Consolidated Financial Statements for the Year Ended March 31, 2022
<under Japanese GAAP>

May 13, 2022

Listed Company Name:	TAISHO PHARMACEUTICAL HOLDINGS CO., LTD.	Stock Listing: TSE
Securities Code:	4581	(URL https://www.taisho.co.jp/global/)
Representative:	Akira Uehara, Chief Executive Officer (Representative)	
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Scheduled date for annual shareholders' meeting:	June 29, 2022
Scheduled date for filing Securities Report:	June 29, 2022
Scheduled date of dividend payments:	June 30, 2022
Supplementary material on financial results:	Yes
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 Fiscal 2021 (April 1, 2021 to March 31, 2022)

(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 the year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	268,203	(4.9)	10,743	(46.2)	18,412	(29.0)	13,122	(1.5)
March 31, 2021	281,980	(2.3)	19,965	(5.5)	25,946	6.0	13,316	(34.0)

Note: Comprehensive income Fiscal 2021: ¥21,162 million [(26.8)%] Fiscal 2020: ¥28,920 million [241.4%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
For the year ended	Yen	Yen	%	%	%
March 31, 2022	161.12	160.93	1.8	2.1	4.0
March 31, 2021	166.84	166.63	1.9	3.0	7.1

Reference: Share of profit (loss) of entities accounted for using equity method
Fiscal 2021: ¥305 million Fiscal 2020: ¥276 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	888,159	767,957	84.2	9,116.28
March 31, 2021	876,923	758,406	83.1	9,129.95

Reference: Equity As of March 31, 2022: ¥747,397 million As of March 31, 2021: ¥728,704 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
For the year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	28,506	(7,063)	(10,057)	227,512
March 31, 2021	42,026	(1,958)	(11,346)	215,346

2. Cash Dividends

	Annual dividends					Total cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2020	–	50.00	–	50.00	100.00	7,988	59.9	1.1
Fiscal 2021	–	50.00	–	50.00	100.00	8,205	62.1	1.1
Fiscal 2022 (Forecast)	–	50.00	–	50.00	100.00		68.4	

Note: See “(5) Policy for Deciding Dividends of Retained Earnings and Dividends for Fiscal Year Under Review and Next Fiscal Year” of “1. Overview of Operating Results and Others” on page 6 of the Attached Material for details on our dividend policy.

3. Forecast of Consolidated Operating Results for Fiscal 2022 (April 1, 2022 to March 31, 2023)

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	280,500	4.6	16,000	48.9	20,000	8.6	12,000	(8.6)	146.26

*** Notes**

(1) Changes in significant subsidiaries during the period (or changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) 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: Yes

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

Note: See “(Changes in Accounting Policies)” of “4. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes on Consolidated Financial Statements” on page 21 for detail.

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022: 85,139,653 shares

As of March 31, 2021: 85,139,653 shares

b. Number of treasury shares at the end of the period

As of March 31, 2022: 3,154,725 shares

As of March 31, 2021: 5,324,936 shares

c. Average number of shares during the period

For the year ended March 31, 2022:	81,444,528 shares
For the year ended March 31, 2021:	79,816,021 shares

* Financial results reports are exempt from audit 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. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

In the over-the-counter (OTC) drug market during the fiscal year under review, sales remained at the same level year on year as a result of growth of anti-inflammatory analgesics as well as rebounds in sales in categories such as anti-vertigo agents and energy drinks due to the progress of the second or third COVID-19 vaccinations, and despite a negative rebound with respect to mouthwash and disinfectant, whose demand had increased sharply in the previous fiscal year as measures against COVID-19. Nevertheless, sales remained down against fiscal 2019, which is before the COVID-19 pandemic, due to the effect of people voluntarily staying at home, the massive decline in inbound tourists, and the more widespread practice of preventive measures such as wearing masks, washing hands and gargling.

For the Prescription Pharmaceutical Operation Group, the business climate remains tough due to an increasing level of difficulty in discovering new drugs as well as effects of the promotion of government measures designated to curb healthcare costs and full-blown reform of the drug price system, and other factors.

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 Vietnam, as Duoc Hau Giang Pharmaceutical JSC became a consolidated subsidiary of the Company in May 2019, the Group is working to strengthen the pharmaceutical business operations in Vietnam by leveraging the business base of said company. The Company also made France-based UPSA a consolidated subsidiary in July 2019. With this, 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 by carefully targeting the provision of information while focusing on priority areas. On the R&D front, the group is working to secure the early approval of compounds at the development stage and reinforce its R&D pipeline by licensing new drug candidates. Furthermore, in drug discovery research, the group is also strengthening cooperation with external research institutions and utilizing advanced technologies to support the ongoing discovery of original new drugs.

Consolidated net sales for the year ended March 31, 2022, decreased by ¥13.8 billion, or 4.9% year on year, to ¥268.2 billion.

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

Performance by segment is provided below.

(Billions of yen)

Segment / Category	Amount	Increase (Decrease)	
		Amount	%
Self-Medication Operation Group	229.7	2.8	1.2
Japan	127.9	(3.0)	(2.3)
Overseas	100.3	7.8	8.5
Others	1.4	(2.0)	(58.8)
Prescription Pharmaceutical Operation Group	38.5	(16.6)	(30.1)
Ethical drugs	36.5	(17.7)	(32.6)
Others	2.0	1.1	124.1

Sales of major products and regions were as follows:

< Self-Medication Operation Group >
Consolidated net sales for the fiscal year under review increased by ¥2.8 billion, or 1.2% year on year, to ¥229.7 billion.
With regard to our mainstay brands, sales of the *Lipovitan* series rose by 4.5% to ¥48.8 billion. Sales of the *Pabron* series increased by 3.7% to ¥21.9 billion. Sales of the *RiUP* series increased by 2.5% to ¥15.2 billion. Sales of *Biofermin* series increased by 8.1% to ¥10.6 billion.
Overseas, net sales for the Asia region increased by 16.4% to ¥48.5 billion and net sales for the Europe and Americas region increased by 2.1% to ¥50.7 billion.
As a result of applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations, net sales decreased by ¥10,662 million.

< Prescription Pharmaceutical Operation Group >
Consolidated net sales for the fiscal year under review decreased by ¥16.6 billion, or 30.1% year on year, to ¥38.5 billion.
Type 2 diabetes mellitus agent *Lusefi* increased by 14.5% to ¥12.4 billion, osteoporosis agent *Bonviva* increased by 6.7% to ¥7.4 billion, intestinal remedy *Biofermin* increased by 30.3% to ¥4.4 billion, transdermal anti-inflammatory analgesic patch formulation *LOQOA* increased by 6.7% to ¥4.1 billion, and macrolide antibiotic *Clarith* increased by 0.4% to ¥2.2 billion. On the other hand, peripheral vasodilator *Palux* decreased by 8.6% to ¥2.2 billion compared to the previous fiscal year partly due to the effects of NHI drug price revision and generic drugs. Sales of *Edirol* have ended effective April 10, 2021 due to the expiry of the sales cooperation agreement with Chugai Pharmaceutical Co., Ltd.
As a result of applying the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, net sales decreased by ¥3,056 million.

Operating profit of the entire Group for the year ended March 31, 2022, decreased by ¥9.2 billion, or 46.2% year on year, to ¥10.7 billion and profit attributable to owners of parent decreased by ¥0.2 billion, or 1.5% year on year, to ¥13.1 billion.
As a result of applying the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, net sales for the fiscal year under review decreased by ¥13,719 million, while operating profit, ordinary profit and profit before income taxes each decreased by ¥117 million.

The Group's profit performance is provided below.

(Billions of yen)

	Amount	Increase (Decrease)	
		Amount	%
Net sales	268.2	(13.8)	(4.9)
Gross profit	163.8	(12.1)	(6.9)
Selling, general and administrative expenses	153.1	(2.9)	(1.9)
Research and development expenses	19.4	(0.9)	(4.4)
Advertising expenses	31.9	6.9	27.5
Promotion expenses	14.4	(10.1)	(41.1)
Personnel expenses	34.1	1.2	3.6
Operating profit	10.7	(9.2)	(46.2)
Ordinary profit	18.4	(7.5)	(29.0)
Profit attributable to owners of parent	13.1	(0.2)	(1.5)
Basic earnings per share (Yen)	161.12	(5.72)	–

Gross profit decreased by ¥12.1 billion year on year to ¥163.8 billion, due to lower sales brought about by ending the sales of *Edirol* in the Prescription Pharmaceutical Operation Group and furthermore, effects of the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, despite higher sales in the Self-Medication Operation Group.
Selling, general and administrative expenses decreased by ¥2.9 billion year on year to ¥153.1 billion due to decreases in research and development expenses and promotion expenses. As a result of the above, operating profit decreased by ¥9.2 billion, or 46.2% year on year, to ¥10.7 billion.
In addition, the operating profit margin fell 3.1 percentage points year on year to 4.0%.
Non-operating income rose ¥2.0 billion year on year to ¥8.5 billion, mainly reflecting an increase in foreign exchange gains, while non-operating expenses increased by ¥0.3 billion year on year to ¥0.8 billion mainly due to acquisition cost of subsidiary shares.
As a result of the above, ordinary profit decreased by ¥7.5 billion, or 29.0% year on year, to ¥18.4 billion. In addition, the ordinary profit margin fell 2.3 percentage points year on year to 6.9%.
Extraordinary income increased by ¥4.1 billion to ¥4.1 billion mainly due to the impact of sale of investment securities, while extraordinary losses decreased by ¥1.9 billion year on year to ¥1.1 billion mainly due to a decrease in impairment loss.
As a result of the above, profit before income taxes decreased by ¥1.6 billion, or 6.9% year on year, to ¥21.4 billion.
After adjusting for income taxes - current, income taxes - deferred and profit attributable to non-controlling interests, profit attributable to owners of parent decreased by ¥0.2 billion, or 1.5% year on year, to ¥13.1 billion.
In addition, basic earnings per share was ¥161.12 and the return on equity (ROE) declined 0.1 percentage point year on year to 1.8%.

(2) Overview of Financial Position for the Fiscal Year

Total assets as of March 31, 2022, stood at ¥888.2 billion, up ¥11.2 billion from the previous fiscal year-end.
Cash and deposits increased by ¥14.9 billion, notes and accounts receivable - trade increased by ¥2.1 billion, securities increased by ¥3.2 billion, and construction in progress increased by ¥6.9 billion, but investment securities decreased by ¥15.0 billion.
Liabilities amounted to ¥120.2 billion, an increase of ¥1.7 billion from the previous fiscal year-end.
Net assets amounted to ¥768.0 billion, an increase of ¥9.6 billion from the previous fiscal year-end. Non-controlling interests, treasury shares, and capital surplus decreased by ¥9.1 billion, ¥14.4 billion, and ¥3.9 billion, respectively, due to the share exchange through which the Company became a wholly owning parent company and Biofermin Pharmaceutical Co., Ltd. became a wholly owned subsidiary, and other factors. Because the balance of capital surplus consequently became a negative value, retained earnings brought forward of ¥3.9 billion was reclassified to capital surplus. Other than this, the main factor of increase was foreign currency translation adjustment of ¥8.7 billion, while the main factor of decrease was dividends of surplus of ¥8.1 billion.
In addition, as a result of applying the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, net assets were reduced as the opening balance of retained earnings reduced by ¥1.2 billion.

(3) Overview of Cash flows for the Fiscal Year

Cash and cash equivalents (hereinafter, “net cash”) stood at ¥227.5 billion as of March 31, 2022, representing an increase of ¥12.2 billion from the previous fiscal year-end.

Cash flows during the fiscal year under review and their causes are as follows.

(Cash flows from operating activities)
Net cash provided by operating activities was ¥28.5 billion, a year-on-year decrease of ¥13.5 billion, mainly attributable to income taxes paid of ¥8.9 billion, despite profit before income taxes of ¥21.4 billion and depreciation of ¥15.4 billion.

(Cash flows from investing activities)
Net cash used in investing activities was ¥7.1 billion, a year-on-year increase of ¥5.1 billion, mainly attributable to purchase of property, plant and equipment of ¥10.0 billion and purchase of intangible assets of ¥4.3 billion, despite proceeds from sale and redemption of investment securities of ¥5.3 billion.

(Cash flows from financing activities)
Net cash used in financing activities was ¥10.1 billion, a year-on-year decrease of ¥1.3 billion, mainly attributable to dividends paid of ¥7.4 billion.

(Reference) Indicators related to cash flows

	Year ended March 2021	Year ended March 2022
Equity ratio (%)	83.1	84.2
Equity ratio on a fair value basis (%)	65.0	52.4
Interest-bearing debt to cash flow ratio (%)	0.1	0.1
Interest coverage ratio (times)	241.9	179.3

(Notes)
Equity ratio = Equity / Total assets
Equity ratio on a fair value basis = Market capitalization / Total assets
Interest-bearing debt to cash flow ratio = Interest-bearing debt / Cash flow
Interest coverage ratio = Cash flow / Interest paid
* The above indicators are calculated based on consolidated financial figures.
* Market capitalization is calculated using the closing stock price at the end of the fiscal year multiplied by the number of issued shares at the end of the fiscal year (excluding treasury shares).
* Cash flow represents net cash provided by operating activities.
* Interest-bearing debt represents all liabilities posted on the consolidated balance sheets subject to interest payments. Interest paid is the amount of interest paid as shown on the consolidated statements of cash flows.

(4) Future Outlook

－Self-Medication Operation Group sales forecast

For Fiscal 2022, the Company forecasts net sales of ¥243.6 billion for the Self-Medication Operation Group, up 6.1% year on year.

Net sales in Japan are expected to increase by 5.8% to ¥135.3 billion. With respect to mainstay products, the Company projects sales of ¥52.3 billion (up 7.2%) for the *Lipovitan* series, ¥20.6 billion (down 6.1%) for the *Pabron* series and ¥14.9 billion (down 2.3%) for the *RiUP* series.

Net sales overseas are expected to increase by 5.7% to ¥106.0 billion. Net sales are expected to increase by 8.2% to ¥52.4 billion in the Asia region and increase by 5.1% to ¥53.3 billion in the Europe and Americas region.

－Prescription Pharmaceutical Operation Group sales forecast

The Company forecasts net sales of ¥36.9 billion for the Prescription Pharmaceutical Operation Group, down 4.3% year on year.

Net sales of ethical drugs are expected to decrease by 0.4% to ¥36.4 billion. The main products for which the Company forecasts sales growth are *Lusefi*, for which sales are expected to be ¥13.6 billion (up 9.9%), *Biofermin*, for which sales are expected to be ¥4.7 billion (up 6.1%), and *LOQOA*, for which sales are expected to be ¥4.1 billion (up 0.9%). Meanwhile, the main products for which the Company projects sales decreases are *Bonviva*, for which sales are expected to be ¥7.1 billion (down 3.4%), *Palux*, for which sales are expected to be ¥1.6

billion (down 26.4%), and *Clarith*, for which sales are expected to be ¥1.4 billion (down 36.2%).

－**Consolidated earnings forecast**

With respect to profits, gross profit, operating profit and ordinary profit are expected to increase as a result of an increase of net sales, despite an increase of selling, general and administrative expenses and a decrease of non-operating income. The Company expects an increase mainly in research and development investments to expand the pipeline for selling, general and administrative expenses, and a decrease mainly in foreign exchange gains incurred in the previous fiscal year for non-operating income.

Additionally, due to a decrease in gain on sales of investment securities under extraordinary income that arose in the previous fiscal year, on a profit attributable to owners of parent basis, the Company expects a decline in profit.

(Billions of yen)

	Fiscal 2022 (full year)	Changes (%)
Net sales	280.5	4.6
Operating profit	16.0	48.9
Ordinary profit	20.0	8.6
Profit attributable to owners of parent	12.0	(8.6)

(5) Policy for Deciding Dividends of Retained Earnings and Dividends for Fiscal Year Under Review and Next Fiscal Year

Regarding the basic policy for deciding dividends of retained earnings, the Company works to increase its retained earnings to maintain stable dividends over the long term at a high level while strengthening the Company. In line with the Company's policy to strengthen the competitiveness and expand and develop businesses, these retained earnings will be appropriated for investments that include R&D, capital investment, licensing-in of products, equity-based business alliances and new business development. Furthermore, the Company plans to acquire treasury shares in a flexible manner with the aims of improving capital efficiency and achieving a dynamic financial policy, while comprehensively assessing fund requirements.

The Company's dividend policy has been set to roughly correspond to the consolidated operating results for each business term. The goal has been a dividend payout ratio of 30% of profit attributable to owners of parent excluding extraordinary gains and losses. The Company intends to maintain its annual dividend at the minimum of ¥100 per share even if it is apparent that the dividend payout ratio will exceed 30%, unless there are exceptional circumstances.

For the fiscal year under review, the Company plans to pay a dividend of ¥100 per share (an interim dividend of ¥50 and a year-end dividend of ¥50) as previously announced.
For the next fiscal year, the Company plans to pay a dividend of ¥100 per share (an interim dividend of ¥50 and a year-end dividend of ¥50).

(6) Business and Other Risks

The Group faces a number of risks as part of its business activities. Listed items in the table below are the main risks that could have a material impact on investment decisions. In addition, the Group is faced with various other risks, including risks associated with dependency on licenses for products developed by other companies. The above-described risks do not constitute all the risks inherent in the Group's business activities.

Risks	Description of risks	Countermeasures against risks
(i) Legal risks and risks related to healthcare policy	- There is a possibility that changes in laws and regulations governing pharmaceutical affairs could necessitate additional measures and expenses to make products conform with standards. In the worst case, this could lead to delays in approval of applications for new drugs or revocation of approval for existing products. - Depending on trends in healthcare policy, health insurance systems and other changes, drug prices could decline more than expected.	- Quickly ascertain the direction of revisions to laws and regulations governing pharmaceutical affairs and prepare for revisions in advance, such as examining the need for any additional measures. - Consult with the administration and request increases in drug prices, etc. - Revise cost structures in anticipation of reduced drug prices.
(ii) Risks related to pharmaceutical quality, side effects and other issues	- The Company could incur expenses related to product recalls and sales halts due to unanticipated side effects or quality issues.	- Pay close attention to harmful effects and quality complaints concerning products and quickly take measures such as implementing a recall to minimize the impacts.
(iii) Risks related to pharmaceutical development and commercialization	- Despite requiring a lengthy development process and a substantial amount of capital investment, there are uncertainties regarding the successful launch of products and businesses.	- Expand the development pipeline using in-licensing and alliances, etc. - Maximize opportunities while distributing resources and risks by using joint research and joint development, etc.
(iv) Risks related to the proper protection of intellectual property rights	- The Group's competitive advantage in the market may be reduced by third-party use of its technologies, etc. - There is the risk that the Group might encroach on the intellectual property rights of third parties.	- Obtain and use intellectual property rights with the appropriate timing and coverage. - Ascertain third parties' intellectual property rights through prior surveys and consider policies for dealing with them.
(v) Risks related to expiration of patents	- Generic drugs emerge as patents expire. - Sales decline due to the switch to generic drugs, etc.	- Conduct product life cycle management. - Promote initiatives for continuously bringing new pharmaceuticals to market.
(vi) Risks from lawsuits	- The Group files lawsuits during the course of its business related to product liability, environmental issues and other matters.	- Share information with a consulting lawyer regarding matters that may become the subject of lawsuits and make contingency preparations. - Take out product liability insurance to cover product incidents.
(vii) Risks from fluctuations in foreign exchange rates	- Earnings, etc., of overseas subsidiaries are affected by fluctuations in foreign exchange rates.	- Examine and implement risk hedging measures such as foreign exchange forward contracts.
(viii) Risks related to impairment loss	- Acquired subsidiaries, etc., may not achieve their business plans. - Stock prices and interest rates may fluctuate rapidly.	- Judge the appropriateness of acquisition pricing. - Accurately promote business management after acquisitions. - Monitor the macroeconomic environment regularly.
(ix) Risks related to COVID-19	- Employees in the Company may be infected with COVID-19, halting operations.	- Conduct temperature checks upon arrival at work, frequent hand washing disinfecting hands and fingers, wearing masks and other health management measures. - For production and logistics divisions, revise the operations structure to enable continued stable supply.

Risks	Description of risks	Countermeasures against risks
(x) Other risks	- Sudden occurrence of natural disasters, deterioration in sociopolitical stability overseas, and other events could be such as the destruction of business infrastructures, or downsizing or withdrawal from its businesses.	- Formulate business continuity plans (BCPs) and make ongoing improvements. - Regularly monitor the risk level in each country.

2. Management Policies

(1) The Company's Basic Management Philosophy

The Group's mission is to contribute to society by creating and offering superior pharmaceuticals and health-related products as well as healthcare-related information and services in socially responsible ways that enrich people's lives by improving health and beauty. We aim to provide total support for consumer health and beauty, including health promotion and disease prevention through treatment, while aiming to realize a sustainable society.

(2) Medium- and Long-Term Management Strategies

In line with this mission, the Group is building a stronger business foundation so that it can steadily grow and develop even in the face of international competition, while achieving growth of both its Self-Medication Operation Group (Japan and overseas) and its Prescription Pharmaceutical Operation Group.
In its business activities, the Group will fulfill the obligations expected by consumers, business customers and suppliers, employees, local communities and stakeholders, and continue to drive sustained growth.

(3) Issues to be Addressed

In the current business environment surrounding the Group, the globalization of people, money, goods, technology and information has brought about an increasing number of affluent countries and people, the emergence of a society with an aging population and longevity, and a shift to a society where "the consumer is king." At the same time, a range of issues have surfaced such as various disparities, overexploitation of earth resources, greenhouse gas emissions, and problems with political and economic systems.

In response to this change, a number of developments are taking place, including a deepening of international cooperation. The establishment of the Sustainable Development Goals (SDGs) is leading to a movement to reduce disparities and use resources wisely.

In addition, expectations are rising for the realization of the Fourth Industrial Revolution, "Society 5.0," as a result of technological innovation. The Third Industrial Revolution developed the concept of digitization, namely converting all text and pictures into a digital format. On the basis of this concept, digitized information became used in a wider range of ways and domains through open innovation. This has generated cross-domain integration, which is now beginning to bring solutions to social problems and helping create new economic value.

In the midst of these trends, the business environment surrounding the Group is also undergoing significant changes.

In the Self-Medication Operation Group domain, certain retailers have grown through mergers and acquisitions, thereby strengthening the power of the buyer and transforming business relationships. We are also witnessing a significant increase in Foods for Specified Health Use and Foods with Function Claims. On the other hand, with the background impacts on healthcare financing and social welfare systems from a rapidly aging population, consumers are required to adopt the new concept of "one is responsible for protecting one's own health." To help turn this idea into action, industry groups are leading efforts to further expand Japan's self-medication tax system.

The Prescription Pharmaceutical Operation Group continued to face a difficult business environment due to an increasing level of difficulty in the discovery of new drugs, the effects of the promotion of government measures designated to curb healthcare costs and reform of the drug price system, and other factors. In addition, generic drugs are becoming increasingly popular as a means to decrease medical expenses in response to the tightening of healthcare finances, while reforms continue to be made in the NHI drug price system.

(i) Status by segment < Self-Medication Operation Group >

In the Self-Medication Operation Group, which handles OTC drugs and health-related products, the Company is using its strength of holding the No. 1 market share in domestic OTC drug manufacturing to contribute to consumer self-medication by handling its mainstay brands such as the *Lipovitan* series, *Pabron* series, and

RiUP series, as well as products with various medicinal effects. In addition to OTC drugs, the Group is also providing products to meet consumers' health needs, including health-related products such as health foods and cosmetics.

In the OTC drug market, despite the continued effects of people voluntarily staying at home, a more widespread practice of preventive measures such as wearing masks, washing hands and gargling, and a decline in the number of overseas visitors as a result of the effects of the spread of COVID-19 since the previous fiscal year, sales remained at the same level partly due to the growth of products to counter the side effects after COVID-19 vaccinations. Moreover, as consumers' health needs change, a rising awareness of disease prevention and treatment using health foods, among other trends, have expanded demand for health-related products other than OTC drugs. Due to these factors, the market environment is not conducive to business growth based on domestic OTC drug products alone, and the Group must look to drive business growth by expanding its domains and so forth.

In response to this market environment, the Group has broadly divided its Self-Medication Operations Group activities between Japan and overseas.

In Japan, the Company will work to further enhance the value of existing brands in the OTC drug market, such as the *Lipovitan* series, *Pabron* series, and *RiUP* series, while working to develop new brands. At the same time, it will respond to changes in consumer needs by expanding its domains to include health-related products other than OCT drugs, such as food and cosmetics. In addition, in order to respond to the shift in consumers' purchasing behavior to the Internet channel, we have developed Taisho Pharmaceutical Direct and TAISHO BEAUTY ONLINE, and are working to improve purchasing convenience for consumers.

Outside Japan, since the full-scale enter into the OTC drug business in Asia in Fiscal 2009, the Group has strengthened its businesses centered on OTC drugs by acquiring brand assets with strong local connections through M&As and brand acquisitions and leveraging such assets. In Fiscal 2019, the Company made Duoc Hau Giang Pharmaceutical JSC in Vietnam and UPSA in France into consolidated subsidiaries. With these, the Group has established a strong business base in Europe centered on France, including Eastern Europe, and West Africa. From now on, through a bipolar structure targeting the European market in addition to the Southeast Asian market, the Group will proceed to centralize and standardize quality management, manufacturing management, information management, and so forth, utilizing the business model that it has cultivated in Japan to open new markets in an effort to promote the spread of self-medication and expand the business.

(ii) Status by segment < Prescription Pharmaceutical Operation Group >

The Prescription Pharmaceutical Operation Group continued to face a difficult business environment due to an increasing level of difficulty in the discovery of new drugs, the effects of the promotion of government measures designated to curb healthcare costs and reform of the drug price system, and other factors.

In this market environment, as an R&D-oriented pharmaceutical company, the Group is engaged in four key domains: orthopedic disorders, metabolic diseases, infectious diseases, and the CNS (central nervous system) diseases.

On the sales front, the Prescription Pharmaceutical Operation Group is working to maximize sales of its original in-house products, *Lusefi* and *LOQOA*, by carefully targeting the provision of information. On the R&D front, the group is working to secure the early approval of compounds at the development stage and reinforce its R&D pipeline by licensing new drug candidates. Furthermore, in drug discovery research, the group is also strengthening cooperation with external research institutions and utilizing advanced technologies to support the ongoing discovery of original new drugs.

The market environment in the pharmaceuticals industry is becoming increasingly challenging, and the ability to grow depends on a vigorous response to these changes. The Group is taking new steps, such as exploring new business seeds rather than focusing exclusively on its existing business domains. The Group will aim to increase its ability to create value across the entire Group, striving to build a framework that can make management decisions flexibly in response to environmental changes while also strengthening its corporate governance.

COVID-19 is continuing to spread worldwide, and the situation still remains unpredictable. On the other hand, the coexistence of infectious prevention and economic activities, called "with COVID-19," is becoming a major trend. Given this, demand for OTC drugs is expected to recover in the medium to long term.

The Company has made accounting estimates on the assumption that the infection will have a limited impact on the Group's business activities for a certain period of time during the fiscal year ending March 31, 2023, while the Group's business activities will recover gradually.

However, if the impact of the spread of COVID-19 deviates from this assumption, the financial position and operating results of the Group may be affected.

3. Basic Rationale for Selecting the Accounting Standard

The Group adopts the generally accepted accounting standards in Japan (Japanese GAAP). This is because, as a result of undergoing convergence with international accounting standards, the Japanese GAAP is high quality, compares favorably internationally, and it is evaluated by the relevant authorities in Europe as being equivalent to IFRS.

The Group is preparing for the adoption of IFRS in the future. While taking into consideration the trend of foreign shareholder ratio and the trend of other Japanese companies in the same industry adopting IFRS, the Group is taking various measures such as acquiring knowledge of IFRS, performing gap analysis with Japanese GAAP, and investigating the impact of introducing the IFRS. However, the Group remains undecided on a timeframe for the adoption of the IFRS.

4. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
ASSETS		
Current assets		
Cash and deposits	250,178	265,049
Notes and accounts receivable - trade	51,609	53,676
Securities	4,017	7,219
Merchandise and finished goods	27,696	25,456
Work in process	3,158	3,369
Raw materials and supplies	15,529	16,066
Other	5,974	8,438
Allowance for doubtful accounts	(433)	(411)
Total current assets	357,731	378,864
Non-current assets		
Property, plant and equipment		
Buildings and structures	172,499	174,360
Accumulated depreciation and impairment loss	(120,623)	(124,905)
Buildings and structures, net	51,876	49,455
Machinery, equipment and vehicles	112,041	115,765
Accumulated depreciation and impairment loss	(97,546)	(100,473)
Machinery, equipment and vehicles, net	14,494	15,291
Land	37,429	37,394
Construction in progress	6,577	13,434
Other	33,129	34,451
Accumulated depreciation and impairment loss	(30,313)	(30,735)
Other, net	2,816	3,716
Total property, plant and equipment	113,194	119,291
Intangible assets		
Goodwill	128,612	125,769
Sales rights	453	366
Trademark right	69,258	68,060
Software	10,341	10,812
Other	7,867	8,050
Total intangible assets	216,532	213,059
Investments and other assets		
Investment securities	156,055	141,067
Shares of subsidiaries and associates	12,261	12,557
Long-term prepaid expenses	1,051	1,823
Retirement benefit asset	10,620	11,240
Deferred tax assets	8,892	9,508
Other	814	976
Allowance for doubtful accounts	(231)	(230)
Total investments and other assets	189,464	176,943
Total non-current assets	519,192	509,294
Total assets	876,923	888,159

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	14,672	15,101
Accounts payable - other	16,068	15,521
Income taxes payable	3,275	3,579
Accrued expenses	15,411	11,736
Provision for sales returns	704	–
Refund liabilities	–	8,796
Provision for bonuses	3,523	3,633
Other	4,010	3,909
Total current liabilities	57,666	62,277
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	944	969
Retirement benefit liability	21,321	21,329
Deferred tax liabilities	32,747	29,162
Other	5,836	6,462
Total non-current liabilities	60,849	57,924
Total liabilities	118,516	120,202
NET ASSETS		
Shareholders’ equity		
Share capital	30,000	30,000
Capital surplus	12	–
Retained earnings	703,036	702,984
Treasury shares	(35,450)	(21,033)
Total shareholders’ equity	697,598	711,950
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,026	25,586
Foreign currency translation adjustment	(235)	8,488
Remeasurements of defined benefit plans	1,315	1,371
Total accumulated other comprehensive income	31,105	35,447
Share acquisition rights	801	753
Non-controlling interests	28,900	19,806
Total net assets	758,406	767,957
Total liabilities and net assets	876,923	888,159

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

Consolidated Statements of Income

(Millions of yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Net sales	281,980	268,203
Cost of sales	106,050	104,371
Gross profit	175,929	163,831
Reversal of provision for sales returns	659	–
Provision for sales returns	602	–
Gross profit - net	175,986	163,831
Selling, general and administrative expenses	156,021	153,088
Operating profit	19,965	10,743
Non-operating income		
Interest income	1,690	1,338
Dividend income	1,928	2,110
Share of profit of entities accounted for using equity method	276	305
Foreign exchange gains	1,958	4,221
Other	629	501
Total non-operating income	6,483	8,478
Non-operating expenses		
Interest expenses	156	170
Commission expenses	82	111
Loss on investments in investment partnerships	51	0
Acquisition cost of subsidiary shares	–	325
Other	212	201
Total non-operating expenses	502	808
Ordinary profit	25,946	18,412
Extraordinary income		
Gain on sale of non-current assets	19	11
Gain on sale of investment securities	5	4,069
Gain on reversal of share acquisition rights	–	38
Total extraordinary income	24	4,119
Extraordinary losses		
Loss on disposal of non-current assets	518	143
Loss on sale of investment securities	72	0
Loss on valuation of investment securities	152	720
Impairment loss	2,250	269
Total extraordinary losses	2,994	1,134
Profit before income taxes	22,976	21,398
Income taxes - current	8,460	8,582
Income taxes - deferred	(678)	(2,134)
Total income taxes	7,782	6,448
Profit	15,194	14,950
Profit attributable to non-controlling interests	1,878	1,828
Profit attributable to owners of parent	13,316	13,122

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Profit	15,194	14,950
Other comprehensive income		
Valuation difference on available-for-sale securities	8,828	(4,579)
Foreign currency translation adjustment	64	10,622
Remeasurements of defined benefit plans, net of tax	4,292	47
Share of other comprehensive income of entities accounted for using equity method	540	121
Total other comprehensive income	13,725	6,212
Comprehensive income	28,920	21,162
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	27,816	17,463
Comprehensive income attributable to non-controlling interests	1,103	3,699

(3) Consolidated Statements of Changes in Equity

For the year ended March 31, 2021 (Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,000	–	698,223	(35,454)	692,768
Changes during period					
Exercise of share acquisition rights		13		50	63
Purchase of treasury shares				(46)	(46)
Change in ownership interest of parent due to transactions with non–controlling interests		(0)			(0)
Dividends of surplus			(8,787)		(8,787)
Profit attributable to owners of parent			13,316		13,316
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Other			283		283
Net changes in items other than shareholders' equity					
Total changes during period	–	12	4,812	4	4,829
Balance at end of period	30,000	12	703,036	(35,450)	697,598

(Millions of yen)

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	20,796	(1,145)	(3,046)	16,605	773	29,630	739,778
Changes during period							
Exercise of share acquisition rights							63
Purchase of treasury shares							(46)
Change in ownership interest of parent due to transactions with non–controlling interests							(0)
Dividends of surplus							(8,787)
Profit attributable to owners of parent							13,316
Change in treasury shares arising from change in equity in entities accounted for using equity method							0
Other							283
Net changes in items other than shareholders' equity	9,230	909	4,361	14,500	27	(729)	13,798
Total changes during period	9,230	909	4,361	14,500	27	(729)	18,628
Balance at end of period	30,026	(235)	1,315	31,105	801	28,900	758,406

For the year ended March 31, 2022 (Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,000	12	703,036	(35,450)	697,598
Cumulative effect of changes in accounting policies			(1,164)		(1,164)
Restated balance	30,000	12	701,872	(35,450)	696,434
Changes during period					
Exercise of share acquisition rights		13		72	85
Purchase of treasury shares				(43)	(43)
Transfer from retained earnings to capital surplus		3,913	(3,913)		–
Change in ownership interest of parent due to transactions with non–controlling interests		(226)			(226)
Dividends of surplus			(8,097)		(8,097)
Profit attributable to owners of parent			13,122		13,122
Changes due to share exchanges		(3,713)		14,386	10,673
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Net changes in items other than shareholders' equity					
Total changes during period	–	(12)	1,111	14,416	15,515
Balance at end of period	30,000	–	702,984	(21,033)	711,950

(Millions of yen)

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income			
Balance at beginning of period	30,026	(235)	1,315	31,105	801	28,900	758,406
Cumulative effect of changes in accounting policies							(1,164)
Restated balance	30,026	(235)	1,315	31,105	801	28,900	757,242
Changes during period							
Exercise of share acquisition rights							85
Purchase of treasury shares							(43)
Transfer from retained earnings to capital surplus							–
Change in ownership interest of parent due to transactions with non–controlling interests							(226)
Dividends of surplus							(8,097)
Profit attributable to owners of parent							13,122
Changes due to share exchanges							10,673
Change in treasury shares arising from change in equity in entities accounted for using equity method							0
Net changes in items other than shareholders' equity	(4,439)	8,724	56	4,341	(48)	(9,094)	(4,801)
Total changes during period	(4,439)	8,724	56	4,341	(48)	(9,094)	10,714
Balance at end of period	25,586	8,488	1,371	35,447	753	19,806	767,957

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	22,976	21,398
Depreciation	14,700	15,379
Amortization of goodwill	7,341	7,695
Gain on reversal of share acquisition rights	–	(38)
Loss (gain) on sale of non–current assets	(11)	45
Loss (gain) on disposal of non–current assets	510	86
Loss (gain) on sale of investment securities	67	(4,069)
Loss on valuation of investment securities	152	720
Impairment loss	2,250	269
Interest and dividend income	(3,619)	(3,449)
Interest expenses	156	170
Foreign exchange losses (gains)	(1,730)	(3,588)
Share of loss (profit) of entities accounted for using equity method	(276)	(305)
Increase (decrease) in allowance for doubtful accounts	(9)	(60)
Increase (decrease) in retirement benefit liability	228	18
Decrease (increase) in retirement benefit asset	(23)	(619)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(61)	22
Increase (decrease) in provision for bonuses	(271)	72
Decrease (increase) in trade receivables	13,662	(2,868)
Decrease (increase) in inventories	(2,905)	2,539
Decrease in trade payables	(3,303)	384
Increase (decrease) in accrued expenses	(4,141)	2,066
Other	(1,347)	(1,903)
Subtotal	44,345	33,966
Interest and dividends received	4,043	3,386
Interest paid	(173)	(158)
Income taxes paid	(11,615)	(8,872)
Income taxes refund	5,427	184
Net cash provided by operating activities	42,026	28,506

(Millions of yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Cash flows from investing activities		
Decrease (increase) in time deposits	1,362	553
Proceeds from sales and redemption of securities	14,000	4,000
Purchase of property, plant and equipment	(10,251)	(10,040)
Proceeds from sale of property, plant and equipment	37	39
Purchase of intangible assets	(4,121)	(4,349)
Purchase of investment securities	(2,068)	(1,269)
Proceeds from sale and redemption of investment securities	39	5,272
Purchase of long–term prepaid expenses	(374)	(1,278)
Other	(580)	9
Net cash used in investing activities	(1,958)	(7,063)
Cash flows from financing activities		
Proceeds from short–term borrowings	4,854	4,397
Repayments of short–term borrowings	(5,037)	(4,302)
Repayments of finance lease obligations	(503)	(349)
Purchase of treasury shares	(41)	(43)
Dividends paid	(8,787)	(7,415)
Dividends paid to non–controlling interests	(1,830)	(2,343)
Other	(0)	0
Net cash used in financing activities	(11,346)	(10,057)
Effect of exchange rate change on cash and cash equivalents	(317)	780
Net increase (decrease) in cash and cash equivalents	28,404	12,166
Cash and cash equivalents at beginning of period	186,941	215,346
Cash and cash equivalents at end of period	215,346	227,512

(5) Notes on Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The main changes resulting from the application of Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations are set forth below.

(1) Revenue recognition for sale of merchandise and finished goods

In the Self–Medication Operation Group, for revenue from the sale of merchandise and finished goods, which was recognized at the time of shipment, the Company has changed to the method of recognizing revenue at the time of delivery.

(2) Changes in accounting treatment of rebates, etc.

In the Self–Medication Operation Group and the Prescription Pharmaceutical Operation Group, the accounting treatment for sales rebates and other consideration payable to a customer, which was to account for them as selling, general and administrative expenses, has been changed to the method of deducting them from net sales. Note that among liabilities related to rebates, etc., those items previously presented as "accrued expenses" are now presented as "refund liabilities."

(3) Revenue recognition for sales with right of return

In the Self–Medication Operation Group and the Prescription Pharmaceutical Operation Group, the accounting treatment for recognizing a sale with a right of return, which was previously performed by recognizing a provision for sales returns based on the amount equivalent to gross profit, has been changed to a method of not recognizing revenue at the time of sale and instead recognizing refund liabilities in accordance with the provisions of variable consideration regarding the expected portion of returns.

(4) Revenue recognition for transactions with supply of materials for value

In accounting of transactions with supply of materials for value in the Self–Medication Operation Group, the accounting treatment for raw materials, etc. changed. Although, previously, both net sales and cost of sales were recorded, the method was changed to recognize only the net amount equivalent to the processing fee as revenue.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review was added to or deducted from the opening balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from such opening balance.

As a result, in the consolidated statement of income for the fiscal year under review, net sales decreased by ¥13,719 million, cost of sales decreased by ¥764 million, and operating profit, ordinary profit and profit before income taxes each decreased by ¥117 million. In addition, because the cumulative effect was recorded in net assets at the beginning of the fiscal year under review, retained earnings as of the beginning of the fiscal year under review decreased by ¥1,164 million in consolidated statement of changes in equity.

In accordance with the transitional treatment provided for in paragraph 89–2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant revised ASBJ regulations from the beginning of the fiscal year under review, and it has applied the new accounting policies provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44–2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements.

(Reference)

Information concerning net sales, profit/loss, assets and other items by reportable segment

For the year ended March 31, 2021

(Millions of yen)

	Reportable segment			Other (Note 1)	Total
	Self-Medication Operation Group	Prescription Pharmaceutical Operation Group	Subtotal		
Sales					
Sales to outside customers	226,878	55,101	281,980	–	281,980
Sales or transfers between segments	–	–	–	–	–
Total	226,878	55,101	281,980	–	281,980
Segment profit (Note 2)	19,395	2,495	21,890	(1,925)	19,965
Segment assets	521,662	107,499	629,161	247,761	876,923
Other items					
Depreciation (Note 3)	13,549	1,150	14,700	–	14,700
Amortization of goodwill	7,341	–	7,341	–	7,341
Impairment loss	2,250	–	2,250	–	2,250
Investments in entities accounted for using equity method	12,261	–	12,261	–	12,261
Increases in property, plant and equipment and intangible assets (Note 4)	12,841	2,359	15,200	–	15,200

Notes: 1 The Other segment represents operating segments that are not attributable to any reportable segment of which the Company (a pure holding company) mainly consists.

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

3 Depreciation includes amortization of long–term prepaid expenses.

4 Increases in property, plant and equipment and intangible assets include an increase in long–term prepaid expenses.

For the year ended March 31, 2022

(Millions of yen)

	Reportable segment			Other (Note 1)	Total
	Self-Medication Operation Group	Prescription Pharmaceutical Operation Group	Subtotal		
Sales					
Sales to outside customers	229,659	38,543	268,203	–	268,203
Sales or transfers between segments	–	–	–	–	–
Total	229,659	38,543	268,203	–	268,203
Segment profit (loss) (Note 2)	14,128	(1,319)	12,809	(2,065)	10,743
Segment assets	549,758	93,281	643,039	245,119	888,159
Other items					
Depreciation (Note 3)	14,183	1,195	15,379	–	15,379
Amortization of goodwill	7,695	–	7,695	–	7,695
Impairment loss	105	163	269	–	269
Investments in entities accounted for using equity method	12,557	–	12,557	–	12,557
Increases in property, plant and equipment and intangible assets (Note 4)	12,860	4,064	16,925	–	16,925

Notes: 1 The Other segment represents operating segments that are not attributable to any reportable segment of which the Company (a pure holding company) mainly consists.

2 Segment profit (loss) matches operating profit on the consolidated statement of income.

3 Depreciation includes amortization of long–term prepaid expenses.

4 Increases in property, plant and equipment and intangible assets include an increase in long–term prepaid expenses.