

Consolidated Financial Statements for the Three Months Ended June 30, 2025

<Under Japanese GAAP>

August 5, 2025

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 (Prime Market)

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

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Start of distribution of dividends (scheduled): -

Supplementary documents of financial results: Yes

Holding of financial results briefing: Yes

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

1. Consolidated Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Consolidated Operating Results

(% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	237,314	-0.8	44,331	0.4	10,249	-4.5	10,662	-2.6	7,507	1.2
June 30, 2024	239,201	6.8	44,153	—	10,734	54.3	10,949	49.2	7,415	69.8

(Notes) 1. Comprehensive income For the three months ended June 30, 2025: ¥1,768 million (-91.7%)

For the three months ended June 30, 2024: ¥21,409 million (44.0%)

2. Due to a change in accounting policy, gross profit for the three months ended June 30, 2024, has been restated retrospectively. Accordingly, the year-on-year percentage change for the first quarter is not presented.

	Earnings per share	Earnings per share (diluted)
Three months ended	Yen	Yen
June 30, 2025	69.62	—
June 30, 2024	65.42	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	811,598	398,715	48.2	3,663.94
March 31, 2025	808,143	406,459	49.4	3,679.09

(Reference) Equity capital As of June 30, 2025: ¥391,156 million

As of March 31, 2025: ¥399,052 million

2. Dividends

	Annual Dividends per Share				
	1Q	2Q	3Q	Fiscal year end	Annual
For the year ended (or ending)	Yen	Yen	Yen	Yen	Yen
March 2025	—	45.00	—	45.00	90.00
March 2026	—	—	—	—	—
March 2026 (forecast)	—	45.00	—	50.00	95.00

(Note) Revisions to the latest dividends forecast: No

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% = year-on-year change)

	Net sales		Gross profit		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	%	Millions of yen	%	Yen
	955,000	1.1	181,000	3.7	39,500	1.1	38,500	0.3	31,500	23.4	300.99

(Notes) 1. Revisions to the latest consolidated earnings forecast: No

2. Due to a change in accounting policy, the year-on-year percentage change in gross profit is calculated using the retrospectively adjusted figures for the corresponding period of the previous fiscal year.

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

New: 7 (Company name: APLIQUIMICA APLICACOES QUIMICAS ESPECIAIS LTDA
SACHEM Japan Holding GK
SACHEM Japan GK
SN Tech Corporation
SACHEM Wuxi Co., Ltd.
SACHEM Korea Ltd.
NAGASE WAHLEE INDIA PRIVATE LIMITED)

Excluded: 1 (Company name: Nagase Abrasive Materials Co., Ltd.)

(2) Application of special accounting methods to the preparation of quarterly financial statements: Yes

(Note) For details, please refer to 2. *Quarterly Consolidated Financial Statements and Notes*, (4) *Notes Related to Quarterly Consolidated Financial Statements (Special Accounting Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)*, on P.10 of this document.

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

- Changes in accordance with revisions to accounting and other standards: No
- Changes in items other than (i) above: Yes
- Changes in accounting estimates: No
- Restatement of prior period financial statements after error corrections: No

(Note) For details, please refer to 2. *Quarterly Consolidated Financial Statements and Notes*, (4) *Notes Related to Quarterly Consolidated Financial Statements (Changes in Accounting Policy)*, on P.10 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)

June 30, 2025	109,908,285 shares	March 31, 2025	114,908,285 shares
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ii. Number of treasury stock as of the fiscal period end

June 30, 2025	3,149,976 shares	March 31, 2025	6,443,222 shares
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iii. Average number of shares during the period

June 30, 2025	107,835,802 shares	June 30, 2024	113,344,753 shares
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(Note) The number of treasury shares as of the fiscal period end includes Company shares held by the Stock-Granting Trust for Directors (282,400 shares as of June 30, 2025 and 282,400 shares as of March 31, 2025). Treasury stock deducted from the calculation of the average number of shares during the period includes Company shares held by the Stock-Granting Trust for Directors (282,400 shares for the period ended June 30, 2025 and 288,500 shares for the period ended June 30, 2024).

*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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.

For matters related to earnings forecasts, please refer to *1. Qualitative Information, (3) Qualitative Information Related to Consolidated Earnings Forecasts*, on P.4 of this document.

Attachments

1. Qualitative Information	2
(1) Review of Business Performance	2
(2) Review of Financial Position	4
(3) Qualitative Information Related to Consolidated Earnings Forecasts	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	7
Quarterly Consolidated Statements of Income	
Three-month periods ended June 30, 2025 and 2024	7
Quarterly Consolidated Statements of Comprehensive Income	
Three-month periods ended June 30, 2025 and 2024	8
(3) Quarterly Consolidated Statements of Cash Flows	9
(4) Notes Related to Quarterly Consolidated Financial Statements	10
(Assumption for Going Concern)	10
(Changes in Accounting Policy)	10
(Significant Fluctuations in Shareholders' Equity)	10
(Special Accounting Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)	10
(Segment Information, etc.)	11

1. Qualitative Information

(1) Review of Business Performance

a. General Summary of Results

Earnings for three-month period ended June 30, 2025 are as follows.

	(Millions of yen)			
	Three-month period ended June 30, 2024	Three-month period ended June 30, 2025	Change	Change (%)
Net sales	239,201	237,314	(1,887)	(0.8)
Gross profit	44,153	44,331	177	0.4
Operating income	10,734	10,249	(485)	(4.5)
Ordinary income	10,949	10,662	(287)	(2.6)
Profit before income taxes	10,774	10,511	(263)	(2.4)
Profit attributable to owners of the parent	7,415	7,507	91	1.2

- Although net sales for the first quarter of the current fiscal year decreased due in part to the impact of yen appreciation on foreign exchange, gross profit margin improved as a result of improved profitability at certain manufacturing subsidiaries and other factors, resulting in an overall increase in gross profit for the period.
- Operating income decreased due to an increase in selling, general and administrative expenses despite an increase in gross profit. For details, see b. Segment Summary.
- Profit attributable to owners of the parent increased by ¥0.09 billion to ¥7.5 billion, mainly due to a decrease in tax expenses despite a decrease in operating profit.

b. Segment Summary

The following describes performance by segment.

The comparative analysis of gross profit in the Life & Healthcare segment reflects the retrospective application of a change in accounting policy for the first quarter of the previous fiscal year.

*For details, please refer to (*Changes in Accounting Policy*) on P.10 of this document.

Functional Materials

	(Millions of yen)			
	Three-month period ended June 30, 2024	Three-month period ended June 30, 2025	Change	Change (%)
Net sales	40,581	38,099	(2,482)	(6.1)
Gross profit	8,827	7,796	(1,031)	(11.7)
Operating income	2,975	2,160	(814)	(27.4)

Gross profit decreased mainly due to the following factors.

- Sales of coating materials decreased due to lower demand in automotive and architectural applications
- Sales increased for raw materials for semiconductor materials

Operating income decreased due to a decrease in gross profit.

Advanced Materials & Processing

	(Millions of yen)			
	Three-month period ended June 30, 2024	Three-month period ended June 30, 2025	Change	Change (%)
Net sales	53,503	50,287	(3,216)	(6.0)
Gross profit	6,588	6,583	(5)	(0.1)
Operating income	1,588	1,818	230	14.5

Gross profit remained flat mainly due to the following factors.

- Although resin sales declined due to lower volume in the electrical and electronics industry, including office automation equipment, profit margin improved as a result of planned product mix optimization
- Sales of industrial hoses and civil engineering pipes increased at Totaku Industries, Inc.

Operating income increased due to a decrease in general and administrative expenses.

Electronics & Energy

(Millions of yen)

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2025	Change	Change (%)
Net sales	40,092	41,527	1,434	3.6
Gross profit	9,554	10,305	751	7.9
Operating income	2,770	2,931	160	5.8

Gross profit increased mainly due to the following factors.

- Sales of materials for the semiconductors increased
- Sales of formulated epoxy resins of Nagase ChemteX increased due to strong demand for semiconductors used in AI servers despite demand for mobile device applications remained sluggish

Operating income increased due to increased gross profit, despite posting M&A related expenses.

Mobility

(Millions of yen)

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2025	Change	Change (%)
Net sales	32,117	30,522	(1,594)	(5.0)
Gross profit	4,022	3,729	(292)	(7.3)
Operating income	988	839	(149)	(15.1)

Gross profit decreased mainly due to the following factors.

- Resin sales, which account for about half of gross profit, remained flat mainly due to the impact of yen appreciation despite an increase in volume
- Sales decreased for functional materials and functional components for interior and exterior fittings and electrification

Operating income decreased due to a decrease in gross profit.

Life & Healthcare

(Millions of yen)

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2025	Change	Change (%)
Net sales	72,861	76,851	3,989	5.5
Gross profit	15,253	15,754	500	3.3
Operating income	1,526	2,465	938	61.5

Gross profit increased mainly due to the following factors.

- Sales increased for pharmaceutical raw materials and intermediates
- Sales of Nagase Viita increased due to sales of food ingredients and cosmetic materials
- The Prinova Group saw a decrease in food ingredient sales due to falling market prices, despite an increase in volume.

Operating income increased, despite M&A-related expenses, due to the completion of amortization for certain intangible assets at Nagase Viita and the efficiency improvements at the Prinova Group.

Others

No special matters to disclose.

(2) Review of Financial Position

a. Assets, Liabilities and Net Assets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025	Change	Change (%)
Current assets	560,126	548,384	(11,741)	(2.1)
Non-current assets	248,017	263,213	15,196	6.1
Net assets	808,143	811,598	3,454	0.4
Liabilities	401,683	412,882	11,199	2.8
Net assets	406,459	398,715	(7,744)	(1.9)
Shareholders' equity ratio (%)	49.4	48.2	(1.2)p	—

- Current assets decreased due to a decrease in cash and time deposits despite an increase in accounts receivable and inventories
- Non-current assets increased due to an increase in tangible fixed assets and the recognition of new goodwill
- Liabilities increased due to new issuance of commercial paper and new short-term loans despite a decrease in accrued bonuses for employees
- Net assets decreased due to purchases of treasury stock and a decrease in translation adjustments despite the recording of quarterly profit attributable to owners of the parent
- As a result, the Company recorded a shareholders' equity ratio of 48.2%, down 1.2 points compared to 49.4% from the end of the prior fiscal year

b. Consolidated Cash Flows

(Millions of yen)

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2025
Cash flows from operating activities	(3,074)	703
Cash flows from investing activities	(8,202)	(18,941)
Cash flows from financing activities	3,344	6,138

- Net cash provided by operating activities was mainly the result of ¥10.5 billion in income before income taxes and ¥3.6 billion due to depreciation and amortization, offset in part by a ¥3.6 billion decrease in cash due to an increase in working capital, and ¥3.3 billion in income taxes paid
- Net cash used in investing activities was mainly the result of cash outlays of ¥12.5 billion for the purchases of shares of subsidiaries resulting in change in scope of consolidation and ¥5.3 billion in purchases of property, plant and equipment
- Net cash provided by financing activities was mainly the result of ¥12.8 billion net increase in short term loans and ¥3.5 billion in commercial papers, offset in part by ¥4.8 billion in dividend payments and ¥4.6 billion in cash outlays due to purchases of treasury stock

(3) Qualitative Information Related to Consolidated Earnings Forecasts

We made no changes to the consolidated earnings forecast for the current fiscal year (April 1, 2025 to March 31, 2026) from the figures announced on May 8, 2025.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
ASSETS		
Current assets		
Cash and time deposits	66,310	49,858
Notes and accounts receivable and contract assets	311,251	311,643
Merchandise and finished goods	146,834	149,045
Work in process	2,320	2,861
Raw materials and supplies	17,068	16,559
Other	17,387	19,563
Less allowance for doubtful accounts	(1,048)	(1,147)
Total current assets	560,126	548,384
Non-current assets		
Property, plant and equipment	91,671	98,114
Intangible fixed assets		
Goodwill	25,400	33,419
Technology-based assets	1,289	1,207
Other	39,121	37,400
Total intangible fixed assets	65,811	72,027
Investments and other assets		
Investments in securities	72,028	74,423
Long-term loans receivable	1,257	1,219
Retirement benefit asset	6,072	6,111
Deferred tax assets	5,700	5,475
Other	6,653	6,837
Less allowance for doubtful accounts	(1,179)	(996)
Total investments and other assets	90,534	93,071
Total non-current assets	248,017	263,213
Total assets	808,143	811,598

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
LIABILITIES		
Current liabilities		
Notes and accounts payable	151,269	152,059
Short-term loans	42,310	54,373
Current portion of long-term loans	6,039	5,850
Commercial paper	19,500	23,000
Accrued income taxes	3,753	3,415
Accrued bonuses for employees	8,518	4,290
Accrued bonuses for directors	394	133
Other	37,791	36,357
Total current liabilities	269,576	279,480
Long-term liabilities		
Bonds	40,000	40,000
Long-term loans	53,454	53,428
Lease liabilities	11,471	10,984
Deferred tax liabilities	13,275	13,530
Retirement benefit liability	12,289	12,420
Provision for directors' stock benefit	111	175
Other	1,503	2,861
Total long-term liabilities	132,106	133,401
Total liabilities	401,683	412,882
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	9,348	9,348
Retained earnings	312,244	299,453
Less treasury stock, at cost	(19,579)	(8,794)
Total shareholders' equity	311,712	309,707
Accumulated other comprehensive income		
Net unrealized holding gain on securities	30,665	31,740
Deferred gain on hedges	6	44
Translation adjustments	56,864	49,712
Remeasurements of defined benefit plans	(196)	(48)
Total accumulated other comprehensive income	87,340	81,449
Non-controlling interests	7,406	7,559
Total net assets	406,459	398,715
Total liabilities and net assets	808,143	811,598

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

Three-month periods ended June 30, 2025 and 2024

(Millions of yen)

	Three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)	Three-month period ended June 30, 2025 (April 1, 2025 - June 30, 2025)
Net sales	239,201	237,314
Cost of sales	195,047	192,982
Gross profit	44,153	44,331
Selling, general and administrative expenses	33,418	34,081
Operating income	10,734	10,249
Non-operating income		
Interest income	208	193
Dividend income	720	850
Rent income	82	35
Equity in earnings of affiliates	181	216
Foreign exchange gains	30	21
Other	93	164
Total non-operating income	1,316	1,481
Non-operating expenses		
Interest expenses	908	740
Other	193	327
Total non-operating expenses	1,101	1,067
Ordinary income	10,949	10,662
Extraordinary gains		
Gain on sales of non-current assets	32	11
Gain on sales of investment securities	—	106
Other	9	0
Total extraordinary gains	42	117
Extraordinary losses		
Loss on sales of non-current assets	10	8
Loss on disposal of non-current assets	24	33
Loss on sales of investment securities	—	0
Loss on valuation of investments securities	—	157
Loss on business withdrawal	182	70
Total extraordinary losses	217	269
Income before income taxes	10,774	10,511
Income taxes	3,174	2,800
Profit for the period	7,600	7,710
Profit attributable to non-controlling interests	185	203
Profit attributable to owners of the parent	7,415	7,507

(Quarterly Consolidated Statements of Comprehensive Income)

Three-month periods ended June 30, 2025 and 2024

(Millions of yen)

	Three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)	Three-month period ended June 30, 2025 (April 1, 2025 - June 30, 2025)
Profit for the period	7,600	7,710
Other comprehensive income		
Net unrealized holding gain on securities	1,488	1,078
Deferred gain on hedges	53	38
Translation adjustments	12,559	(7,057)
Remeasurements of defined benefit plans	(617)	148
Share of other comprehensive income of affiliates accounted for by the equity method	326	(149)
Total other comprehensive income (loss)	13,809	(5,941)
Comprehensive income	21,409	1,768
Comprehensive income attributable to:		
Shareholders of the parent	20,806	1,615
Non-controlling interests	602	152

(3) Quarterly Consolidated Statements of Cash Flows

Three-month periods ended June 30, 2025 and 2024

(Millions of yen)

	Three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)	Three-month period ended June 30, 2025 (April 1, 2025 - June 30, 2025)
Operating activities		
Income before income taxes	10,774	10,511
Depreciation and amortization other than amortization of goodwill	3,793	3,661
Amortization of goodwill	677	655
Share of gain of entities accounted for using equity method	(181)	(216)
Loss on business withdrawal	182	70
(Decrease) increase in retirement benefit liability	(728)	128
(Increase) decrease in retirement benefit asset	(837)	36
Interest and dividend income	(929)	(1,043)
Interest expenses	908	740
Exchange (gain) loss, net	(1,393)	1,293
Gain on sales of investment securities	—	(105)
Loss on valuation of investment securities	—	157
Increase in notes and accounts receivable	(3,789)	(700)
Increase in inventories	(5,366)	(3,758)
Increase in notes and accounts payable	4,565	827
Other	(6,463)	(8,423)
Subtotal	1,213	3,834
Interest and dividends received	1,044	1,086
Interest paid	(984)	(899)
Income taxes paid	(4,346)	(3,317)
Net cash (used in) provided by operating activities	(3,074)	703
Investing activities		
Purchases of property, plant and equipment	(3,680)	(5,363)
Proceeds from sales of property, plant and equipment	60	146
Purchases of intangible fixed assets	(392)	(972)
Purchases of investments in securities	(76)	(609)
Proceeds from sales of investments in securities	—	155
Purchases of investments in capital	(9)	—
Purchases of shares of subsidiaries resulting in change in scope of consolidation	—	(12,519)
(Increase) decrease in short-term loans receivable included in other current assets	(117)	323
Increase in time deposits, net	(2,791)	—
Other	(1,194)	(101)
Net cash used in investing activities	(8,202)	(18,941)

(4) Notes Related to Quarterly Consolidated Financial Statements

(Assumption for Going Concern)

No matters to report.

(Changes in Accounting Policy)

(Revised Classification of Manufacturing Costs)

Effective from the beginning of the first quarter of the current fiscal year, the Company has revised the classification of manufacturing costs at the manufacturing subsidiaries of the Prinova Group, a consolidated subsidiary. Following the full acquisition of the Prinova Group in FY2023, this revision was implemented to strengthen cost control practices, leveraging the introduction of a new accounting system.

Accordingly, certain expense items that had previously been recorded as selling, general and administrative expenses are now recorded as cost of sales. This change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements for the corresponding period of the previous fiscal year have been restated accordingly.

As a result of the retrospective application, cost of sales increased by ¥1,634 million and selling, general and administrative expenses decreased by the same amount for the first quarter of the previous fiscal year, resulting in a ¥1,634 million decrease in gross profit compared with the amount before the retrospective adjustment. There was no impact on operating income, ordinary income, or profit attributable to owners of the parent.

(Significant Fluctuations in Shareholders' Equity)

Following a resolution by the Board of Directors at a meeting held May 8, 2025, the Company acquired 1,706,700 shares of treasury stock in the cumulative first quarter of the current fiscal year, resulting in a ¥4,618 million increase in treasury stock. The Company also canceled 5,000,000 shares of treasury stock on May 30, 2025, pursuant to a resolution by the Board of Directors at a meeting held on the same date, resulting in a ¥15,404 million decrease in retained earnings and treasury stock.

As a result, retained earnings amounted to ¥299,453 million and treasury stock holdings amounted to ¥8,794 million as of the end of the first quarter.

(Special Accounting Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by rationally estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, including the current first quarter, and multiplying profit before income taxes for the first quarter by the estimated effective tax rate.

In the event that the calculated tax expenses using this estimated effective tax rate lead to significantly unreasonable results, this shall be calculated by multiplying the statutory effective tax rate after adjusting significant non-temporary differences by the profit before income taxes.

Deferred income taxes are included in income tax.

(Segment Information, etc.)

a. Segment Information

I Three-month period ended June 30, 2024 (consolidated)

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

(Millions of yen)

	Reportable Segments						Others (Note) 1	Total	Corporate (Note) 2	Adjustments (Note) 3	Consolidated (Note) 4
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total					
Net sales											
Sales to customers	40,581	53,503	40,092	32,117	72,861	239,157	44	239,201	—	—	239,201
Intersegment sales/transfers	328	189	376	515	122	1,531	1,597	3,129	—	(3,129)	—
Total	40,909	53,693	40,469	32,632	72,983	240,688	1,641	242,330	—	(3,129)	239,201
Segment income	2,975	1,588	2,770	988	1,526	9,849	85	9,935	642	157	10,734

(Note) 1. “Others” is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services and professional services.

2. Corporate segment income represents gains and losses not allocated to Reportable Segments or Others.

3. Adjustments are eliminations of intersegment transactions.

4. The sum of segment income Total, Corporate, and Adjustments is equivalent to operating income as presented in the consolidated financial statements.

II Three-month period ended June 30, 2025 (consolidated)

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

(Millions of yen)

	Reportable Segments						Others (Note) 1	Total	Corporate (Note) 2	Adjustments (Note) 3	Consolidated (Note) 4
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total					
Net sales											
Sales to customers	38,099	50,287	41,527	30,522	76,851	237,287	26	237,314	—	—	237,314
Intersegment sales/transfers	214	208	499	445	224	1,591	1,597	3,189	—	(3,189)	—
Total	38,313	50,495	42,026	30,968	77,075	238,879	1,623	240,503	—	(3,189)	237,314
Segment income (loss)	2,160	1,818	2,931	839	2,465	10,215	96	10,311	(304)	242	10,249

(Note) 1. “Others” is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services and professional services.

2. Corporate segment income (loss) represents expenses not allocated to Reportable Segments or Others.

3. Adjustments are eliminations of intersegment transactions.

4. The sum of segment income (loss) Total, Corporate, and Adjustments is equivalent to operating income as presented in the consolidated financial statements.