions for the issue of the inadequate supply of digital talent.

By hiring people with little experience and actively providing them with quality training that has been accumulated over the years, the Company has been able to prepare high-quality digital talents for its clients. Sales have increased significantly from the year-earlier period, and segment profit is on a recovery trend as hiring and training have run their course and their costs are being absorbed in Q3 through Q4, as planned initially.

As a result, the segment posted net sales of 1,423,033 thousand yen (up 84.6% year on year) for the first three quarters under review, with segment profit amounting to 78,534 thousand yen (up 36.9% year on year).

### 3) Online Gaming business

In the Online Gaming business, which is mainly focused on mobile games, the Company endeavored to maintain sales of game titles developed and copyrighted on its own by holding anniversary events to commemorate the 5th anniversary of the "GOETIA X (Cross)" service in September 2023, among other efforts. Additionally, development of a new game title, "Shikihime Project," is proceeding diligently for release in the next fiscal year.

With regard to games for which copyrights have been transferred to the Company, anniversary events were held to commemorate the 4th anniversary of the service launch in September 2023 for both "Kemono Friends 3" and "UNI'S ON AIR." The events contributed to sales but failed to achieve as much growth as planned. On the other hand, costs have decreased due to ongoing efforts the Company has made since the operation was transferred to streamline the operation system and shift to in-house production from outsourcing.

As for outsourced development and operations, the Company has been entrusted by other companies for the outsourced development, operation such as updating the content and adding new features, and maintenance of games they have developed and copyrighted, as well as the operation of games for which copyrights have been transferred to the Company. In April, the Company participated as a major operator in "Senjyushi: Rhodoknight," provided by Marvelous Inc., for which the Company had been entrusted with the operation. In October, the Company also participated as such in "Ikki Touden: Extra Burst" provided by Marvelous.

As a result, the segment posted net sales of 2,268,774 thousand yen (down 4.6% year on year) for the first three quarters under review, with segment profit amounting to 67,403 thousand yen (down 39.5% year on year).

## (2) Financial Position

### (Assets)

Total assets at the end of the third quarter of the current fiscal year amounted to 4,483,738 thousand yen, an increase of 285,229 thousand yen from the end of the previous fiscal year. Current assets decreased by 55,512 thousand yen to 3,230,540 thousand yen, mainly because cash and deposits decreased by 375,840 thousand yen while accounts receivable - trade and contract assets decreased by 201,256 thousand yen and items categorized as other decreased by 117,696 thousand yen, among other factors. Non-current assets increased by 340,741 thousand yen to 1,253,198 thousand yen, mainly because guarantee deposits increased by 410,166 thousand yen while goodwill decreased by 50,744 thousand yen, etc.

### (Liabilities)

Total liabilities at the end of the third quarter of the current fiscal year amounted to 2,136,959 thousand yen, an increase of 59,754 thousand yen from the end of the previous fiscal year. Current liabilities increased by 143,872 thousand yen to 1,721,959 thousand yen, mainly because short-term borrowings increased by 300,000 thousand yen while income taxes payable decreased by 133,138 thousand yen, among other factors. Non-current liabilities decreased by 84,118 thousand yen to 415,000 thousand yen, mainly because long-term borrowings decreased by 82,500 thousand yen, etc.

### (Net assets)

Net assets at the end of the third quarter of the current fiscal year amounted to 2,346,779 thousand yen, an increase of 225,475 thousand yen from the end of the previous fiscal year. This was mainly because retained earnings increased by 271,855 thousand yen due to recording of profit attributable to owners of parent, share acquisition rights increased by 14,356 thousand yen due to recording of share-based payment expenses, share capital and legal capital surplus increased by 6,865 thousand yen, respectively, due to exercise of employee share options, and treasury shares increased by 29,440 thousand yen, while retained earnings decreased by 45,026 thousand yen due to payment of dividends.

## (3) Explanations on Consolidated Earnings Forecast and Other Forecast Information

Concerning earnings forecast, no change has been made to the forecast for the entire fiscal year announced on March 17, 2023, in the Summary of Consolidated Financial Results for the Fiscal Year Ended January 2023 (Based on Japanese GAAP).

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

(Thousands of yen)

|   | Previous fiscal year<br>(As of January 31, 2023) | Third quarter of<br>current fiscal year<br>(As of October 31, 2023) |
|---|--|---|
| Assets  |  |   |
| Current assets                                  |  |   |
| Cash and deposits                               | 1,822,398  | 1,446,557   |
| Accounts receivable - trade and contract assets | 1,164,242  | 1,365,499   |
| Work in process                                 | 26,249   | 27,623  |
| Other   | 273,162  | 390,859   |
| Total current assets                            | 3,286,052  | 3,230,540   |
| Non-current assets                              |  |   |
| Property, plant and equipment                   | 99,020   | 98,803  |
| Intangible assets                               |  |   |
| Goodwill  | 290,462  | 239,717   |
| Other   | 69,878   | 31,590  |
| Total intangible assets                         | 360,340  | 271,307   |
| Investments and other assets                    |  |   |
| Guarantee deposits                              | 268,737  | 678,903   |
| Other   | 184,358  | 204,183   |
| Total investments and other assets              | 453,095  | 883,086   |
| Total non-current assets                        | 912,456  | 1,253,198   |
| Total assets                                    | 4,198,509  | 4,483,738   |

(Thousands of yen)

|   | Previous fiscal year<br>(As of January 31, 2023) | Third quarter of<br>current fiscal year<br>(As of October 31, 2023) |
|---|--|---|
| <b>Liabilities</b>                      |  |   |
| Current liabilities                     |  |   |
| Accounts payable - trade                | 313,446  | 300,958   |
| Short-term borrowings                   | -  | 300,000   |
| Current portion of long-term borrowings | 110,000  | 110,000   |
| Accounts payable - other                | 547,556  | 529,965   |
| Income taxes payable                    | 228,011  | 94,872  |
| Other                                   | 379,072  | 386,163   |
| Total current liabilities               | 1,578,086  | 1,721,959   |
| Non-current liabilities                 |  |   |
| Long-term borrowings                    | 497,500  | 415,000   |
| Other                                   | 1,618  | -   |
| Total non-current liabilities           | 499,118  | 415,000   |
| Total liabilities                       | 2,077,205  | 2,136,959   |
| <b>Net assets</b>                       |  |   |
| Shareholders' equity                    |  |   |
| Share capital                           | 619,694  | 626,560   |
| Capital surplus                         | 517,864  | 524,730   |
| Retained earnings                       | 1,035,327  | 1,262,156   |
| Treasury shares                         | (57,029)   | (86,470)  |
| Total shareholders' equity              | 2,115,858  | 2,326,976   |
| Share acquisition rights                | 5,445  | 19,802  |
| Total net assets                        | 2,121,303  | 2,346,779   |
| Total liabilities and net assets        | 4,198,509  | 4,483,738   |

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

## Quarterly Consolidated Statements of Income

(Cumulative)

(Thousands of yen)

|  | First three quarters of<br>previous fiscal year<br>(February 1, 2022 –<br>October 31, 2022) | First three quarters of<br>current fiscal year<br>(February 1, 2023 –<br>October 31, 2023) |
|--|---|--|
| Net sales  | 5,263,913   | 6,317,326  |
| Cost of sales                                    | 4,020,162   | 4,802,034  |
| Gross profit                                     | 1,243,751   | 1,515,292  |
| Selling, general and administrative expenses     | 942,102   | 1,066,213  |
| Operating profit                                 | 301,648   | 449,079  |
| Non-operating income                             |   |  |
| Commission income                                | 166   | 622  |
| Gain on sale of goods                            | -   | 660  |
| Other  | 449   | 1,157  |
| Total non-operating income                       | 616   | 2,439  |
| Non-operating expenses                           |   |  |
| Interest expenses                                | 1,683   | 3,443  |
| Foreign exchange losses                          | 4,585   | 771  |
| Settlement payments                              | 8,040   | -  |
| Other  | 769   | 180  |
| Total non-operating expenses                     | 15,078  | 4,396  |
| Ordinary profit                                  | 287,186   | 447,122  |
| Extraordinary losses                             |   |  |
| Loss on retirement of non-current assets         | 2,116   | -  |
| Total extraordinary losses                       | 2,116   | -  |
| Profit before income taxes                       | 285,070   | 447,122  |
| Income taxes                                     | 113,941   | 175,267  |
| Profit   | 171,128   | 271,855  |
| Profit attributable to non-controlling interests | -   | -  |
| Profit attributable to owners of parent          | 171,128   | 271,855  |



Quarterly Consolidated Statements of Comprehensive Income  
(Cumulative)

(Thousands of yen)

|  | First three quarters of<br>previous fiscal year<br>(February 1, 2022 –<br>October 31, 2022) | First three quarters of<br>current fiscal year<br>(February 1, 2023 –<br>October 31, 2023) |
|--|---|--|
| Profit   | 171,128   | 271,855  |
| Comprehensive income   | 171,128   | 271,855  |
| Comprehensive income attributable to                               |   |  |
| Comprehensive income attributable to owners of<br>parent           | 171,128   | 271,855  |
| Comprehensive income attributable to non-<br>controlling interests | -   | -  |

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amounts of Shareholder's Equity)

Not applicable.

(Application of accounting treatments specific to the preparation of quarterly consolidated financial statements)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, including the third quarter under review, and multiplying profit before income taxes for the quarter by the estimated effective tax rate.

(Changes in Accounting Policies)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan Guidance No. 31, issued on June 17, 2021; the "Implementation Guideline") from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance, the new accounting policy stipulated by the Implementation Guidance is to be applied prospectively. Note that the application has not affected the quarterly consolidated financial statements.

(Changes in Accounting Estimates)

(Changes in useful life)

In the third quarter under review, the Company made a resolution to move out of the building where its head office is currently housed. In association with this, the estimated useful life of non-current assets that are unlikely to be used after the move-out has been changed prospectively to ensure that depreciation will be completed by the planned move-out month. Moreover, in relation to the asset retirement obligations of the current head office, the estimated period of use of the relevant assets was changed prospectively to ensure that recording of the expenses will be completed by the planned move-out month.

Furthermore, instead of being recording as liabilities, the asset retirement obligations are treated in a simple accounting method in which the Company reasonably estimates the amount of leasehold deposits related to the lease agreement deemed to be ultimately uncollectible and recognizes the amount attributable to the current fiscal year as expenses.

As a result of this, operating profit, ordinary profit and profit before income taxes for the first three quarters of the current fiscal year decreased by 9,769 thousand yen, respectively, compared with the previous method.

(Segment Information, Etc.)

[Segment information]

First three quarters of the previous fiscal year (February 1, 2022 to October 31, 2022)

1. Information regarding net sales, profit or losses by reportable segment, and breakdown of revenue

|   | Reportable segment        |   |                           |           | Adjustment<br>(Note 1) | Amount<br>recorded in<br>quarterly<br>consolidated<br>statements of<br>income<br>(Note 2) |
|---|---------------------------|---|---------------------------|-----------|------------------------|---|
|   | Web Solutions<br>business | Digital Talent<br>Development<br>and Staffing<br>business | Online Gaming<br>business | Total     |                        |   |
| Net sales   |                           |   |                           |           |                        |   |
| Transactions related to fixed-price contracts             | 905,888                   | -   | 765,093                   | 1,670,982 | -                      | 1,670,982   |
| Transactions related to time and materials contracts      | 1,209,460                 | -   | 35,306                    | 1,244,766 | -                      | 1,244,766   |
| Transactions related to talent staffing                   | -                         | 771,043   | -                         | 771,043   | -                      | 771,043   |
| Transactions related to online game distribution services | -                         | -   | 1,577,120                 | 1,577,120 | -                      | 1,577,120   |
| Revenue from contracts with customers                     | 2,115,349                 | 771,043   | 2,377,520                 | 5,263,913 | -                      | 5,263,913   |
| Sales to outside customers                                | 2,115,349                 | 771,043   | 2,377,520                 | 5,263,913 | -                      | 5,263,913   |
| Inter-segment sales or transfers                          | -                         | -   | -                         | -         | -                      | -   |
| Total   | 2,115,349                 | 771,043   | 2,377,520                 | 5,263,913 | -                      | 5,263,913   |
| Segment profit (loss)                                     | 595,489                   | 57,352  | 111,426                   | 764,268   | (462,619)              | 301,648   |

(Notes) 1. Adjustments of segment profit (-462,619 thousand yen) are corporate expenses that are not allocated to any reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.  
2. Segment profit has been adjusted with the operating profit in the Quarterly Consolidated Statements of Income.

First three quarters of the current fiscal year (February 1, 2023 to October 31, 2023)

1. Information regarding net sales, profit or losses by reportable segment, and breakdown of revenue

(Thousands of yen)

|   | Reportable segment        |   |                           |           | Adjustment<br>(Note 1) | Amount<br>recorded in<br>quarterly<br>consolidated<br>statements of<br>income<br>(Note 2) |
|---|---------------------------|---|---------------------------|-----------|------------------------|---|
|   | Web Solutions<br>business | Digital Talent<br>Development<br>and Staffing<br>business | Online Gaming<br>business | Total     |                        |   |
| Net sales   |                           |   |                           |           |                        |   |
| Transactions related to fixed-price contracts             | 1,132,861                 | -   | 649,938                   | 1,782,799 | -                      | 1,782,799   |
| Transactions related to time and materials contracts      | 1,527,840                 | -   | 138,428                   | 1,666,268 | -                      | 1,666,268   |
| Transactions related to talent staffing                   | -                         | 1,387,850   | -                         | 1,387,850 | -                      | 1,387,850   |
| Transactions related to online game distribution services | -                         | -   | 1,480,407                 | 1,480,407 | -                      | 1,480,407   |
| Revenue from contracts with customers                     | 2,660,701                 | 1,387,850   | 2,268,774                 | 6,317,326 | -                      | 6,317,326   |
| Sales to outside customers                                | 2,660,701                 | 1,387,850   | 2,268,774                 | 6,317,326 | -                      | 6,317,326   |
| Inter-segment sales or transfers                          | -                         | 35,183  | -                         | 35,183    | (35,183)               | -   |
| Total   | 2,660,701                 | 1,423,033   | 2,268,774                 | 6,352,509 | (35,183)               | 6,317,326   |
| Segment profit (loss)                                     | 810,240                   | 78,534  | 67,403                    | 956,178   | (507,099)              | 449,079   |

(Notes) 1. Adjustments of segment profit (-507,099 thousand yen) include elimination of inter-segment transactions (-35,183 thousand yen) and corporate expenses that are not allocated to any reportable segment (-471,916 thousand yen).

Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

2. Segment profit has been adjusted with the operating profit in the Quarterly Consolidated Statements of Income.