

Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2020 <Under Japanese GAAP>

November 1, 2019

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

NAGASE & CO., LTD.

Stock exchange listing: Tokyo (First Section)

Code number: 8012 URL (<https://www.nagase.co.jp/english/>)

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Filing of quarterly report (scheduled): November 7, 2019

Start of distribution of dividends (scheduled): December 2, 2019

Supplementary documents of quarterly financial results: Yes

Quarterly investors' meeting: Yes (for analysts and institutional investors)

(Note: Amounts have been rounded down to the nearest million yen.)

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending March 31, 2020

(April 1, 2019 to September 30, 2019)

(1) Consolidated Operating Results

(Percentages represent changes compared with same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the second quarter ended September 30, 2019	391,900	(3.1)	10,628	(20.9)	10,584	(23.9)	7,423	(28.1)
September 30, 2018	404,459	4.4	13,431	6.5	13,910	0.8	10,321	17.8

(Notes) Comprehensive income

Second quarter ended September 30, 2019: ¥4,967 million (65.4% decrease)

Second quarter ended September 30, 2018: ¥14,341 million (15.0% decrease)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
For the second quarter ended September 30, 2019	59.86	—
September 30, 2018	82.43	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2019	630,051	315,133	49.2	2,498.80
March 31, 2019	567,346	312,609	54.2	2,481.01

(Reference) Equity capital

As of September 30, 2019: ¥ 309,880 million

As of March 31, 2019: ¥ 307,674 million

2. Dividends

	Annual Dividends per Share				
	1Q	2Q	3Q	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
For the year ended (or ending) March 2019	—	18.00	—	24.00	42.00
March 2020	—	22.00	—	—	—
March 2020 (estimate)	—	—	—	22.00	44.00

(Note) Revisions to the latest projected dividends: No

3. Projected Consolidated Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentages represent changes compared with the corresponding periods of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Earnings per share
Full fiscal year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	820,000	1.5	21,500	(14.8)	22,000	(17.4)	17,300	(14.1)	139.50

(Note) Revisions to the latest projected consolidated results: Yes

* Notes

- (1) Changes in major subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): Yes

New: 1 (Company name: Nagase Holdings America Corporation) Excluded: — (Company name:)

(Note) Please refer to 2. *Quarterly Consolidated Financial Statements and Notes (4) Notes Related to Quarterly Consolidated Financial Statements, (Changes in Significant Subsidiaries During the Period)* on P.11 of this document.

- (2) Application of special accounting methods to the preparation of quarterly financial statements: No

- (3) Changes of accounting principles, changes in accounting estimates, and restatement of prior period financial statements after error corrections

i. Changes in accordance with revisions to accounting and other standards: Yes

ii. Changes in items other than (i) above: No

iii. Changes in accounting estimates: No

iv. Restatement of prior period financial statements after error corrections: No

(Note) Please refer to 2. *Quarterly Consolidated Financial Statements and Notes (4) Notes Related to Quarterly Consolidated Financial Statements, (Change in Accounting Policy)* on P.11 of this document.

- (4) Number of shares issued and outstanding (common stock)

i. Number of shares issued and outstanding as of the fiscal period end (including treasury stock)

September 30, 2019	127,408,285 shares	March 31, 2019	127,408,285 shares
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ii. Number of treasury stock as of the fiscal period end

September 30, 2019	3,396,472 shares	March 31, 2019	3,396,352 shares
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iii. Average number of shares during the period

September 30, 2019	124,011,874 shares	September 30, 2018	125,212,124 shares
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*** Quarterly financial statements are not subject to quarterly review.**

*** Cautionary Statement with Respect to Forecasts of Consolidated Business Results**

The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.

Please refer to 1. *Qualitative Information (3) Qualitative Information Related to Consolidated Earnings Forecasts* on P.4 of this document.

Attachments

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1. Qualitative Information

(1) Business Performance

a. General Summary of Results

Although employment continues to improve, the Japanese economy experienced stagnant manufacturing and capital investment during the cumulative consolidated second quarter. Despite a push from strong corporate earnings in the United States, the slowdown in the Chinese economy and concerns about an extended period of U.S.-China trade frictions have resulted in increasing uncertainty as to the overall future direction of the global economy.

In this environment, the Company recorded domestic sales of ¥202.54 billion (+0.1% year on year) for the cumulative consolidated second quarter. Overseas sales amounted to ¥189.35 billion (-6.4%). In total, the Company recorded ¥391.9 billion (-3.1%) in net sales.

The Company recorded gross profit of ¥50.86 billion (-3.9%) in conjunction with lower sales. Lower sales together with higher general and administrative expenses led to operating income of ¥10.62 billion (-20.9%). Ordinary income amounted to ¥10.58 billion (-23.9%), while profit attributable to owners of the parent amounted to ¥7.42 billion (-28.1%).

b. Segment Summary

Functional Materials

The Functional Materials segment recorded slightly lower sales overall due to a slight decline in Japan and lower performance overseas.

The Performance Chemicals business recorded slightly lower sales due to lower sales in coating raw materials and urethane materials, as a result of lower automotive production in Japan and overseas.

The Speciality Chemicals business recorded slightly lower sales overall, from decreased sales of both electronics chemicals for the semiconductor and other related electronics industries in Japan and overseas, and of industrial oil solutions.

As a result, sales for the segment amounted to ¥87.23 billion for the cumulative consolidated second quarter, representing a ¥2.41 billion (-2.7%) decrease year on year. Operating income for the segment was ¥2.81 billion, representing a ¥100 million (+3.8%) increase compared to the cumulative consolidated second quarter of the prior fiscal year due to improved sales mix.

Advanced Materials & Processing

Although the Advanced Materials & Processing segment recorded level sales in Japan year on year, overseas sales were lower, resulting in lower overall performance.

The Colors & Advanced Processing business recorded higher sales as a whole, due to growth in digital print processing materials in both Japan and overseas, as well as slight growth in sales of dyes and additives within Japan.

The Polymer Global Account business mainly sells plastics to the office equipment, appliance, and video game device markets. Sales in these businesses were lower overall, caused by decreases in Japan, Greater China, and ASEAN.

As a result, sales for the segment amounted to ¥137.71 billion, representing a ¥3.73 billion (-2.6%) decrease compared to the same period in the prior fiscal year. Operating income fell ¥170 million (-3.8%) to ¥4.43 billion for the cumulative consolidated second quarter.

Electronics

Despite increased sales of formulated epoxy resins and photolithography materials to the semiconductor industries, the Electronics segment recorded lower net sales overall due to lower sales of precision processing-related, equipment-related, and display-related materials used in connection with intermediate processing in semiconductors.

As a result, sales for the segment amounted to ¥57.3 billion, which was a ¥4.51 billion (-7.3%) decrease year on year.

Operating income fell ¥890 million (-22.3%) to ¥3.13 billion for the cumulative consolidated second quarter.

Mobility & Energy

The Mobility Solution business recorded lower overall sales, mainly due to lower sales in the resins business overseas, despite slightly higher sales in the resins business and car electronics-related products in Japan.

As a result, sales for the segment amounted to ¥65.65 billion, which was a ¥2.59 billion (-3.8%) decrease compared to the cumulative consolidated second quarter of the prior fiscal year. Operating income fell ¥320 million (-22.0%) to ¥1.16 billion.

(Note) As of the consolidated first quarter, the name of the former *Automotive & Energy Segment* has been changed to the *Mobility & Energy Segment*.

Life & Healthcare

The Life & Healthcare segment recorded higher sales due to slightly higher domestic sales and higher overseas sales.

Sales of TREHA™ and other products in the food ingredients field in the Life & Healthcare Products business were higher overseas and slightly higher in Japan. Sales of AA2G™ to customers in the skin care and toiletries sectors were lower in Japan, however, overseas sales were higher due to favorable sales, primarily in Europe. In the medical and pharmaceutical field, sales of pharmaceutical raw materials and intermediates as well as medical materials increased, while sales of pharmaceutical business products were slightly higher. As a result, the business recorded higher sales compared to the cumulative consolidated second quarter of the prior fiscal year.

The Beauty Care Products business, which includes sales of cosmetics and health foods, recorded lower sales due to weak performance across all product categories.

As a result, sales for the segment amounted to ¥43.72 billion, which was a ¥730 million (+1.7%) increase compared to the cumulative consolidated second quarter of the prior fiscal year. Operating income decreased ¥150 million (-7.2%) to ¥1.99 billion, mainly due to weaker profitability among the Company's manufacturing subsidiaries in Japan.

Other

No special matters to disclose.

(2) Financial Position

a. Assets, Liabilities and Net Assets

As of the end of the consolidated second quarter, current assets amounted to ¥385.9 billion. This represents an increase of ¥20.07 billion compared to the end of the prior consolidated fiscal year, mainly due to an increase in assets related to the new consolidation of subsidiaries, despite decreases in accounts receivable and inventories, etc. among existing group companies. Non-current assets amounted to ¥244.14 billion, up ¥42.62 billion. This increase was mainly due to an increase in assets related to the new consolidation of subsidiaries and an increase in goodwill, as well as an increase in investments in securities stemming from a rise in the fair value of stock owned by the Company. As a result, total assets increased ¥62.7 billion compared to the end of the prior consolidated fiscal year to ¥630.05 billion.

Liabilities amounted to ¥314.91 billion, which was an increase of ¥60.18 billion compared to the end of the prior consolidated fiscal year. This increase was mainly due to increases in short-term loans and commercial paper, despite redemptions of bonds and a decrease in accounts payable.

Net assets amounted to ¥315.13 billion, up ¥2.52 billion. This increase was mainly due to the recording of profit attributable to owners of the parent in the amount of ¥7.42 billion and an increase in net unrealized holding gain on securities, despite a decrease in translation adjustments.

As a result, the Company recorded a shareholders' equity ratio of 49.2%, down 5.0 points compared to the end of the prior consolidated fiscal year.

b. Summary of Consolidated Cash Flows

Cash and cash equivalents (Cash) increased ¥1.74 billion (+4.0%) compared to the end of the prior consolidated fiscal year, amounting to ¥45.76 billion. Cash from operating activities amounted to ¥12.44 billion, while cash used in investing activities amounted to ¥47.81 billion, and cash from financing activities amounted to ¥39.44 billion. In addition, effects of exchange rate changes had a ¥2.32 billion negative impact on Cash balances.

(Cash Flows from Operating Activities)

Cash flows from operating activities for the cumulative consolidated second quarter amounted to ¥12.44 billion. While the Company recorded ¥4.28 billion in income taxes paid, profit before income taxes amounted to ¥10.52 billion and cash reserved associated with depreciation and amortization amounted to ¥4.52 billion.

(Cash Flows from Investing Activities)

Cash used in investing activities for the cumulative consolidated second quarter amounted to ¥47.81 billion. This result was mainly due to cash outlays of ¥42.8 billion for the acquisition of subsidiary stock in connection with a change in scope of consolidation and ¥4.19 billion in purchases of property, plant and equipment.

(Cash Flows from Financing Activities)

Cash flows from financing activities for the cumulative consolidated second quarter amounted to ¥39.44 billion. This result was mainly due to net increases of ¥45.17 billion and ¥8.0 billion related to short-term loans and the issuance of commercial paper, respectively. These increases exceeded outlays of ¥10.0 billion in redemption of bonds.

(3) Qualitative Information Related to Consolidated Earnings Forecasts

During the cumulative consolidated second quarter for the fiscal year ending March 2020, China's economic deceleration and the impact of the U.S.-China trade frictions have slowed growth in the global economy. Production and investment activity in China and Asia have fallen below the Company's projections at the beginning of the period. Performance has been weaker across all group segments, including our businesses in plastics and display-related materials.

We expect the business environment surrounding the group to continue to be challenging throughout the consolidated third quarter and beyond. As a result, we have made a downward revision to the consolidated fiscal year earnings forecasts previously announced. Further, the Company acquired equity in Prinova Group, LLC, making Prinova Group, LLC and its subsidiaries consolidated subsidiaries of the Company. We expect the impact of this transaction on the current fiscal year's consolidated earnings to be limited, as only five months of Prinova's group results will be incorporated into the Company's full-year earnings and the Company will incur significant temporary costs associated with the acquisition in question.

We have changed our projected foreign exchange rate from ¥110 to ¥108 to the U.S. dollar and from ¥16.0 to ¥15.4 to the RMB.

Given these considerations, we have made the following downward revisions to our full-year forecasts.

Revised Consolidated Fiscal-Year Forecasts (Fiscal Year Ending March 31, 2020)

(Millions of yen)

	Previous forecast (A)	Revised forecast (B)	Change (B-A)	Change
Net sales	850,000	820,000	(30,000)	(3.5%)
Operating income	26,000	21,500	(4,500)	(17.3%)
Ordinary income	27,000	22,000	(5,000)	(18.5%)
Profit attributable to owners of the parent	20,500	17,300	(3,200)	(15.6%)

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	Prior Consolidated Fiscal Year (March 31, 2019)	Second Quarter, Current Consolidated Fiscal Year (September 30, 2019)
ASSETS		
Current assets		
Cash and time deposits	44,068	45,846
Notes and accounts receivable	230,459	233,052
Merchandise and finished goods	74,471	85,902
Work in process	1,847	1,581
Raw materials and supplies	4,683	7,570
Other	10,651	12,373
Less allowance for doubtful accounts	(355)	(421)
Total current assets	365,827	385,904
Non-current assets		
Property, plant and equipment	66,467	70,422
Intangible fixed assets		
Goodwill	23,866	58,297
Technology-based assets	10,639	9,851
Other	2,772	2,794
Total intangible fixed assets	37,279	70,944
Investments and other assets		
Investments in securities	90,263	93,364
Long-term loans receivable	243	454
Retirement benefit asset	109	1,869
Deferred tax assets	2,290	2,342
Other	4,959	4,898
Less allowance for doubtful accounts	(92)	(150)
Total investments and other assets	97,771	102,779
Total non-current assets	201,518	244,146
Total assets	567,346	630,051

	(Millions of yen)	
	Prior Consolidated Fiscal Year (March 31, 2019)	Second Quarter, Current Consolidated Fiscal Year (September 30, 2019)
LIABILITIES		
Current liabilities		
Notes and accounts payable	117,256	114,062
Short-term loans	34,964	96,445
Current portion of long-term loans	949	858
Commercial paper	12,000	20,000
Current portion of bonds	10,000	-
Accrued income taxes	3,594	1,923
Accrued bonuses for employees	5,355	5,150
Accrued bonuses for directors	287	128
Other	17,457	19,438
Total current liabilities	201,866	258,007
Long-term liabilities		
Bonds	10,000	10,000
Long-term loans	17,577	17,593
Deferred tax liabilities	12,075	13,422
Retirement benefit liability	12,461	13,538
Other	757	2,354
Total long-term liabilities	52,870	56,909
Total liabilities	254,737	314,917
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	10,647	10,647
Retained earnings	247,617	252,132
Less treasury stock, at cost	(5,070)	(5,071)
Total shareholders' equity	262,892	267,408
Accumulated other comprehensive income		
Net unrealized holding gain on securities	41,857	43,717
Deferred (loss) gain on hedges	(7)	23
Translation adjustments	3,224	(1,163)
Remeasurements of defined benefit plans	(292)	(105)
Total accumulated other comprehensive income	44,781	42,472
Non-controlling interests	4,934	5,253
Total net assets	312,609	315,133
Total liabilities and net assets	567,346	630,051

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

(Quarterly Consolidated Statements of Income)

Six-month periods ended September 30, 2019 and 2018

(Millions of yen)

	Six-month period ended September 30, 2018 (April 1, 2018 - September 30, 2018)	Six-month period ended September 30, 2019 (April 1, 2019 - September 30, 2019)
Net sales	404,459	391,900
Cost of sales	351,547	341,038
Gross profit	52,911	50,861
Selling, general and administrative expenses	39,480	40,233
Operating income	13,431	10,628
Non-operating income		
Interest income	105	54
Dividend income	993	1,226
Rent income	134	128
Equity in earnings of affiliates	337	-
Other	206	175
Total non-operating income	1,777	1,584
Non-operating expenses		
Interest expenses	743	696
Equity in losses of affiliates	-	260
Foreign exchange losses	374	421
Other	181	250
Total non-operating expenses	1,298	1,629
Ordinary income	13,910	10,584
Extraordinary gains		
Gain on sale of non-current assets	134	14
Gain on sale of investment securities	1	17
Gain on sales of shares of subsidiaries and affiliates	6	-
Subsidy income	-	25
Total extraordinary gains	142	57
Extraordinary losses		
Loss on sale of non-current assets	69	21
Loss on disposal of non-current assets	99	91
Impairment losses	0	-
Loss on sale of investment securities	0	-
Total extraordinary losses	170	113
Income before income taxes and non-controlling interests	13,882	10,527
Income taxes - current	2,771	2,526
Income taxes - deferred	665	387
Total income taxes	3,436	2,914
Profit for the period	10,445	7,613
Profit attributable to non-controlling interests	124	190
Profit attributable to owners of the parent	10,321	7,423

(Quarterly Consolidated Statements of Comprehensive Income)

Six-month periods ended September 30, 2019 and 2018

(Millions of yen)

	Six-month period ended September 30, 2018 (April 1, 2018 - September 30, 2018)	Six-month period ended September 30, 2019 (April 1, 2019 - September 30, 2019)
Profit for the period	10,445	7,613
Other comprehensive income		
Net unrealized holding gain on securities	2,246	1,864
Deferred gain on hedges	53	30
Translation adjustments	1,436	(4,444)
Remeasurements of defined benefit plans	118	186
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	41	(282)
Total other comprehensive income	3,895	(2,645)
Comprehensive income	14,341	4,967
Comprehensive income attributable to:		
Shareholders of the parent	14,272	5,120
Non-controlling interests	68	(152)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six-month period ended September 30, 2018 (April 1, 2018 - September 30, 2018)	Six-month period ended September 30, 2019 (April 1, 2019 - September 30, 2019)
Operating activities		
Profit before income taxes	13,882	10,527
Depreciation and amortization other than amortization of goodwill	4,653	4,522
Loss on impairment of fixed assets	0	-
Amortization of goodwill	907	904
Subsidy income	-	(25)
(Decrease) increase in retirement benefit liability	(956)	1,313
Increase in retirement benefit asset	-	(1,760)
Interest and dividend income	(1,099)	(1,280)
Interest expenses	743	696
Exchange loss (gain), net	591	(23)
Gain on sales of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	(6)	(17)
(Increase) decrease in notes and accounts receivable	(10,613)	6,621
(Increase) decrease in inventories	(8,455)	2,394
Increase (decrease) in notes and accounts payable	614	(7,255)
Other	(2,125)	(642)
Subtotal	(1,864)	15,976
Interest and dividends received	1,356	1,474
Interest paid	(728)	(721)
Income taxes paid	(2,734)	(4,282)
Net cash (used in) provided by operating activities	(3,971)	12,445
Investing activities		
Purchases of property, plant and equipment	(6,614)	(4,192)
Proceeds from sales of property, plant and equipment	488	75
Purchases of intangible fixed assets included in other assets	(235)	(189)
Purchases of investments in securities	(1,640)	(507)
Proceeds from sales of investments in securities	12	28
Purchases of investments	(97)	(54)
Purchase of share of subsidiaries resulting in change in scope of consolidation	-	(42,805)
(Increase) decrease on short-term loans receivable included in other current assets, net	(674)	303
Decrease (increase) in time deposits, net	300	(32)
Proceeds from subsidy income	-	25
Other	45	(467)
Net cash used in investing activities	(8,414)	(47,817)

Financing activities		
Increase in short-term loans, net	10,979	45,176
Increase in commercial paper, net	2,000	8,000
Proceeds from long-term loans	418	456
Repayments of long-term loans	(636)	(414)
Redemption of bonds	-	(10,000)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(2,879)	(2,976)
Cash dividends paid to non-controlling interests	(402)	(219)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(498)	-
Other	(28)	(578)
Net cash used in financing activities	8,950	39,443
Effects of exchange rate changes on cash and cash equivalents	580	(2,326)
Net (decrease) increase in cash and cash equivalents	(2,856)	1,745
Cash and cash equivalents at beginning of the year	42,857	44,017
Cash and cash equivalents, at end of the period	40,001	45,762

(4) Notes Related to Quarterly Consolidated Financial Statements

(Assumption for Going Concern)

No matters to report.

(Significant Fluctuations in Shareholders' Equity)

No matters to report.

(Changes in Significant Subsidiaries During the Period)

The Company established Nagase Holdings America Corporation in the U.S. on April 1, 2019, including Nagase Holdings America Corporation within the scope of consolidation from the consolidated first quarter. Subsequently, the Company made a capital increase in Nagase Holdings America Corporation on August 2, 2019, making it a specified subsidiary.

(Change in Accounting Policy)

Beginning from the consolidated first quarter, the Company has applied IFRS 16 *Leases* for overseas consolidated subsidiaries that have adopted International Financial Reporting Standards. The impact of this accounting standard on quarterly consolidated financial statements is minor.

(Segment Information, etc.)

Segment Information

I Six-month period ended September 30, 2018 (consolidated)

1. Information related to net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments						Others (Note) 2	Total	Corporate (Note) 3	Adjustments (Note) 4	Consolidated (Note) 5
	Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy (Note) 1	Life & Healthcare	Total					
Net sales											
Sales to customers	89,651	141,450	61,820	68,246	42,985	404,154	304	404,459	-	-	404,459
Intersegment sales/transfers	1,444	1,200	851	1,368	197	5,062	2,803	7,865	-	(7,865)	-
Total	91,095	142,651	62,671	69,615	43,182	409,216	3,108	412,325	-	(7,865)	404,459
Segment income (loss)	2,712	4,616	4,031	1,499	2,145	15,005	183	15,188	(2,022)	265	13,431

(Note) 1. As of the consolidated first quarter, the name of the former *Automotive & Energy Segment* has been changed to the *Mobility & Energy Segment*.

2. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes logistics services, information processing services, and professional services.
3. Corporate segment income (loss) represents expenses not allocated to Reportable Segments or Others.
4. Adjustments are eliminations of intersegment transactions.
5. The sum of segment income (loss) Total, Corporate, and Adjustments is equivalent to operating profit as presented in "Consolidated".

II Six-month period ended September 30, 2019 (consolidated)

1. Information related to net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments						Others (Note) 2	Total	Corporate (Note) 3	Adjustments (Note) 4	Consolidated (Note) 5
	Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy (Note) 1	Life & Healthcare	Total					
Net sales											
Sales to customers	87,239	137,718	57,308	65,651	43,720	391,638	261	391,900	-	-	391,900
Intersegment sales/transfers	906	1,102	947	1,459	253	4,668	2,879	7,548	-	(7,548)	-
Total	88,145	138,820	58,255	67,111	43,974	396,307	3,141	399,449	-	(7,548)	391,900
Segment income (loss)	2,816	4,439	3,134	1,169	1,990	13,550	97	13,648	(3,298)	278	10,628

(Note) 1. As of the consolidated first quarter, the name of the former *Automotive & Energy Segment* has been changed to the *Mobility & Energy Segment*.

2. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes logistics services, information processing services, and professional services.
3. Corporate segment income (loss) represents expenses not allocated to Reportable Segments or Others.
4. Adjustments are eliminations of intersegment transactions.
5. The sum of segment income (loss) Total, Corporate, and Adjustments is equivalent to operating profit as presented in "Consolidated".

2. Information about assets for each reportable segment

(Significant increases in assets due to acquisition of subsidiaries)

During the consolidated second quarter, the Company acquired equity in Prinova Group, LLC, adding a total of 18 companies including Prinova Group, LLC and its subsidiaries to the scope of consolidation. In connection with this transaction, assets of the Life & Healthcare segment increased ¥72,519 million compared to the end of the prior consolidated fiscal year.

3. Information about impairment loss of non-current assets or goodwill, etc. for each reportable segment

(Significant changes in goodwill)

During the consolidated second quarter, the Company acquired equity in Prinova Group, LLC, adding a total of 18 companies including Prinova Group, LLC and its subsidiaries to the scope of consolidation. In connection with this transaction, the Company recorded ¥35,473 million in goodwill within the Life & Healthcare segment.

The allocation of acquisition costs has not been completed as of the end of the consolidated second quarter. Accordingly, the amount of goodwill stated here represents a provisional calculation.

3. Supplementary Information

(1) Overseas Sales

I Six-month period ended September 30, 2018 (consolidated)

	Greater China	ASEAN	Americas	Europe	Other	Total
I Overseas sales (Millions of yen)	107,444	59,658	19,143	7,207	8,756	202,210
II Consolidated sales (Millions of yen)						404,459
III Ratio of overseas sales to consolidated sales (%)	26.5	14.8	4.7	1.8	2.2	50.0

II Six-month period ended September 30, 2019 (consolidated)

	Greater China	ASEAN	Americas	Europe	Other	Total
I Overseas sales (Millions of yen)	99,964	56,086	17,548	7,459	8,297	189,356
II Consolidated sales (Millions of yen)						391,900
III Ratio of overseas sales to consolidated sales (%)	25.5	14.3	4.5	1.9	2.1	48.3

(Note) 1. Overseas sales consist of net sales of the Company and consolidated subsidiaries in other countries or regions.

2. Countries/regions are determined by geographical proximity.

3. Major countries in each region

(1) Greater China.....China, Hong Kong, Taiwan

(2) ASEAN.....Thailand, Singapore

(3) Americas.....U.S., Mexico

(4) Europe.....Germany

(5) Other.....Korea