

Summary Report of Consolidated Financial Results

For the Fiscal Year Ended June 30, 2020

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Pan Pacific International Holdings Corporation

Securities Code No.: 7532
 Shares Listed: Tokyo Stock Exchange
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(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the fiscal year ended June 30, 2020 (from July, 2019 to June 30, 2020)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Profit Attributable to Owners of Parent	Change (%)
Fiscal year ended June 30, 2020	1,681,947	26.6	75,997	20.4	75,173	10.2	50,303	6.9
Fiscal year ended June 30, 2019	1,328,874	41.1	63,110	22.4	68,240	19.3	47,066	29.3

(Note) Comprehensive income: 50,209 million yen [0.6%] (FY 2020.6), 49,927 million yen [34.6%] (FY 2019.6)

	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)	Return on Equity (%)	Ordinary Income on Total Assets (%)	Operating Income on Net Sales (%)
Fiscal year ended June 30, 2020	79.39	79.18	14.3	5.8	4.5
Fiscal year ended June 30, 2019	74.36	74.13	15.2	6.5	4.7

(Reference) Equity in earnings of affiliates: 84 million yen (FY 2020.6), 5,957 million yen (FY 2019.6)

(Note) For the second quarter of the fiscal year ended June 30, 2020, provisional accounting treatments for business integrations was finalized. As a result, the figures for the fiscal year ended June 30, 2019 reflect the finalization of the provisional accounting treatments.

(Note) On September 1, 2019, we conducted a 4-for-1 common share split. Net Income Per Share and Net Income Per Share-fully diluted have been calculated on the presumption that the share split was conducted at the beginning of the previous fiscal year.

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)	Net Assets per Share (Yen)
As of June 30, 2020	1,298,948	390,716	28.8	589.29
June 30, 2019	1,282,100	352,300	25.6	520.39

(Reference) Equity: 373,556 million yen (as of June 30, 2020), 328,359 million yen (as of June 30, 2019)

(Note) For the second quarter of the fiscal year ended June 30, 2020, provisional accounting treatments for business integrations was finalized. As a result, the figures for the fiscal year ended June 30, 2019 reflect the finalization of the provisional accounting treatments.

(Note) On September 1, 2019, we conducted a 4-for-1 common share split. Net Assets per Share have been calculated on the presumption that the share split was conducted at the beginning of the previous fiscal year.

(3) The Consolidated Statements of Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Fiscal year ended June 30, 2020	65,135	(33,452)	(34,030)	183,602
Fiscal year ended June 30, 2019	101,978	(37,113)	43,456	185,136

2. Dividends

	Dividend per share (yen)			Dividends in total (annual, Millions of yen)	Dividend payout ratio (consolidated basis, %)	Dividends on net assets (consolidated basis, %)
	Six Months Ended December 31	Year Ended June 30	Total			
Year Ended June 30, 2019	10.00	30.00	40.00	6,333	13.1	2.0
Year Ended June 30, 2020	3.00	12.00	15.00	9,508	18.9	2.7
Year Ending June 30, 2021 (Forecast)	3.00	13.00	16.00		—	

(Note) The Breakdown of Dividends for the Six Months Ended December 31, 2019: Ordinary dividend 5.00 Yen, Commemorative dividend 5.00 Yen

(Note) The figure of Dividends per share for the Year Ended June 30, 2020 is revised from 8.5 to 12.00

(Note) On September 1, 2019, we conducted a 4-for-1 common share split. For the fiscal year ended June 30, 2019, the actual amount of dividends before the said share split is presented.

3. Consolidated Business Forecast : For the year ending June 30, 2021 (From July 1, 2020 to June 30, 2021)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Profit Attributable to Owners of Parent	Change (%)	Net Income per Share(Yen)
Six Months Ending December 31, 2020	846,000	(1.5)	40,000	(11.3)	39,500	(13.3)	26,500	(8.3)	41.80
Year Ending June 30, 2021	1,700,000	1.1	77,000	1.3	76,000	1.1	51,000	1.4	80.45

4. Others

(1) Significant changes in the scope of consolidation: None

Newly consolidated: — , Excluded:—

(2) Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated financial statements

- ① Changes in line with revision to accounting standards: None
- ② Other changes: None
- ③ Changes in accounting estimates: None
- ④ Restatement: None

(3) Number of outstanding shares (Common share)

① Number of outstanding shares (Treasury share included)	June 30, 2020	633,929,040 shares
	June 30, 2019	633,287,040 shares
② Number of treasury share	June 30, 2020	18,924 shares
	June 30, 2019	18,720 shares
③ Average number of outstanding shares during the period	June 30, 2020	633,643,173 shares
	June 30, 2019	632,971,111 shares

(Note) On September 1, 2019, we conducted a 4-for-1 common share split. Number of outstanding shares, Number of treasury share and Average number of outstanding shares during the period have been calculated on the presumption that the share split was conducted at the beginning of the previous fiscal year.

※This financial summary is not subject to audit conducted by certified public accountants or an audit corporation.

※Explanation regarding the appropriate use of forecasts of business results

The financial forecasts of business results are based on judgments and estimates that have been made using currently available information. By nature, such financial forecasts are subject to uncertainties and risks. Therefore, actual results might be significantly different from the aforementioned forecasts for a variety of reasons, including changes in economic environments related to our business, market trends and foreign currency exchange rates.

※The Company plans to hold a financial result briefing for security analysts and institutional investors on August 12, 2020. Presentation materials for the briefing will be available on the Company's website.

Consolidated Balance Sheets

	(Millions of yen)	
	As of June 30, 2019	As of June 30, 2020
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥172,673	¥179,785
Notes and accounts receivables-trade	18,744	18,378
Accounts receivables - installment	67,417	68,293
Operating loans	8,966	8,076
Merchandise and finished goods	188,510	190,397
Prepaid expenses	7,036	6,772
Deposits paid	12,986	4,377
Other	20,790	21,572
Allowance for doubtful accounts	(717)	(890)
Total current assets	496,405	496,760
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	262,955	264,035
Tools, furniture and fixtures, net	25,471	29,898
Lands	318,580	325,499
Other, net	1,593	1,572
Construction in progress	5,814	1,706
Total property, plant and equipment	614,413	622,710
Intangible assets		
Goodwill	17,216	15,935
Other	20,386	20,948
Total intangible assets	37,602	36,883
Investments and other assets		
Investment securities	16,681	17,515
Long-term loan receivables	2,962	1,269
Long-term prepaid expenses	6,105	5,729
Retirement benefit assets	6,362	16,236
Deferred tax assets	19,668	22,245
Lease and guarantee deposits	80,443	78,624
Other	3,965	3,178
Allowance for doubtful accounts	(2,506)	(2,201)
Total investments and other assets	133,680	142,595
Total non-current assets	785,695	802,188
Total assets	¥1,282,100	¥1,298,948

	As of June 30, 2019 Amount	(Millions of yen) As of June 30, 2020 Amount
Liabilities		
Current liabilities		
Notes and accounts payables - trade	¥159,064	¥148,226
Short-term loan payables	123	—
Current portion of long-term loan payables	19,721	13,201
Current portion of bonds	22,816	11,916
Payables under fluidity lease receivables	7,304	4,512
Accounts payables - other	53,303	53,481
Accrued expenses	22,684	22,588
Deposits received	19,407	16,806
Income taxes payables	9,841	10,969
Provision for point card certificates	5,227	6,924
Other	22,284	23,604
Total current liabilities	341,774	312,227
Non-current liabilities		
Bond payables	238,458	226,542
Long-term loan payables	256,777	276,191
Long-term payables under fluidity lease receivables	4,703	191
Asset retirement obligations	23,083	23,300
Negative goodwill	180	94
Other	64,825	69,687
Total non-current liabilities	588,026	596,005
Total liabilities	929,800	908,232
Net assets		
Shareholders' equity		
Share capital	22,675	23,008
Capital surplus	15,414	16,977
Retained earnings	290,034	333,980
Treasury shares	(14)	(15)
Total shareholders' equity	328,109	373,950
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	173	529
Foreign currency translation adjustment	554	(865)
Remeasurements of defined benefit plans	(477)	(58)
Total accumulated other comprehensive income	250	(394)
Share acquisition rights	724	218
Non-controlling interests	23,217	16,942
Total net assets	352,300	390,716
Total liabilities and net assets	¥1,282,100	¥1,298,948

Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
	Amount	Amount
Net sales	¥1,328,874	¥1,681,947
Cost of sales	958,347	1,200,258
Gross profit	370,527	481,689
Selling, general and administrative expenses	307,417	405,692
Operating income	63,110	75,997
Non-operating income		
Interest and dividend income	1,777	705
Amortization of negative goodwill	86	86
Share of profit of entities accounted for using equity method	5,957	84
Commission income	403	354
Other	4,665	4,093
Total non-operating income	12,888	5,322
Non-operating expenses		
Interest expenses paid on loans and bonds	4,780	5,175
Bond issuance cost	1,253	2
Cost of claim's liquidation	274	162
Service fees	500	111
Other	951	696
Total non-operating expenses	7,758	6,146
Ordinary income	68,240	75,173
Extraordinary income		
Gain on sales of non-current assets	2,085	801
Gain on step acquisitions	3,906	—
Gain on bargain purchase	5,646	241
Gain on sale of businesses	—	494
Gain on reversal of provision for loss on store closings	—	268
Gain on revision of retirement benefit plan	—	5,111
Gain on reversal of share acquisition rights	0	220
Compensation income for expropriation	11	—
Other	123	425
Total extraordinary income	11,771	7,560
Extraordinary losses		
Impairment loss	10,305	4,195
Loss on retirement of non-current assets	509	3,513
Loss on sales of shares of subsidiaries and affiliates	—	145
Loss on closing of stores	1,698	1,046
Loss on disaster	342	220
Other	873	453
Total extraordinary losses	13,727	9,572
Profit before income taxes	66,284	73,161
Income taxes - current	19,292	20,637
Income taxes - deferred	(1,740)	1,668
Total income taxes	17,552	22,305
Profit	48,732	50,856
Profit attributable to non-controlling interests	1,666	553
Profit attributable to owners of parent	¥47,066	¥50,303

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
	Amount	Amount
Profit	¥48,732	¥50,856
Other comprehensive income		
Valuation difference on available-for-sale securities	(66)	379
Foreign currency translation adjustment	1,743	(1,423)
Remeasurements of defined benefit plans, net of tax	(477)	430
Share of other comprehensive income of affiliates accounted for using equity method	(5)	(33)
Total other comprehensive income	1,195	(647)
Comprehensive income	¥49,927	¥50,209
Comprehensive income attributable to:		
Owners of parent	¥48,289	¥49,659
Non-controlling interests	1,638	550

Consolidated statements of changes in Net Assets

	(Millions of yen)	
	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
	Amount	Amount
Shareholders' equity		
Share Capital		
Balance at the beginning of current period	¥22,436	¥22,675
Changes of items during the period		
Issuance of new shares	239	333
Total changes of items during the period	239	333
Balance at the end of current period	22,675	23,008
Capital surplus		
Balance at the beginning of current period	19,975	15,414
Changes of items during the period		
Issuance of new shares	239	333
Capital increase of consolidated subsidiaries	—	43
Increase of consolidated subsidiaries - non-controlling interests	736	—
Sales of shares of consolidated subsidiaries	—	3
Purchase of shares of consolidated subsidiaries	(5,536)	1,184
Total changes of items during the period	(4,561)	1,563
Balance at the end of current period	15,414	16,977
Retained earnings		
Balance at the beginning of current period	248,940	290,034
Changes of items during the period		
Dividends of surplus	(5,854)	(6,651)
Profit attributable to owners of parent	47,066	50,303
Change of scope of consolidation	(118)	294
Total changes of items during the period	41,094	43,946
Balance at the end of current period	290,034	333,980
Treasury shares		
Balance at the beginning of current period	(14)	(14)
Changes of items during the period		
Purchase of treasury shares	(0)	(1)
Total changes of items during the period	(0)	(1)
Balance at the end of current period	(14)	(15)
Total shareholders' equity		
Balance at the beginning of current period	291,337	328,109
Changes of items during the period		
Issuance of new shares	478	666
Dividends of surplus	(5,854)	(6,651)
Profit attributable to owners of parent	47,066	50,303
Purchase of treasury shares	(0)	(1)
Change of scope of consolidation	(118)	294
Capital increase of consolidated subsidiaries	—	43
Increase of consolidated subsidiaries - non-controlling interests	736	—
Sales of shares of consolidated subsidiaries	—	3
Purchase of shares of consolidated subsidiaries	(5,536)	1,184
Total changes of items during the period	36,772	45,841
Balance at the end of current period	¥328,109	¥373,950

	(Millions of yen)	
	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
	Amount	Amount
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	¥244	¥173
Changes of items during the period		
Net changes of items other than shareholders' equity	(71)	356
Total changes of items during the period	(71)	356
Balance at the end of current period	173	529
Foreign currency translation adjustment		
Balance at the beginning of current period	(1,218)	554
Changes of items during the period		
Net changes of items other than shareholders' equity	1,772	(1,419)
Total changes of items during the period	1,772	(1,419)
Balance at the end of current period	554	(865)
Remeasurements of defined benefit plans		
Balance at the beginning of current period	—	(477)
Changes of items during the period		
Net changes of items other than shareholders' equity	(477)	419
Total changes of items during the period	(477)	419
Balance at the end of current period	(477)	(58)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(974)	250
Changes of items during the period		
Net changes of items other than shareholders' equity	1,224	(644)
Total changes of items during the period	1,224	(644)
Balance at the end of current period	250	(394)
Subscription rights to shares		
Balance at the beginning of current period	345	724
Changes of items during the period		
Net changes of items other than shareholders' equity	379	(506)
Total changes of items during the period	379	(506)
Balance at the end of current period	724	218
Non-controlling interests		
Balance at the beginning of current period	21,787	23,217
Changes of items during the period		
Net changes of items other than shareholders' equity	1,430	(6,275)
Total changes of items during the period	1,430	(6,275)
Balance at the end of current period	23,217	16,942
Total net assets		
Balance at the beginning of current period	312,495	352,300
Changes of items during the period		
Issuance of new shares	478	666
Dividends of surplus	(5,854)	(6,651)
Profit attributable to owners of parent	47,066	50,303
Purchase of treasury shares	(0)	(1)
Change of scope of consolidation	(118)	294
Increase of consolidated subsidiaries	736	—
- non-controlling interests		
Capital increase of consolidated subsidiaries	—	43
Sales of shares of consolidated subsidiaries	—	3
Purchase of shares of consolidated subsidiaries	(5,536)	1,184
Net changes of items other than shareholders' equity	3,033	(7,425)
Total changes of items during the period	39,805	38,416
Balance at the end of current period	¥352,300	¥390,716

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal year ended	Fiscal year ended
	June 30, 2019	June 30, 2020
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	¥66,284	¥73,161
Depreciation and amortization	23,722	29,391
Impairment loss	10,305	4,195
Amortization of negative goodwill	(86)	(86)
Gain on bargain purchase	(5,646)	(241)
Increase (decrease) in allowance for doubtful accounts	147	(131)
Interest and dividend income	(1,777)	(705)
Interest expenses paid on loans and bonds	4,780	5,175
Share of profit of entities accounted for using equity method	(5,957)	(84)
Gain on step acquisitions	(3,906)	—
Loss (gain) on sales and retirement of non-current assets	(1,342)	2,826
Gain on sale of businesses	—	(494)
Loss on store closings	1,698	1,046
Gain on revision of retirement benefit plan	—	(5,111)
Compensation income for expropriation	(11)	—
Offset payments for house rental fee with lease and guarantee deposits	2,775	4,045
Decrease (increase) in notes and accounts receivables - trade	3,258	(38)
Increase in inventories	(14,489)	(5,375)
Increase (decrease) in notes and accounts payables - trade	3,924	(10,082)
Decrease (increase) in accounts receivables - installment	59,700	(991)
Increase in retirement benefit asset	(532)	(4,145)
Decrease in accounts payables - other	(10,343)	(1,261)
Decrease in deposits received	(5,583)	(2,960)
Increase (decrease) in other current liabilities	1,508	(137)
Increase (decrease) in other non-current liabilities	490	(314)
Other, net	330	(1,624)
Subtotal	129,249	86,060
Interest and dividend income received	1,521	303
Interest expenses paid	(4,555)	(5,171)
Income taxes paid	(27,462)	(20,806)
Income taxes refund	3,520	4,889
Proceeds from compensation for expropriation	11	—
Proceeds from dividend income received from entities accounted for using equity method	56	207
Payments for loss on disaster	(362)	(347)
Net cash provided by operating activities	101,978	65,135
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(43,835)	(31,562)
Proceeds from sales of property, plant and equipment	7,579	2,598
Payments for purchase of intangible assets	(2,298)	(3,949)
Proceeds from transfer of businesses	—	5,978
Payments for leasehold and guarantee deposits	(3,394)	(3,541)
Proceeds from collection of leasehold and guarantee deposits	1,163	1,121
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,423)	(3,723)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(52)
Purchase of shares of subsidiaries and affiliates	(7,936)	(102)
Payments for loans and advances	(1,613)	(6)
Proceeds from collection of loan receivables	19,125	24
Other, net	(481)	(238)
Net cash used in investing activities	¥(37,113)	¥(33,452)

	(Millions of yen)	
	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
	Amount	Amount
Cash flows from financing activities:		
Net decrease in short-term loan payables	¥—	¥(1,891)
Proceeds from long-term loan payables	90,000	32,500
Repayments of long-term loan payables	(196,594)	(20,570)
Proceeds from issuance of bonds	168,647	98
Redemption of bonds	(3,616)	(22,991)
Repayments of payables under fluidity lease receivables	(7,612)	(7,445)
Proceeds from issuance of common shares	478	380
Cash dividends paid	(5,854)	(6,651)
Cash dividends paid to non-controlling interests	(808)	—
Payments for purchase of shares of subsidiaries that do not result in change in scope of consolidation	(4,322)	—
Proceeds from share issuance to non-controlling shareholders	3,569	627
Payments for purchase of treasury shares of subsidiaries	—	(8,049)
Other, net	(432)	(38)
Net cash provided by (used in) financing activities	43,456	(34,030)
Effect of foreign exchange rate change on cash and cash equivalents	318	(350)
Net increase (decrease) in cash and cash equivalents	108,639	(2,697)
Cash and cash equivalents at the beginning of period	75,883	185,136
Increase in cash and cash equivalents from newly consolidated subsidiaries	614	1,163
Cash and cash equivalents at the end of period	¥185,136	¥183,602

Segment Information

1. Overview of Reporting Segments

The reportable segments of the Group are constituent units of the Group for which separate financial information is available and which are subject to periodic examination by the Board of Directors and management meetings of the Company for the purpose of deciding the allocation of management resources and evaluating business results.

The Group consists of segments by business and has determined that “Discount Store business”, “GMS business” and “Rent business” are its reportable segments taking into accounts the business form.

The “Discount Store business” presents stores such as "Don Quijote", "MEGA Don Quijote", "MEGA Don Quijote UNY".

The “GMS business” presents stores such as "APITA", "PIAGO".

The “Rent business” operates tenant invitations, lease and facility management of shopping malls.

2. Calculation of net sales, profit and loss, and assets, etc.

The same accounting method with which is applied to the consolidated financial statements is applied to segment accounting.

Income of reporting segment and others are calculated based on operating income.

Intersegment sales and transfers are calculated based on market value.

3. Information related to net sales, profit and loss, and assets, etc. by reporting segment

For the Fiscal Year Ended June 30, 2020

	Reporting segment				Others (Note 1)	Total	Adjustm ent (Note 2)	Consolidated (Note 3)
	Discount Store business	GMS business	Rent business	Sub Total				
Sales, Segment income								
Sales								
Sales to third parties	¥1,117,507	¥491,621	¥58,229	¥1,667,357	¥14,590	¥1,681,947	¥—	¥1,681,947
Intersegment sales	5,184	6,721	2,994	14,899	6,248	21,147	(21,147)	—
Total	1,122,691	498,342	61,223	1,682,256	20,838	1,703,094	(21,147)	1,681,947
Segment income (losses)	47,311	16,992	13,579	77,882	(2,373)	75,509	488	75,997
Segment Assets	619,727	235,061	227,557	1,082,345	183,310	1,265,655	33,293	1,298,948
Others (Note 4)								
(1) Depreciation expenses	18,474	4,662	5,182	28,318	1,004	29,322	69	29,391
(2) Increase in property, plant and equipment, and intangible assets	¥27,914	¥2,465	¥4,117	¥34,496	¥1,242	¥35,738	¥678	¥36,416

Notes

- “Others” includes the service related to the operation of the Company (Holdings Company) and Credit Card business and so on, which does not belong to the Reporting segment.
- The ¥488 million adjustment to segment income is an intersegment elimination.
The ¥33,293 million adjustment to segment assets includes ¥136,744 million of companywide assets not allocated to the respective reporting segments, and ¥(103,451) million of net eliminations for intersegment transaction.
- Segment income is adjusted to the consolidated operating income.
- Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.
- The segment figures for the previous fiscal year is presented based on information after considering the significant revision of the initial allocation of the acquisition costs due to the finalization of the provisional accounting treatment for business combinations.

For the Fiscal Year Ended June 30, 2019

(Millions of yen)

	Reporting segment				Others (Note 1)	Total	Adjustm ent (Note 2)	Consolidated (Note 3)
	Discount Store business	GMS business	Rent business	Sub Total				
Sales, Segment income								
Sales								
Sales to third parties	¥1,015,924	¥266,058	¥39,132	¥1,321,114	¥7,760	¥1,328,874	¥—	¥1,328,874
Intersegment sales	3,567	551	1,762	5,880	3,153	9,033	(9,033)	—
Total	1,019,491	266,609	40,894	1,326,994	10,913	1,337,907	(9,033)	1,328,874
Segment income (losses)	49,589	7,039	7,795	64,423	(1,240)	63,183	(73)	63,110
Segment Assets	633,193	236,345	233,104	1,102,642	123,967	1,226,609	55,491	1,282,100
Others (Note 4)								
(1) Depreciation expenses	18,186	2,390	3,095	23,671	32	23,703	19	23,722
(2) Increase in property, plant and equipment, and intangible assets	¥39,461	¥1,105	¥4,886	¥45,452	¥1,287	¥46,739	¥246	¥46,985

Notes

1. "Others" includes the service related to the operation of the Company (Holdings Company) and Credit Card business and so on, which does not belong to the Reporting segment.
2. The ¥(73) million adjustment to segment income is an intersegment elimination.
The ¥55,491 million adjustment to segment assets includes ¥135,311 million of companywide assets not allocated to the respective reporting segments, and ¥(79,820) million of net eliminations for intersegment transaction.
3. Segment income is adjusted to the consolidated operating income.
4. Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.