

Consolidated Financial Statements for the First Nine Months of the March 31, 2021 Fiscal Year

<under Japanese GAAP>

February 4, 2021

Listed Company Name: TAISHO PHARMACEUTICAL HOLDINGS CO., LTD. Stock Listing: TSE
 Securities Code: 4581 (URL <https://www.taisho-holdings.co.jp/en/>)
 Representative: Akira Uehara, Chief Executive Officer (Representative)
 Contact: Shinichi Tanaka, General Manager of Corporate Communications
 TEL: +81-3-3985-2020

Scheduled date for filing Quarterly Securities Report: February 10, 2021

Scheduled date of dividend payments: –

Supplementary material on quarterly financial results: Yes

Quarterly financial results briefing: Yes

** All amounts in this report are rounded down to the nearest million yen, unless otherwise noted.*

1. Consolidated Financial Results for the First Nine Months of Fiscal 2020 (cumulative: April 1, 2020 to December 31, 2020)

(1) Consolidated Operating Results

Note: Percentages indicate changes over the same period in the previous fiscal year.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
For nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2020	214,300	1.4	20,864	22.1	24,742	22.0	14,235	(20.0)
December 31, 2019	211,338	5.7	17,086	(39.2)	20,273	(43.9)	17,793	(65.4)

Note: Comprehensive income For the nine months of Fiscal 2020: ¥16,541 million [88.0%]

For the nine months of Fiscal 2019: ¥8,800 million [(80.2)%]

	Basic earnings per share	Diluted earnings per share
For nine months ended	Yen	Yen
December 31, 2020	178.35	178.12
December 31, 2019	222.93	222.67

Notes: 1. At the end of the fiscal year ended March 31, 2020, the Company finalized the provisional accounting treatment of the business combination with Duoc Hau Giang Pharmaceutical JSC (“DHG”), and the figures pertaining to the nine months of Fiscal 2019 reflect the finalization of the provisional accounting treatment.

2. In the first quarter of the fiscal year ending March 31, 2021, the Company finalized the provisional accounting treatment of the business combination with UPSA SAS (“UPSA”), and the figures pertaining to the nine months of Fiscal 2019 reflect the finalization of the provisional accounting treatment.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2020	861,329	745,217	83.1
March 31, 2020	864,974	739,778	82.0

Reference: Equity As of December 31, 2020: ¥715,788 million As of March 31, 2020: ¥709,374 million

Note: In the first quarter of the fiscal year ending March 31, 2021, the Company finalized the provisional accounting treatment of the business combination with UPSA, and the figures pertaining to Fiscal 2019 reflect the finalization of the provisional accounting treatment.

2. Cash Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	—	50.00	—	60.00	110.00
Fiscal 2020	—	50.00	—		
Fiscal 2020 (Forecast)				50.00	100.00

Note: Revisions to the cash dividend forecast most recently announced: No

3. Forecast of Consolidated Operating Results for Fiscal 2020 (April 1, 2020 to March 31, 2021)

Note: Percentages indicate changes over the same period in the previous fiscal year.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	283,000	(1.9)	21,000	(0.7)	25,500	4.2	14,000	(30.6)	175.42

Note: Revisions to the forecast of consolidated operating results most recently announced: Yes

* Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2020 (or changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards: No
 - b. Changes in accounting policies due to other reasons: No
 - c. Changes in accounting estimates: No
 - d. Restatement of prior period financial statements after error corrections: No
- (4) Number of issued shares (common shares)
 - a. Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2020:	85,139,653 shares
As of March 31, 2020:	85,139,653 shares
 - b. Number of treasury shares at the end of the period

As of December 31, 2020:	5,322,892 shares
As of March 31, 2020:	5,325,613 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For nine months ended December 31, 2020:	79,816,237 shares
For nine months ended December 31, 2019:	79,815,482 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Disclaimer regarding appropriate use of forecasts and related points of note

The forecast statements shown in these materials are based on the information available at the time of preparation and certain assumptions that the Company deems rational. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially from these forecasts due to various factors.

Attached Material

Index

1. Qualitative Information Regarding Settlement of Accounts for the First Nine Months.....	2
(1) Information on Operating Results	2
(2) Information on Financial Position	3
(3) Information on Forecast of Consolidated Operating Results and Other Forward-Looking Statements	4
2. Quarterly Consolidated Financial Statements and Significant Notes Thereto.....	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	7
Quarterly Consolidated Statements of Income (cumulative)	7
Quarterly Consolidated Statements of Comprehensive Income (cumulative)	8
(3) Notes on Quarterly Consolidated Financial Statements	9
(Notes on Premise of Going Concern)	9
(Notes on Substantial Changes in the Amount of Shareholders' Equity).....	9
(Business Combination)	9
(Segment Information (cumulative)).....	10

1. Qualitative Information Regarding Settlement of Accounts for the First Nine Months

(1) Information on Operating Results

In the over-the-counter (OTC) drug market during the nine months ended December 31, 2020, sales remained significantly lower year on year as they were in the six months ended September 30, 2020, mainly in categories such as general cold remedies and cough suppressants primarily due to people voluntarily staying at home due to the effects of the spread of the novel coronavirus disease (COVID-19) and a more widespread practice of preventive measures such as wearing masks, washing hands and gargling.

The Prescription Pharmaceutical Operation Group continued to face a difficult business environment due to increasing level of difficulty in the discovery of new drugs and the steady penetration of various government measures designed to curb healthcare costs.

Considering the current environment, the Self-Medication Operation Group is actively developing new fields to address growing interest in health consciousness among consumers, while also stepping up product development to create new products that satisfy consumer needs and generate new demand. In the area of sales, the group is implementing activities to expand contact points and spread our new brand concept to consumers, aiming for strong brands that attract consumers, while also focusing on expanding mail order system channels such as Taisho Pharmaceutical Direct and TAISHO BEAUTY ONLINE, which provides benefits to consumers.

Outside Japan, since the full-scale entry into the OTC drug business in Asia in Fiscal 2009, the Group has been working to expand its OTC drug business mainly in Southeast Asian countries such as Indonesia, the Philippines, Thailand, and Malaysia. In May 2019, the Group's shareholding in Vietnamese company DHG increased to 51.01%, making it a consolidated subsidiary. Originally the group acquired 24.50% of DHG's shares in July 2016 and thereafter incrementally increased the shareholding ratio. Going forward the Group will work to strengthen the pharmaceutical business operations in Vietnam by leveraging DHG's business base. In addition, the procedures were completed on July 1, 2019 (Time in France) for the Stock and Asset Purchase Agreement regarding UPSA, a French pharmaceutical manufacturer owned by Bristol-Myers Squibb Company (Headquarters: New York, United States of America, "BMS") through a subsidiary, which was entered into with BMS on December 19, 2018, and UPSA is now a wholly owned subsidiary of Taisho Pharmaceutical Co., Ltd. Under the group's policy to expand business in regions where future growth is expected, the group aims to achieve sustainable growth by expanding the overseas business through a bipolar structure targeting the European market in addition to the Southeast Asian market.

The Prescription Pharmaceutical Operation Group is working to maximize sales of new drugs by carefully targeting the provision of information. In addition, the group is working to secure the early approval of compounds at the development stage and reinforce its R&D pipeline by introducing new drug candidates. The group is also strengthening cooperation with external research institutions to support the ongoing discovery of original substances.

Consolidated net sales during the nine months ended December 31, 2020 increased by ¥2,962 million, or 1.4% year on year, to ¥214,300 million.

**Please take note that all amounts given in billions of yen are rounded off to one decimal place.*

Performance by segment is provided below.

Segment / Category	Amount	(Billions of yen)	
		Increase (Decrease) Amount	%
Self-Medication Operation Group	169.2	11.4	7.2
Japan	98.8	(14.2)	(12.5)
Overseas	67.7	25.5	60.3
Others	2.6	0.1	2.4
Prescription Pharmaceutical Operation Group	45.1	(8.4)	(15.7)
Ethical drugs	44.3	(7.9)	(15.1)
Others	0.8	(0.5)	(39.1)

Sales of major products and regions were as follows:

< Self-Medication Operation Group >

Consolidated net sales during the nine months ended December 31, 2020 increased by ¥11.4 billion, or 7.2% year on year, to ¥169.2 billion.

With regard to our mainstay brands, sales of the *Lipovitan* series fell 12.0% to ¥35.9 billion. Sales of the *Pabron* series decreased by 29.4% to ¥15.6 billion. Sales of the *RiUP* series decreased by 0.7% to ¥11.7 billion. Sales of *Biofermin* series decreased by 10.2% to ¥7.4 billion.

Overseas, net sales for the Asia region decreased by 3.0% year on year to ¥29.2 billion and net sales for the Europe and Americas region amounted to ¥37.6 billion due to the impact of DHG and UPSA becoming subsidiaries.

< Prescription Pharmaceutical Operation Group >

Consolidated net sales during the nine months ended December 31, 2020 decreased by ¥8.4 billion, or 15.7% year on year, to ¥45.1 billion.

Type 2 diabetes mellitus agent *Lusefi* increased by 64.8% to ¥8.3 billion and osteoporosis agent *Bonviva* was up 4.2% to ¥5.3 billion. On the other hand, osteoporosis agent *Edirol* decreased by 31.5% to ¥14.3 billion, transdermal antiinflammatory analgesic patch formulation *LOQOA* decreased by 0.7% to ¥3.0 billion, peripheral vasodilator *Palux* decreased by 25.5% to ¥1.9 billion and macrolide antibiotic *Clarith* decreased by 48.0% to ¥1.8 billion compared to the same period of the previous fiscal year partly due to the effects of NHI drug price revision and generic drugs, as well as the impact of people postponing medical examinations, etc. to prevent the spread of COVID-19.

On the profits front, operating profit increased by 22.1% to ¥20,864 million reflecting an increase in net sales due to expansion of overseas business. Ordinary profit increased by 22.0% to ¥24,742 million due to a positive change in foreign exchange gains and losses, despite a decrease in interest income. In addition, profit attributable to owners of parent decreased by 20.0% to ¥14,235 million due to the absence of the gain on step acquisitions accompanying DHG becoming a subsidiary.

Regarding the business combination with DHG on May 20, 2019, the Company applied a provisional accounting treatment from the first quarter of the previous fiscal year. However, as the provisional accounting treatment was finalized at the end of the previous fiscal year, year-on-year comparison with the nine months ended December 31, 2019 uses the figures that reflect finalization of the provisional accounting.

In addition, regarding the business combination with UPSA on July 1, 2019, the Company applied provisional accounting treatment from the second quarter of the previous fiscal year. However, as the provisional accounting treatment was finalized in the first quarter of the fiscal year ending March 31, 2021, year-on-year comparison with the nine months ended December 31, 2019 uses the figures that reflect finalization of the provisional accounting.

(2) Information on Financial Position

Total assets as of December 31, 2020 stood at ¥861.3 billion, down ¥3.6 billion from the previous fiscal year-end. Cash and deposits increased by ¥12.0 billion, and investment securities increased by ¥5.8 billion, but securities decreased by ¥11.1 billion, trademark right decreased by ¥3.8 billion, and goodwill decreased by ¥4.5 billion.

Liabilities amounted to ¥116.1 billion, a decrease of ¥9.1 billion from the previous fiscal year-end.

Net assets amounted to ¥745.2 billion, an increase of ¥5.4 billion from the previous fiscal year-end. The main factors of increase were ¥14.2 billion in profit attributable to owners of parent and valuation difference on available-for-sale securities of ¥2.9 billion, while the main factors of decrease were dividends of surplus of ¥8.8 billion and foreign currency translation adjustment of ¥2.3 billion.

The Company finalized the provisional accounting treatment of the business combination with UPSA in the first quarter of the fiscal year ending March 31, 2021, and restated the financial figures as of March 31, 2020. As a result, goodwill decreased by ¥36.7 billion to ¥133.2 billion. As other main items affected by the restatement, trademark right increased by ¥48.5 billion and deferred tax liabilities increased by ¥13.1 billion.

(3) Information on Forecast of Consolidated Operating Results and Other Forward-Looking Statements

Considering the business performance trends and other factors in the nine months ended December 31, 2020, the full-year forecast of consolidated operating results announced on May 14, 2020, has been revised as shown below.

- Net sales

Compared with the previously announced forecast, the forecast of net sales was downwardly revised by ¥6.5 billion to ¥283.0 billion.

In the Self-Medication Operation Group, due to the impact of COVID-19, the previously announced net sales forecast has been downwardly revised by ¥5.3 billion for the domestic market due to a greater-than-expected decrease in sales of general cold remedies, and by ¥1.5 billion for the overseas markets due to a greater-than-expected decrease in sales in the Asia region. For the others markets, the previously announced forecast remains unchanged.

In the Prescription Pharmaceutical Operation Group, the previously announced forecast has been upwardly revised by ¥ 0.3 billion, taking into account actual royalty income, etc.

- Profits

Compared with the previously announced forecast, the forecast of operating profit was upwardly revised by ¥1.0 billion to ¥21.0 billion, the forecast of ordinary profit was upwardly revised by ¥2.5 billion to ¥25.5 billion, and the forecast of profit attributable to owners of parent was upwardly revised by ¥1.0 billion to ¥14.0 billion.

Although gross profit will decrease as a result of the lowered forecast of net sales, selling, general and administrative expenses, non-operating expenses (income), etc. have been reviewed based on the results up to the first nine months of the fiscal year under review.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2020	As of December 31, 2020
ASSETS		
Current assets		
Cash and deposits	223,814	235,859
Notes and accounts receivable - trade	65,463	62,066
Securities	14,089	3,003
Merchandise and finished goods	26,616	31,653
Work in process	3,176	3,033
Raw materials and supplies	13,577	14,676
Other	9,334	5,033
Allowance for doubtful accounts	(449)	(366)
Total current assets	355,623	354,959
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	53,999	52,091
Machinery, equipment and vehicles, net	15,059	14,046
Land	38,170	38,911
Construction in progress	2,490	2,884
Other, net	2,928	2,870
Total property, plant and equipment	112,648	110,804
Intangible assets		
Goodwill	133,169	128,661
Sales rights	690	587
Trademark right	73,144	69,322
Software	6,570	9,125
Other	8,236	7,964
Total intangible assets	221,811	215,661
Investments and other assets		
Investment securities	145,831	151,644
Shares of subsidiaries and associates	11,644	11,996
Long-term prepaid expenses	1,009	1,030
Retirement benefit asset	4,642	4,981
Deferred tax assets	11,134	9,590
Other	862	892
Allowance for doubtful accounts	(233)	(232)
Total investments and other assets	174,891	179,903
Total non-current assets	509,351	506,370
Total assets	864,974	861,329

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	18,045	14,461
Accounts payable - other	15,743	13,893
Income taxes payable	5,414	2,895
Accrued expenses	19,310	15,500
Provision for sales returns	767	867
Provision for bonuses	3,769	4,334
Other	3,404	5,200
Total current liabilities	66,456	57,153
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	1,006	959
Retirement benefit liability	21,029	21,456
Deferred tax liabilities	30,042	30,310
Other	6,660	6,232
Total non-current liabilities	58,739	58,958
Total liabilities	125,196	116,112
NET ASSETS		
Shareholders' equity		
Share capital	30,000	30,000
Capital surplus	—	13
Retained earnings	698,223	703,921
Treasury shares	(35,454)	(35,436)
Total shareholders' equity	692,768	698,498
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,796	23,676
Foreign currency translation adjustment	(1,145)	(3,480)
Remeasurements of defined benefit plans	(3,046)	(2,905)
Total accumulated other comprehensive income	16,605	17,290
Share acquisition rights	773	802
Non-controlling interests	29,630	28,626
Total net assets	739,778	745,217
Total liabilities and net assets	864,974	861,329

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

Quarterly Consolidated Statements of Income (cumulative)

(Millions of yen)

	For nine months ended December 31, 2019	For nine months ended December 31, 2020
Net sales	211,338	214,300
Cost of sales	77,126	77,523
Gross profit	134,212	136,776
Reversal of provision for sales returns	853	659
Provision for sales returns	763	766
Gross profit - net	134,302	136,669
Selling, general and administrative expenses	117,215	115,805
Operating profit	17,086	20,864
Non-operating income		
Interest income	3,111	1,345
Dividend income	1,892	1,810
Share of profit of entities accounted for using equity method	210	221
Other	446	813
Total non-operating income	5,661	4,190
Non-operating expenses		
Interest expenses	34	100
Foreign exchange losses	2,194	–
Commission expenses	59	60
Other	186	150
Total non-operating expenses	2,474	311
Ordinary profit	20,273	24,742
Extraordinary income		
Gain on sales of non-current assets	8	17
Gain on step acquisitions	6,093	–
Total extraordinary income	6,102	17
Extraordinary losses		
Loss on disposal of non-current assets	123	444
Loss on valuation of investment securities	–	152
Impairment loss	592	–
Total extraordinary losses	715	597
Profit before income taxes	25,660	24,162
Income taxes	7,088	8,261
Profit	18,572	15,901
Profit attributable to non-controlling interests	778	1,665
Profit attributable to owners of parent	17,793	14,235

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	For nine months ended December 31, 2019	For nine months ended December 31, 2020
Profit	18,572	15,901
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,459)	2,613
Deferred gains or losses on hedges	(2,181)	—
Foreign currency translation adjustment	(7,234)	(3,203)
Remeasurements of defined benefit plans, net of tax	544	924
Share of other comprehensive income of entities accounted for using equity method	557	306
Total other comprehensive income	(9,771)	640
Comprehensive income	8,800	16,541
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	8,009	15,712
Comprehensive income attributable to non- controlling interests	790	828

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

No items to report

(Business Combination)

I. Significant revision of initial allocation of acquisition cost in comparative information (DHG)

Regarding the business combination with DHG on May 20, 2019, the Company applied a provisional accounting treatment from the first quarter to the third quarter of the fiscal year ended March 31, 2020, and finalized the provisional accounting treatment at the end of the fiscal year ended March 31, 2020.

Following the finalization of the provisional accounting treatment, comparative information included in the quarterly consolidated financial statement for the nine months ended December 31, 2020, reflects the significant revision of initial allocation of acquisition cost.

II. Finalization of provisional treatment for business combination and significant revision of initial allocation of acquisition cost in comparative information (UPSA)

Regarding the business combination with UPSA on July 1, 2019, the Company applied a provisional accounting treatment from the second quarter to the end of the fiscal year ended March 31, 2020, and finalized the provisional accounting treatment in the first quarter of the fiscal year ending March 31, 2021.

Following the finalization of the provisional accounting treatment, comparative information included in the quarterly consolidated financial statement for the nine months ended December 31, 2020, reflects the significant revision of initial allocation of acquisition cost. The final calculation for goodwill amounted to ¥105,793 million, which was a decrease of ¥36,547 million from the provisional calculation of ¥142,340 million. The decrease in goodwill was mainly due to increases in trademark right by ¥49,748 million and deferred tax liabilities by ¥12,981 million.

As a result of I. and II. above, in the quarterly consolidated statement of income for the nine months ended December 31, 2019, operating profit was reduced by ¥483 million, and ordinary profit and profit before income taxes were each reduced by ¥697 million and profit attributable to owners of parent was reduced by ¥136 million. In addition to the above, the main items that have been restated in the consolidated balance sheet as of March 31, 2020 are goodwill, which decreased by ¥36,693 million, trademark right, which increased by ¥48,524 million, and deferred tax liabilities, which increased by ¥13,099 million.

(Segment Information (cumulative))

I. For nine months ended December 31, 2019

1. Information concerning net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 1)	Total
	Self-Medication Operation Group	Prescription Pharmaceutical Operation Group	Subtotal		
Sales					
Sales to outside customers	157,824	53,513	211,338	—	211,338
Sales or transfers between segments	—	—	—	—	—
Total	157,824	53,513	211,338	—	211,338
Segment profit (Note 2)	13,633	4,743	18,376	(1,290)	17,086

Notes: 1 The “Other” segment represents the Company (a pure holding company), which is not attributable to any reportable segment.

2 Segment profit matches operating profit on the quarterly consolidated statement of income.

3 In accordance with the revisions described in “Significant revision of initial allocation of acquisition cost in comparative information (DHG)” and “Finalization of provisional treatment for business combination and significant revision of initial allocation of acquisition cost in comparative information (UPSA)” in “(3) Notes on Quarterly Consolidated Financial Statements, (Business Combination),” the segment information for the nine months ended December 31, 2019 has been restated to reflect the said revisions.

2. Information regarding impairment loss of non-current assets and goodwill, etc. by reportable segment
(Material change in goodwill amount)

In the Self-Medication Operation Group, regarding the business combination with DHG in the first quarter of the fiscal year ended March 31, 2020, the amount of goodwill was provisional because the allocation of the acquisition cost was not yet completed. However, the Company revised the amount of goodwill because the Company completed the allocation of the acquisition cost at the end of the fiscal year ended March 31, 2020, and finalized the provisional accounting treatment.

As a result, goodwill of ¥19,281 million was recorded.

In the Self-Medication Operation Group, regarding the business combination with UPSA in the second quarter of the fiscal year ended March 31, 2020, the amount of goodwill was provisional because the allocation of the acquisition cost was not yet completed. However, the Company revised the amount of goodwill because the Company completed the allocation of the acquisition cost in the first quarter of the fiscal year ending March 31, 2021, and finalized the provisional accounting treatment.

As a result, goodwill of ¥105,793 million was recorded.

II. For nine months ended December 31, 2020

1. Information concerning net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 1)	Total
	Self-Medication Operation Group	Prescription Pharmaceutical Operation Group	Subtotal		
Sales					
Sales to outside customers	169,177	45,123	214,300	—	214,300
Sales or transfers between segments	—	—	—	—	—
Total	169,177	45,123	214,300	—	214,300
Segment profit (Note 2)	16,855	5,496	22,352	(1,488)	20,864

Notes: 1 The “Other” segment mainly represents the Company (a pure holding company), which is not attributable to any reportable segment.

2 Segment profit matches operating profit on the quarterly consolidated statement of income.

2. Information regarding impairment loss of non-current assets and goodwill, etc. by reportable segment
(Material change in goodwill amount)

In the Self-Medication Operation Group, regarding the business combination with UPSA in the second quarter of the fiscal year ended March 31, 2020, the amount of goodwill was provisional because the allocation of the acquisition cost was not yet completed. However, the Company revised the amount of goodwill because the Company completed the allocation of the acquisition cost in the first quarter of the fiscal year ending March 31, 2021, and finalized the provisional accounting treatment. The details are described in the “(3) Notes on Quarterly Consolidated Financial Statements, (Business Combination)” in this notes section.