

Financial Results for First Quarter of Fiscal Year Ending March 31, 2021 [Japanese GAAP] (Consolidated)



August 4, 2020

Listing: Tokyo Stock Exchange

Okamura Corporation

Code Number: 7994

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Scheduled date for commencement of dividend payments: –

Preparation of supplementary materials to explain quarterly financial results: None

Scheduling of meeting to explain quarterly financial results: None

(Amounts less than 1 million yen have been rounded down.)

1. Consolidated Operating Results for First Quarter (April 1, 2020 to June 30, 2020) of FY Ending March 2021 (April 1, 2020 to March 31, 2021)

(1) Operating Results (cumulative)

(% Figures indicate year-over-year increase/decrease.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of FY ending March 2021	49,068	(18.0)	324	(87.2)	861	(72.9)	1	(99.9)
First quarter of FY ended March 2020	59,858	0.9	2,545	4.4	3,178	2.5	2,144	1.9

Note: Comprehensive income ¥2,975 million (311.8%) for the first quarter of FY ending March 2021
¥722 million (-73.4%) for the first quarter of FY ended March 2020

	Profit per share		Diluted profit per share	
	yen		yen	
First quarter of FY ending March 2021	0.01		–	
First quarter of FY ended March 2020	19.47		–	

(2) Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
First quarter of FY ending March 2021	226,142		136,576		59.9	
FY ended March 2020	236,327		135,497		56.8	

Reference: Total equity ¥135,562 million for the first quarter of FY ending March 2021
¥134,282 million for FY ended March 2020

2. Dividend

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	yen	yen	yen	yen	yen
FY ended March 2020	–	16.00	–	16.00	32.00
FY ending March 2021	–				
FY ending March 2021 (forecast)		12.00	–	16.00	28.00

Note: Revision of the most recently released dividend forecasts: Yes

3. Forecast of Consolidated Performance for FY Ending March 2021 (April 1, 2020 to March 31, 2021)

(% Figures indicate year-over-year increase/decrease.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
2Q (cumulative)	102,000	(13.9)	600	(86.8)	1,100	(78.9)	700	(79.5)	6.36
Full year	230,000	(9.2)	8,000	(40.3)	9,000	(38.8)	6,300	(36.1)	57.20

Note: Revision of the most recently released performance forecasts: Yes

* Notes

(1) Changes in the number of material subsidiaries during the quarter under review (This indicates whether there have been changes in the number of specified subsidiaries involving changes in the scope of consolidation): None

New — company(ies) (—)

Excluded — company(ies) (—)

(2) Adoption of a special accounting method applicable to the preparation of consolidated quarterly financial statements: None

(3) Changes in accounting policy or accounting estimates, or restatement

① Changes in accounting policy in accordance with revisions to accounting standards: None

② Changes other than those in ① above in accounting policy: None

③ Changes in accounting estimates: None

④ Restatement: None

(4) Number of shares of stock (common stock)

① Number of shares issued (including treasury stock) at the end of the term

② Number of shares of treasury stock at the end of the term

③ Average number of shares during the term (cumulative quarters)

1Q of FY ending March 2021	112,391,530	FY ended March 2020	112,391,530
1Q of FY ending March 2021	2,251,001	FY ended March 2020	2,249,872
1Q of FY ending March 2021	110,141,071	1Q of FY ended March 2020	110,147,468

* The Summary of Quarterly Financial Results is not subject to quarterly audit by a Certified Public Accountant or an audit firm.

* Explanation of Appropriate Use of Performance Forecasts and Other Issues Requiring Particular Mention

- The performance forecasts and other forward-looking statements contained herein are based on the information available to the Company at the time, and contain certain assumptions that the Company considers to be reasonable. They are subject to diverse factors that may cause actual results of operations and other items to differ significantly from the statements and forecasts. For a description of the assumptions underlying the performance forecasts and the points to note when using the performance forecasts in this document, etc., please refer to (3) Explanation of the performance forecast in 1. Qualitative Information Concerning Consolidated Quarterly Financial Results on page 4 of the Appendix.

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1. Qualitative Information Concerning Consolidated Quarterly Financial Results

(1) Explanation of the progress in (consolidated) operating results

During the first quarter of the consolidated fiscal year under review, the Japanese economy saw lackluster business activity for reasons such as the global spread of novel coronavirus infections, which prompted the issue of a state of emergency announcement by the Japanese government. Although the business climate for the Okamura Group is highly challenging as can be seen in capital expenditure restraint and cost savings due to worsening corporate business performance, business activities have been resumed on a step-by-step basis, making us think that we are headed for a moderate recovery.

Under these circumstances, having no choice but to curb corporate operations voluntarily, the Okamura Group had employees work from home, limited domestic business trips, closed showrooms, and furloughed production staff temporarily, being affected by falling plant utilization rates. Meanwhile, we disseminated information by leveraging our internal expertise in the form of releasing findings from a survey on environments for remote working as a novel coronavirus infection countermeasure, as well as the report "Workplace Strategy toward a Post-COVID-19 Society." Moreover, we strove to develop new market potential by creating distinctive products and offering total solutions.

As a result of the above, during the first quarter of the consolidated fiscal year under review, the Company posted net sales of ¥49,068 million (a year-over-year decrease of 18.0%), operating income of ¥324 million (a year-over-year decrease of 87.2%), ordinary income of ¥861 million (a year-over-year decrease of 72.9%), and profit attributable to owners of parent of ¥1 million (a year-over-year decrease of 99.9%).

Performance results by segment are discussed below.

Starting from the previous consolidated fiscal year, the Material Handling Systems, which was previously included in the "Others" segment, began to be presented as an independent reporting segment due to its increased quantitative importance.

Segment name	Net sales (Millions of yen)			Segment income or loss (Millions of yen)		
	First quarter of FY ended March 2020	First quarter of FY ending March 2021	Increase/decrease	First quarter of FY ended March 2020	First quarter of FY ending March 2021	Increase/decrease
Office Furniture	30,679	25,910	(4,769)	1,494	329	(1,165)
Store Displays	23,703	18,534	(5,169)	547	(333)	(881)
Material Handling Systems	4,075	3,768	(307)	433	434	1
Others	1,399	855	(544)	70	(105)	(175)
Total	59,858	49,068	(10,790)	2,545	324	(2,220)

Note: The total of segment income or loss corresponds to the operating income on Consolidated Quarterly Statements of Income.

Office Furniture

In the Office Furniture segment, although demand for office relocations remained more or less robust as predicted, investments in small-scale projects and renovation projects were greatly curbed as a wait-and-see stance took hold. Meanwhile, the trend to create new office environments, such as the work style reform, is expanding nationwide, reaching a broad base of companies, regardless of industry or scale. This trend is further intensifying due to rapid changes in the ways that people work amid the novel coronavirus pandemic. Under these circumstances, the Company made active efforts to popularize proposals on how to create new office environments, leveraging the results obtained from our proof-of-concept office "LABO Office" to put into practice and verify new ways of working, in addition to the experience and knowledge gained from various measures executed within the Company as part of our own work style reform. However, both net sales and income declined year-over-year partly due to voluntary business suspensions.

As a result, net sales in this segment amounted to ¥25,910 million (a year-over-year decrease of 15.5%), and the segment income amounted to ¥329 million (a year-over-year decrease of 78.0%).

Store Displays

In the Store Displays segment, although demand from new store openings was more or less as predicted, amid the novel coronavirus pandemic, renovation demand decreased sharply due to retailers such as supermarkets and drug stores being too busy to be renovated, which represent the Company's main customer base. Under these circumstances, the Company stepped up efforts to deliver total solutions for display fixtures, store carts, store security products, and the like by leveraging the organization's comprehensive capabilities. Despite efforts to cater to new demand for infection prevention measures, both net sales and income declined markedly in comparison to the first quarter of the previous consolidated fiscal year.

As a result, net sales in this segment amounted to ¥18,534 million (a year-over-year decrease of 21.8%), and losses in this segment amounted to ¥333 million (¥547 million in segment income for the first quarter of the previous consolidated fiscal year).

Material Handling Systems

In the Material Handling Systems segment, demand for automated warehouse equipment was more or less as predicted mainly among major logistics facilities on the back of growing labor-saving needs arising from labor shortages. Under these circumstances, the Company actively engaged in promotion activities for proposals that maximize the strengths of its products, which stand out due to their superiority. It also worked to take infection prevention measures thoroughly at work sites as well as to strengthen the engineering platform. Although sales declined due to a reduced number of small projects and short lead-time jobs, income was kept flat year-over-year.

As a result, net sales in this segment amounted to ¥3,768 million (a year-over-year decrease of 7.5%), and the segment income amounted to ¥434 million (a year-over-year increase of 0.4%).

(2) Explanation of the changes in (consolidated) financial position

The Company's consolidated financial position at the end of the first quarter of the fiscal year under review is as follows:

Total assets amounted to ¥226,142 million, down ¥10,184 million compared with the end of the previous consolidated fiscal year. Current assets decreased by ¥14,047 million, mainly because of an increase in cash and deposits coupled with a decrease in notes and accounts receivable-trade. Non-current assets increased by ¥3,863 million, largely because of an increase in investment securities.

Liabilities amounted to ¥89,565 million, down ¥11,264 million compared with the end of the previous consolidated fiscal year, mainly as a result of increases in short-term loans payable and deferred tax liabilities as well as decreases in accounts payable-trade, income taxes payable and provision for bonuses.

Net assets amounted to ¥136,576 million, up ¥1,079 million from the end of the previous fiscal year, mainly because of an increase in the valuation difference on available-for-sale securities and decrease of retained earnings.

As a result of the above, the equity ratio amounted to 59.9%, up 3.1 percentage points.

A review of cash flows for the first quarter of the current fiscal year is as follows:

Operating activities generated a net cash increase of ¥7,924 million (an increase of ¥8,087 million in the same period of the previous fiscal year), reflecting inflows including profit before income taxes for the quarter of ¥125 million, depreciation and amortization of ¥1,430 million, and a decrease in notes and accounts receivable-trade of ¥21,690 million. Outflows included a decrease in provision for bonuses of ¥3,583 million and decreases in notes and accounts payable-trade of ¥8,489 million and income taxes paid of ¥3,640 million.

Investment activities resulted in a net cash outflow of ¥649 million (a net cash outflow of ¥1,534 million in the same period of the previous fiscal year), reflecting outflows including disbursements of ¥561 million for the purchase of property, plant and equipment and ¥240 million for the purchase of intangible assets.

Financing activities resulted in a net cash decrease of ¥30 million (an increase of ¥255 million in the same period of the previous fiscal year), reflecting inflows including increases in short-term loans payable of ¥1,855 million and outflows including decreases in cash dividends paid of ¥1,551 million.

Consequently, consolidated cash and cash equivalents at the end of the current fiscal year's first quarter increased by ¥7,054 million from the end of the previous fiscal year (an increase of ¥6,859 million in the same period of the previous fiscal year) to ¥38,552 million.

(3) Explanation of the performance forecast

① Forecast of Consolidated Performance for FY Ending March 2021

(First half)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	yen
Previous forecast Released on May 13, 2020	Not prepared	Not prepared	Not prepared	Not prepared	Not prepared
Revised forecast	102,000	600	1,100	700	6.36
(Reference) Previous term results (First half of FY ended March 2020)	118,429	4,542	5,220	3,420	31.06

(Full Year)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	yen
Previous forecast Released on May 13, 2020	Not prepared	Not prepared	Not prepared	Not prepared	Not prepared
Revised forecast	230,000	8,000	9,000	6,300	57.20
(Reference) Previous term results (FY ended March 2020)	253,170	13,391	14,712	9,851	89.44

The forecasts of consolidated performance for the first half (cumulative) of the fiscal year ending March 2021 and for the fiscal year ending March 2021 were not prepared due to the spread of the novel coronavirus pandemic. Recently, however, business activities have begun resuming on a step-by-step basis, making us think that the economy may recover moderately. Accordingly, we hereby announce the forecasts of consolidated performance for the first half (cumulative) of the fiscal year ending March 2021 and for the fiscal year ending March 2021, which we calculated based on recent developments and the information now obtainable.

The performance forecasts are based on the information currently available to the Company as well as on certain assumptions deemed to be reasonable, and actual results may differ markedly due to various factors.

② Dividend forecast for the fiscal year ending March 2021

	Annual dividend		
	End of second quarter	Year-end	Total
	yen	yen	yen
Previous forecast Released on May 13, 2020	Not prepared	Not prepared	Not prepared
Revised forecast	12.00	16.00	28.00
(Reference) Previous term results (FY ended March 2020)	16.00	16.00	32.00

The forecast of the dividend for the fiscal year ending March 2021 was not prepared for the same reason that the performance forecast was not prepared. However, in consideration of the Company's dividend policy and the forecasts of consolidated performance for the fiscal year ending March 2021 calculated this time, we plan to pay an interim dividend of 12 yen per share for the first half of the fiscal year ending March 2021, and a final dividend of 16 yen per share for the fiscal year ending March 2021.

2. Consolidated Quarterly Financial Statements and Important Notes

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	Previous fiscal year (As of March 31, 2020)	First quarter of the current fiscal year (As of June 30, 2020)
Assets		
Current assets		
Cash and deposits	32,594	39,420
Notes and accounts receivable-trade	71,581	49,891
Short-term investment securities	510	510
Merchandise and finished goods	11,921	12,324
Work in process	1,593	1,706
Raw materials and supplies	4,621	4,842
Other	2,007	2,081
Allowance for doubtful accounts	(28)	(22)
Total current assets	124,801	110,754
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,249	15,019
Land	27,829	27,829
Other, net	15,018	14,962
Total property, plant and equipment	58,097	57,811
Intangible assets	3,762	3,618
Investments and other assets		
Investment securities	41,555	45,863
Other	8,136	8,122
Allowance for doubtful accounts	(27)	(27)
Total investments and other assets	49,664	53,958
Total non-current assets	111,525	115,388
Total assets	236,327	226,142

(Millions of yen)

	Previous fiscal year (As of March 31, 2020)	First quarter of the current fiscal year (As of June 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	27,324	19,405
Electronically recorded obligations-operating	15,844	15,340
Short-term loans payable	6,244	8,094
Current portion of long-term loans payable	2,552	2,501
Income taxes payable	4,272	90
Provision for bonuses	4,419	836
Other	6,754	8,032
Total current liabilities	67,413	54,302
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	3,343	3,324
Net defined benefit liability	15,573	15,835
Other	4,500	6,103
Total non-current liabilities	33,416	35,263
Total liabilities	100,830	89,565
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,766	16,766
Retained earnings	92,528	90,764
Treasury stock	(2,442)	(2,444)
Total shareholders' equity	125,522	123,757
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,614	12,835
Foreign currency translation adjustment	(23)	(235)
Remeasurements of defined benefit plans	(831)	(794)
Total accumulated other comprehensive income	8,759	11,805
Non-controlling interests	1,214	1,014
Total net assets	135,497	136,576
Total liabilities and net assets	236,327	226,142

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

Consolidated Quarterly Statements of Income
[First Quarter of Current Fiscal Year]

(Millions of yen)

	First quarter of FY ended March 2020 (From April 1, 2019 to June 30, 2019)	First quarter of FY ending March 2021 (From April 1, 2020 to June 30, 2020)
Net sales	59,858	49,068
Cost of sales	40,738	33,562
Gross profit	19,120	15,506
Selling, general and administrative expenses		
Packing and transportation expenses	2,750	2,126
Salaries and allowances	5,544	5,467
Provision for bonuses	520	511
Rent expenses	2,255	2,279
Other	5,503	4,796
Total selling, general and administrative expenses	16,574	15,181
Operating income	2,545	324
Non-operating income		
Interest income	7	7
Dividends income	446	436
Equity in earnings of affiliates	135	115
Other	228	196
Total non-operating income	817	757
Non-operating expenses		
Interest expenses	39	42
Bond issue costs	37	–
Foreign exchange losses	52	60
Compensation expenses	–	66
Other	54	51
Total non-operating expenses	184	220
Ordinary income	3,178	861
Extraordinary income		
Gain on sales of investment securities	0	–
Total extraordinary income	0	–
Extraordinary loss		
Impairment loss	7	6
Loss on valuation of investment securities	13	532
Utilization suspension expenses	–	197
Total extraordinary loss	20	735
Profit before income taxes	3,159	125
Income taxes-current	47	108
Income taxes-deferred	963	27
Total income taxes	1,011	136
Profit (loss)	2,148	(10)
Profit (loss) attributable to non-controlling interests	3	(12)
Profit attributable to owners of parent	2,144	1

Consolidated Quarterly Statements of Comprehensive Income
[First Quarter of Current Fiscal Year]

(Millions of yen)

	First quarter of FY ended March 2020 (From April 1, 2019 to June 30, 2019)	First quarter of FY ending March 2021 (From April 1, 2020 to June 30, 2020)
Profit (loss)	2,148	(10)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,550)	3,248
Foreign currency translation adjustment	61	(227)
Remeasurements of defined benefit plans, net of tax	47	36
Share of other comprehensive income of entities accounted for using equity method	15	(70)
Total other comprehensive income	(1,425)	2,986
Comprehensive income	722	2,975
Details:		
Comprehensive income attributable to owners of parent	709	3,046
Comprehensive income attributable to non- controlling interests	13	(70)

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	First quarter of FY ended March 2020 (From April 1, 2019 to June 30, 2019)	First quarter of FY ending March 2021 (From April 1, 2020 to June 30, 2020)
Net cash provided by (used in) operating activities		
Profit before income taxes	3,159	125
Depreciation and amortization	1,437	1,430
Impairment loss	7	6
Utilization suspension expenses	–	197
Equity in (earnings) losses of affiliates	(135)	(115)
Increase (decrease) in allowance for doubtful accounts	(25)	(5)
Increase (decrease) in provision for bonuses	(3,147)	(3,583)
Increase (decrease) in net defined benefit liability	294	312
Interest and dividends income	(453)	(444)
Interest expenses	39	42
Compensation expenses	–	66
Loss (gain) on sales of investment securities	(0)	–
Loss (gain) on valuation of investment securities	13	532
Decrease (increase) in notes and accounts receivable-trade	11,379	21,690
Decrease (increase) in inventories	(720)	(755)
Increase (decrease) in notes and accounts payable-trade	(1,800)	(8,489)
Increase (decrease) in accrued consumption taxes	369	(777)
Other, net	109	1,112
Subtotal	10,524	11,346
Interest and dividends income received	466	447
Interest expenses paid	(39)	(46)
Compensation expenses paid	–	(66)
Utilization suspension expenses paid	–	(116)
Income taxes paid	(2,863)	(3,640)
Net cash provided by (used in) operating activities	8,087	7,924
Net cash provided by (used in) investing activities		
Payments into time deposits	(365)	(305)
Proceeds from withdrawal of time deposits	357	525
Purchase of property, plant and equipment	(1,635)	(561)
Purchase of intangible assets	(392)	(240)
Purchase of investment securities	(2)	(102)
Proceeds from sales and redemption of investment securities	501	0
Other, net	3	34
Net cash provided by (used in) investing activities	(1,534)	(649)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,993)	1,855
Proceeds from long-term loans payable	–	100
Repayment of long-term loans payable	(171)	(168)
Proceeds from issuance of bonds	5,000	–
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(1,362)	(1,551)
Other, net	(218)	(266)
Net cash provided by (used in) financing activities	255	(30)
Effect of exchange rate change on cash and cash equivalents	51	(189)
Net increase (decrease) in cash and cash equivalents	6,859	7,054
Cash and cash equivalents at the beginning of the fiscal year	26,133	31,497
Cash and cash equivalents at the end of the quarter term	32,992	38,552

(4) Notes regarding Consolidated Quarterly Financial Statements

Note regarding the assumption of going concern

There is no information that needs to be disclosed herein.

Note regarding occurrence of significant change in amount of shareholders' equity

There is no information that needs to be disclosed herein.

Segment information

First quarter of FY ended March 2020 (from April 1, 2019 to June 30, 2019)

1. Information concerning net sales and income or loss amounts by reportable segment

(Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustment	Amount recorded on Consolidated Quarterly Financial Statements (Note 2)
	Office Furniture	Store Displays	Material Handling Systems	Total				
Net sales								
Net sales to external customers	30,679	23,703	4,075	58,459	1,399	59,858	–	59,858
Internal sales or transfers between segments	–	–	–	–	–	–	–	–
Total	30,679	23,703	4,075	58,459	1,399	59,858	–	59,858
Segment income	1,494	547	433	2,475	70	2,545	–	2,545

Notes: 1. The category "Others" aggregates those business segments that do not meet the definition of reportable segments, and includes Powertrain and Others.

2. The total of segment income corresponds to the operating income on Consolidated Quarterly Statements of Income.

2. Information about impairment loss on non-current assets by segment

Significant impairment loss on non-current assets

An impairment loss on non-current assets has been included in the "Office Furniture," "Store Displays," "Material Handling Systems" and "Others" segments. For the first quarter of the previous fiscal year, the recorded impairment loss on non-current assets amounted to ¥1 million for the "Office Furniture" segment, ¥1 million for the "Store Displays" segment, ¥4 million for "Material Handling Systems" segment and ¥0 million for the "Others" segment.

First quarter of FY ending March 2021 (from April 1, 2020 to June 30, 2020)

1. Information concerning net sales and income or loss amounts by reportable segment

(Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustment	Amount recorded on Consolidated Quarterly Financial Statements (Note 2)
	Office Furniture	Store Displays	Material Handling Systems	Total				
Net sales								
Net sales to external customers	25,910	18,534	3,768	48,212	855	49,068	–	49,068
Internal sales or transfers between segments	–	–	–	–	–	–	–	–
Total	25,910	18,534	3,768	48,212	855	49,068	–	49,068
Segment income or loss	329	(333)	434	430	(105)	324	–	324

Notes: 1. The category "Others" aggregates those business segments that do not meet the definition of reportable segments, and includes Powertrain and Others.

2. The total of segment income corresponds to the operating income on Consolidated Quarterly Statements of Income.

2. Information about impairment loss on non-current assets by segment

Significant impairment loss on non-current assets

For the first quarter of the current fiscal year, the recorded impairment loss on non-current assets amounted to ¥3 million for the "Office Furniture" segment, ¥0 million for the "Store Displays" segment and ¥1 million for "Material Handling Systems" segment.