The figures for these financial statements are prepared in accordance with the accounting principles based on Japanese law. Accordingly, they do not necessarily match the figures in the Annual Report issued by the Company, which present the same statements in a form that is more familiar to foreign readers through certain reclassifications or the summarization of accounts.

May 14, 2019

FASF MEMBERSHIP

Consolidated Settlement of Accounts for the First Quarter of the Fiscal Year Ending December 31, 2019 [Japanese Standards]

Shiseido Company, Limited

Listings: Tokyo Stock Exchange, First Section (Code Number: 4911)
URL: https://www.shiseidogroup.com/
Representative: Masahiko Uotani, Representative Director, President and CEO
Contact: Harumoto Kitagawa, Vice President, Investor Relations Department
Tel. +81-3-3572-5111
Filing date of quarterly securities report: May 15, 2019
Start of cash dividend payments: —
Supplementary quarterly materials prepared: Yes
Quarterly financial results information meeting held: Yes (Conference call for institutional investors, analysts, etc.)

1. Performance for the First Quarter of the Fiscal Year Ending December 31, 2019 (From January 1 to March 31, 2019)

* Amounts under one million yen have been rounded down.

(1) Consolidated Operating Results

(Millions of yen; percentage increase/(decrease) figures denote year-on-year change)

	Net Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Owners of Parent	
First Quarter Ended March 31, 2019	273,618	[3.7%]	38,934	[(17.4)%]	39,515	[(16.3)%]	33,509	[16.1%]
First Quarter Ended March 31, 2018	263,760	[13.5%]	47,144	[95.3%]	47,221	[97.7%]	28,870	[106.2%]

Note: Comprehensive income
First quarter ended March 31, 2019: ¥38,430 million [127.8%]
First quarter ended March 31, 2018: ¥16,869 million [153.3%]

	Net Profit per Share (Yen)	Fully Diluted Net Profit per Share (Yen)
First Quarter Ended March 31, 2019	83.90	83.82
First Quarter Ended March 31, 2018	72.26	72.17

(2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio
As of March 31, 2019	1,078,137	497,364	44.1%
As of December 31, 2018	1,009,618	468,462	44.4%

[Reference] Equity: As of March 31, 2019: ¥475,466 million
As of December 31, 2018: ¥448,580 million

2. Cash Dividends

	Cash Dividends per Share (Yen)				
	1Q	2Q	3Q	Year-End	Full Year
Fiscal Year 2018	—	20.00	—	25.00	45.00
Fiscal Year 2019	—				
Fiscal Year 2019 (forecast)		30.00	—	30.00	60.00

Note: Revision to the most recently disclosed dividend forecast: None

3. Forecast for the Fiscal Year Ending December 31, 2019 (From January 1 to December 31, 2019)

(Millions of yen; percentage figures denote year-on-year change)

	Net Sales	Operating Profit	Ordinary Profit	Net Profit Attributable to Owners of Parent	Net Profit per Share (Yen)
Fiscal Year 2019	1,172,000 [7.0%]	120,000 [10.8%]	120,000 [9.6%]	75,500 [23.0%]	189.04

Note: Revision to the most recently disclosed performance forecast: None

Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries causing a change in the scope of consolidation): None

(2) Adoption of special accounting treatment in preparation of consolidated quarterly financial statements: None

(3) Changes in accounting policies; changes in accounting estimates; restatements

1) Changes in accounting policies due to amendments of accounting standards: Yes
2) Other changes in accounting policies: None
3) Changes in accounting estimates: None
4) Restatements: None

Group subsidiaries that have adopted IFRS standards have implemented IFRS 16, Leases, from the first quarter of the fiscal year 2019. See “2. Consolidated Quarterly Financial Statements (3) Notes Concerning Consolidated Quarterly Financial Statements (Changes in Accounting Policies)” on page 11 for further details.

(4) Shares outstanding (common stock)

1) Number of shares outstanding (including treasury stock)
   As of March 31, 2019: 400,000,000
   As of December 31, 2018: 400,000,000
2) Number of treasury stock outstanding
   As of March 31, 2019: 608,072
   As of December 31, 2018: 618,049
3) Average number of shares over the period
   First quarter ended March 31, 2019: 399,386,351
   First quarter ended March 31, 2018: 399,562,578

Implementation status of quarterly review procedures
This Consolidated Settlement of Accounts for the First Quarter of the Fiscal Year Ending December 31, 2019 is not subject to quarterly review procedures by a certified public accountant or audit firm.

Appropriate use of business forecasts; other special items
In this report, statements other than historical facts are forward-looking statements that reflect the Company’s plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ from those anticipated in these statements. Please refer to “1. Analysis of Operating Results (2) Consolidated Forecast and Other Forward-Looking Information” on page 6 for information on preconditions underlying the above outlook and other related information.

Contents

1. Analysis of Operating Results

(1) Consolidated Performance

	Net Sales (Millions of yen)	Operating Profit (Millions of yen)	Ordinary Profit (Millions of yen)	Net Profit Attributable to Owners of Parent (Millions of yen)	Net Profit per Share (Yen)
First Quarter of the Fiscal Year 2019	273,618	38,934	39,515	33,509	83.90
First Quarter of the Fiscal Year 2018	263,760	47,144	47,221	28,870	72.26
Percentage Change Increase/ (Decrease)	3.7%	(17.4)%	(16.3)%	16.1%	16.1%
Percentage Change Increase/ (Decrease) in Local Currency	5.1%				

For the first quarter of the fiscal year 2019, economic conditions in Japan continued along a path of moderate recovery. This included signs of a positive turnaround in consumer spending underpinned by improvement in employment and income gains. The domestic cosmetics market was also firm thanks to a similar ongoing trend of recovery and inbound demand supported by the continued increase in overseas tourists to Japan. Meanwhile, in overseas cosmetics markets, growth in Europe remained weak with varied performance from country to country. While the Americas saw a year-on-year decline, primarily in makeup, growth in China and the rest of Asia continued to expand steadily.

In 2015, the Shiseido Group (hereinafter, "the Group") launched its medium-to-long-term strategy VISION 2020 in a bid to ensure that it remains vital for the next 100 years. We are shifting all of our activities toward a consumer-oriented focus and working to globally enhance our brand value to gain a competitive advantage as a global beauty company with Japanese heritage.

During the fiscal year under review, which is the second year of the latter three-year period of VISION 2020, we worked to execute a new strategy for accelerating growth. We are concentrating marketing investments on prestige brands, a key driver of growth, and "Made in Japan" cosmetics and personal care brands, and promoting greater investments in digital marketing and innovation. In addition, we are working on building a foundation for our supply chain and improving profitability in the Americas and EMEA, both of which are challenges that need to be addressed.

In the first quarter of the fiscal year 2019, net sales increased 5.1% year on year on a local currency basis, which represents organic growth of 5.5% excluding the impact of withdrawal from the amenity goods business. The progress made toward achieving 2019 targets was in line with the plan. The prestige category in which the Company has increased strategic investment drove overall results, while "Made in Japan" cosmetics brands ***ELIXIR*** and ***ANESSA*** continued to see strong growth. Based on reported figures, consolidated net sales reached ¥273.6 billion, 3.7% higher than the previous year.

Operating profit decreased 17.4% year on year to ¥38.9 billion, reflecting increased investments in marketing, R&D, and people which offset an increase in net sales and gross profit accompanying the increase in sales. This was in line with the plan. The operating profit margin was 14.2%, maintaining a high level of profitability.

Net profit attributable to owners of parent rose to ¥33.5 billion, an increase of 16.1% year on year, thanks to a decline in tax expenses.

The major foreign currency exchange rates applicable to income and expense accounting line items in the Company's financial statements for the period under review are JPY110.2/USD, JPY125.2/EUR, and JPY16.3/CNY.

[Consolidated Performance]

(Millions of yen)

Classification		First Quarter Ended March 31, 2019	% of Total	First Quarter Ended March 31, 2018	% of Total	Year-on-Year Increase/(Decrease)		
						Amount	% Change	Change in Local Currency
Net Sales	Japan Business	113,965	41.7%	114,661	43.5%	(695)	(0.6)%	(0.6)%
	China Business	52,507	19.2%	45,640	17.3%	6,866	15.0%	18.7%
	Asia Pacific Business	18,934	6.9%	17,058	6.5%	1,876	11.0%	13.5%
	Americas Business	28,018	10.2%	28,167	10.7%	(148)	(0.5)%	(1.3)%
	EMEA Business	25,030	9.1%	25,057	9.4%	(27)	(0.1)%	6.3%
	Travel Retail Business	23,404	8.6%	21,407	8.1%	1,996	9.3%	9.2%
	Professional Business	3,539	1.3%	3,426	1.3%	112	3.3%	4.7%
	Other	8,218	3.0%	8,341	3.2%	(123)	(1.5)%	(1.5)%
	Subtotal	273,618	100.0%	263,760	100.0%	9,858	3.7%	5.1%
	Adjustments	—	—	—	—	—	—	—
	Total	273,618	100.0%	263,760	100.0%	9,858	3.7%	5.1%

(Millions of yen)

Classification		Intersegment sales or sales including internal transfers between accounts	
		First Quarter Ended March 31, 2019	First Quarter Ended March 31, 2018
Net Sales	Japan Business	124,973	123,321
	China Business	52,600	45,670
	Asia Pacific Business	19,590	17,560
	Americas Business	37,674	35,382
	EMEA Business	27,328	28,748
	Travel Retail Business	23,466	21,446
	Professional Business	3,695	3,579
	Other	38,113	31,986
	Subtotal	327,443	307,695
	Adjustments	(53,824)	(43,935)
	Total	273,618	263,760

(Millions of yen)

Classification		First Quarter Ended March 31, 2019	Ratio to Net Sales	First Quarter Ended March 31, 2018	Ratio to Net Sales	Year-on-Year Increase/(Decrease)	
						Amount	% Change
Operating Profit (Loss)	Japan Business	26,321	21.1%	29,978	24.3%	(3,657)	(12.2)%
	China Business	12,979	24.7%	14,805	32.4%	(1,825)	(12.3)%
	Asia Pacific Business	2,365	12.1%	3,230	18.4%	(865)	(26.8)%
	Americas Business	(5,547)	(14.7)%	(4,588)	(13.0)%	(959)	—
	EMEA Business	(1,824)	(6.7)%	(1,290)	(4.5)%	(534)	—
	Travel Retail Business	4,927	21.0%	5,444	25.4%	(516)	(9.5)%
	Professional Business	56	1.5%	53	1.5%	2	5.1%
	Other	1,306	3.4%	1,093	3.4%	213	19.5%
	Subtotal	40,584	12.4%	48,726	15.8%	(8,142)	(16.7)%
	Adjustments	(1,649)	—	(1,582)	—	(67)	—
	Total	38,934	14.2%	47,144	17.9%	(8,209)	(17.4)%

Notes:

1. Effective from the first quarter of the fiscal year 2019, the Group has revised its reportable segment classification method in line with its internal management structure. Shiseido Beauty Salon Co., Ltd. which was previously included in the Professional Business is now included in the Other segment while Shiseido Astech Co., Ltd. and Hanatsubaki Factory Co., Ltd. which were previously included in the Japan Business are now included in the Other segment. The segment information for the previous period has been restated in line with the new method of classification.
2. Effective from the third quarter of the previous consolidated fiscal year, the results of IPSA Co., Ltd., which were previously included in the Japan Business, are now included in the Other segment. The segment information for the first quarter of the previous period has been restated in line with the new method of classification.
3. The Other segment includes head office administration departments, IPSA Co., Ltd., Shiseido Beauty Salon Co., Ltd. and manufacturing operations, as well as the activities of the Frontier Science business (cosmetic raw materials and pharmaceuticals), the Restaurant business, etc.
4. The ratio of operating profit (loss) to net sales shows operating profit as a percentage of total sales including intersegment sales, or sales including internal transfers between accounts.
5. The operating profit (loss) adjustment amount is mainly the elimination of transactions between segments.

Results by reportable segment are provided below.

[Japan Business]
In the Japan Business, we continued to see strong sales growth of ***SHISEIDO*** and ***ELIXIR*** in which we have continued increasing marketing investment, and we also secured steady inbound demand from overseas tourists to Japan by strengthening cross-border marketing throughout Asia. However, we experienced a major opportunity loss after ***REVITAL*** wrinkle-lift cream and other products ran out of stock. In addition, sales of ***TSUBAKI*** and ***SENKA*** fell year on year mainly due to cycling of a new product launch in the first quarter of 2018. The factors mentioned above led to a 0.6% decrease in sales compared with the previous fiscal year, to ¥114.0 billion. The organic growth excluding the impacts from our withdrawal from the amenity goods business was 0.4%. Operating profit fell 12.2% year on year to ¥26.3 billion mainly due to an increase of investment in marketing, brand development, and people.

[China Business]
In the China Business, the strong performance of prestige brands such as ***SHISEIDO***, ***Clé de Peau Beauté***, ***IPSA*** and ***NARS*** continued, while sales of the "Made in Japan" cosmetics brands ***ELIXIR*** and ***ANESSA*** continued to record significant growth. Substantial growth in e-commerce in all brand business contributed to growth of the China Business. As a result, sales increased 18.7% year on year on a local currency basis and rose 15.0% year on year to ¥52.5 billion based on reported figures. Operating profit fell 12.3% year on year to ¥13.0 billion, which was due to greater investment in marketing, despite an increase in gross profit following an increase in net sales.

[Asia Pacific Business]
In the Asia Pacific Business, continued solid performance of ***SHISEIDO***, ***NARS***, ***LAURA MERCIER*** and other prestige brands combined with strong growth for ***ANESSA*** and ***Dolce&Gabbana*** resulted in growth in all countries and regions and contributed to 13.5% growth in sales year on year on a local currency basis. Based on reported figures, sales increased 11.0% year on year, to ¥18.9 billion. Operating profit declined 26.8% year on year to ¥2.4 billion despite larger gross profit accompanying growth in sales. This decline resulted from increased investment in marketing.

[Americas Business]
In the Americas Business, fragrance brands such as ***Dolce&Gabbana*** and ***narciso rodriguez*** performed well, but sales of ***bareMinerals***, which is in the process of closing unprofitable boutiques and other structural reforms, underperformed. ***NARS*** fell year on year mainly due to cycling of a new product launch in the first quarter of 2018. As a result, net sales declined 1.3% year on year on a local currency basis, to ¥28.0 billion, down 0.5% year on year, based on reported figures. The decline in gross profit accompanying the decline in sales and investment in strengthening of the Center of Excellence* were among the factors causing an increase in the operating loss of ¥1 billion yen over the previous year to ¥5.5 billion. Broken down by function, the Americas Business consists of the commercial business in the Americas, and global-scale development as the makeup brand holder function. It also possesses the Center of Excellence function that serves as the value creation base for makeup, digital, and technology and assumes the cost of strategic investment in this global function.

[EMEA Business]
In the EMEA Business, prestige brands such as ***SHISEIDO*** and ***LAURA MERCIER*** were off to a solid start, and ***narciso rodriguez***, which saw solid sales of new products, also grew. As a result, net sales increased 6.3% year on year on a local currency basis, to ¥25.0 billion, down 0.1% year on year, based on reported figures. The operating loss increased by ¥0.5 billion compared to the previous year, to ¥1.8 billion due to increased investment in marketing accompanying new product launches. Broken down by function, the EMEA Business consists of the commercial business in EMEA, and the fragrance brand holder function. It also possesses the Center of Excellence function in fragrance and assumes the cost of strategic investment in this global function.

[Travel Retail Business]
In the Travel Retail Business, some ***Clé de Peau Beauté*** products saw opportunity losses while ***SHISEIDO*** and ***ANESSA*** continued to see significant growth, mainly in Asia. As a result, net sales increased 9.2% year on year

on a local currency basis, to ¥23.4 billion, up 9.3% year on year based on reported figures. On the other hand, "sell-out" sales achieved over 20% growth year on year due to continuing strong momentum. Operating profit fell 9.5% year on year to ¥4.9 billion, which was due to greater investment in marketing, despite an increase in gross profit accompanying an increase in sales.

[Professional Business]
In the Professional Business, sales were strong in China and Thailand, among other markets, and as a result, net sales increased 4.7% year on year on a local currency basis, totaling ¥3.5 billion, up 3.3% year on year, based on reported figures. Operating profit increased 5.1% year on year to ¥0.1 billion, as a result of an increase in gross profit accompanying an increase in sales.

* "Center of Excellence" (COE) refers to Shiseido's global system for strategy formulation and product development in each category. Under this system, the region that is most advanced in each category on a global basis is designated as the Center of Excellence and leads strategy formulation and product development for that category. Japan is the COE for skincare, the Americas is the COE for makeup, digital, and technology, and EMEA is the COE for fragrance.

(2) Consolidated Forecast and Other Forward-Looking Information

There are no changes to the consolidated forecast previously announced on February 8, 2019.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of December 31, 2018	As of March 31, 2019
ASSETS		
Current Assets:		
Cash and time deposits	125,891	111,553
Notes and accounts receivable	166,491	181,820
Inventories	149,788	164,348
Other current assets	42,811	46,898
Less: Allowance for doubtful accounts	(1,989)	(1,828)
Total current assets	482,994	502,791
Fixed Assets:		
Property, Plant and Equipment:		
Buildings and structures	191,335	185,220
Less: Accumulated depreciation	(103,727)	(98,375)
Buildings and structures, net	87,607	86,845
Machinery, equipment and vehicles	84,055	83,867
Less: Accumulated depreciation	(61,867)	(60,227)
Machinery, equipment and vehicles, net	22,188	23,639
Tools, furniture and fixtures	81,024	87,176
Less: Accumulated depreciation	(51,968)	(55,166)
Tools, furniture and fixtures, net	29,055	32,010
Land	49,795	44,951
Leased assets	8,231	8,542
Less: Accumulated depreciation	(3,630)	(3,768)
Leased assets, net	4,601	4,774
Right-of-use assets	—	20,677
Less: Accumulated depreciation	—	(1,464)
Right-of-use assets, net	—	19,212
Construction in progress	41,937	56,481
Total property, plant and equipment	235,185	267,915
Intangible Assets:		
Goodwill	12,610	12,171
Leased assets	233	208
Trademarks	111,001	108,510
Other intangible assets	41,561	43,650
Total intangible assets	165,406	164,541
Investments and Other Assets:		
Investments in securities	23,026	23,954
Long-term prepaid expenses	15,363	15,048
Deferred tax assets	59,691	68,548
Other investments	28,016	35,400
Less: Allowance for doubtful accounts	(66)	(64)
Total investments and other assets	126,031	142,888
Total Fixed Assets	526,624	575,345
Total Assets	1,009,618	1,078,137

(Millions of yen)

	As of December 31, 2018	As of March 31, 2019
LIABILITIES		
Current Liabilities:		
Notes and accounts payable	56,870	32,740
Electronically recorded obligations – operating	45,422	69,044
Short-term debt	2,725	42,880
Current portion of long-term debt	730	730
Current portion of corporate bonds scheduled for redemption	10,000	10,000
Lease obligations	1,746	7,511
Other payables	73,836	71,452
Accrued income taxes	20,129	14,122
Reserve for sales returns	10,795	9,839
Refund liabilities	4,741	4,870
Accrued bonuses for employees	30,782	18,173
Accrued bonuses for directors	211	30
Provision for liabilities and charges	471	567
Provision for loss on business withdrawal	3,204	2,817
Other current liabilities	78,272	81,297
Total current liabilities	339,940	366,078
Long-Term Liabilities:		
Bonds	30,000	30,000
Long-term debt	28,105	28,105
Lease obligations	2,469	17,380
Long-term payables	54,639	53,316
Liability for retirement benefits	76,877	75,723
Allowance for losses on guarantees	350	350
Allowance for environmental measures	144	144
Deferred tax liabilities	3,316	2,837
Other long-term liabilities	5,312	6,836
Total long-term liabilities	201,215	214,694
Total Liabilities	541,156	580,772
NET ASSETS		
Shareholders' Equity:		
Common stock	64,506	64,506
Capital surplus	70,748	70,818
Retained earnings	319,001	342,569
Treasury stock	(2,829)	(2,784)
Total shareholders' equity	451,427	475,110
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	4,992	5,592
Foreign currency translation adjustments	15,645	16,964
Accumulated adjustments for retirement benefits	(23,484)	(22,201)
Total accumulated other comprehensive income	(2,846)	356
Stock Acquisition Rights	952	1,028
Non-Controlling Interests in Consolidated Subsidiaries	18,929	20,869
Total Net Assets	468,462	497,364
Total Liabilities and Net Assets	1,009,618	1,078,137

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

Consolidated Quarterly Statements of Income
Cumulative for the First Quarter

(Millions of yen)

	First Quarter Ended March 31, 2018 (January 1 to March 31, 2018)	First Quarter Ended March 31, 2019 (January 1 to March 31, 2019)
Net Sales	263,760	273,618
Cost of Sales	54,930	56,584
Gross Profit	208,830	217,034
Selling, General and Administrative Expenses	161,685	178,100
Operating Profit	47,144	38,934
Other Income		
Interest income	309	276
Dividend income	8	8
Equity in earnings of affiliates	84	61
Rental income	177	154
Subsidy income	1,147	1,032
Other	412	329
Total other income	2,141	1,862
Other Expenses		
Interest expense	210	239
Foreign exchange loss	1,281	511
Other interest on debt	355	324
Other	215	205
Total other expenses	2,064	1,281
Ordinary Profit	47,221	39,515
Extraordinary Gains		
Gain on sales of property, plant and equipment	484	6
Total extraordinary gains	484	6
Extraordinary Losses		
Loss on disposal of property, plant and equipment	104	288
Loss on sales of investments in securities	—	29
Loss on liquidation of subsidiaries and affiliates	—	466
Structural reform expenses	196	—
Total extraordinary losses	300	784
Quarterly Profit before Income Taxes	47,404	38,737
Income Taxes – Current	10,468	10,588
Income Taxes for Prior Years	—	3,607
Income Taxes – Deferred	5,826	(10,455)
Total Income Taxes	16,294	3,740
Quarterly Net Profit	31,110	34,997
Quarterly Net Profit Attributable to Non-Controlling Interests	2,240	1,487
Quarterly Net Profit Attributable to Owners of Parent	28,870	33,509

Consolidated Quarterly Statements of Comprehensive Income
Cumulative for the First Quarter

(Millions of yen)

	First Quarter Ended March 31, 2018 (January 1 to March 31, 2018)	First Quarter Ended March 31, 2019 (January 1 to March 31, 2019)
Quarterly Net Profit	31,110	34,997
Other Comprehensive Income		
Unrealized gains (losses) on available-for-sale securities	(284)	653
Foreign currency translation adjustments	(15,482)	1,492
Adjustment for retirement benefits	1,520	1,279
Share of other comprehensive income of associates accounted for under the equity method	5	8
Total other comprehensive income (loss)	(14,240)	3,433
Quarterly Comprehensive Income	16,869	38,430
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	15,199	36,712
Quarterly comprehensive income attributable to non-controlling interests	1,670	1,717

(3) Notes Concerning Consolidated Quarterly Financial Statements

(Note on Assumptions of a Going Concern)

Not applicable.

(Consolidated Quarterly Statements of Income)

Loss on liquidation of subsidiaries and affiliates

First quarter of the fiscal year 2019 (From January 1 to March 31, 2019)

This loss was incurred following foreign currency translation adjustments accompanying the liquidation of an overseas consolidated subsidiary.

Income taxes for prior years

First quarter of the fiscal year 2019 (From January 1 to March 31, 2019)

This is the estimated additional tax amount on transactions between the Company and its overseas consolidated subsidiaries.

(Note in the Event of Major Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

Group subsidiaries that have adopted IFRS standards have implemented IFRS 16, Leases, from the first quarter of the consolidated fiscal period under review.

Conventionally, the Company has treated lease transactions when it is the debtor as operating leases and finance leases. With the application of this standard, all lease transactions are recorded as right-of use assets and lease obligations from the first quarter of the fiscal year 2019. However, short-term leases and leases of low-value assets are not recognized as lease obligations.

Right-of-use assets and lease obligations recognized under this standard are included in the consolidated quarterly balance sheets in the amounts of ¥19,212 million as right-of-use assets, net, ¥5,641 million in lease obligations under current liabilities, and ¥14,865 million in lease obligations under long-term liabilities.

Furthermore, the cumulative total amount of depreciation of right-of-use assets in the first quarter of the fiscal year 2019 was ¥1,464 million.

The impact of these changes on the Consolidated Quarterly Statements of Income for the first quarter of the consolidated fiscal year 2019 is minor.

For the application of this standard, we have adopted a method in which the cumulative impact from the application is recognized as a transitional measure on the first day on which the standard is applied. To measure the right-of-use assets, we have adopted the method of adjusting the measurement of lease obligations by prepaid or accrued lease prepayments. As a result, there is no impact on retained earnings at the beginning of the year.