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November 5, 2021

Consolidated Financial Results for the Second Quarter of the Term Ending March 31, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4540
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 Scheduled date to file quarterly securities report: November 8, 2021
 Scheduled date to commence dividend payments: December 6, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors, securities analysts and news media)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated business results for the Second quarter of the term ending March 31, 2022 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

Six-month period ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	63,416	11.4	11,684	7.0	13,409	22.9	9,965	24.5
September 30, 2020	56,952	—	10,920	—	10,909	—	8,002	—

Note: Comprehensive income Six-month period ended September 30, 2021: ¥14,988 million [135.2 %]
 Six-month period ended September 30, 2020: ¥6,373 million [— %]

	Basic earnings per share	Diluted earnings per share
Six-month period ended	Yen	Yen
September 30, 2021	130.26	—
September 30, 2020	104.59	—

Note:

(i) The Company has determined the provisional accounting treatment for business combinations in the fiscal year ended March 31, 2021, and figures for the second quarter of the term ended March 31, 2021 reflect the contents of the determined provisional accounting treatment.

(ii) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter under review, and figures for the second quarter of the fiscal year ended March 31, 2021 are those after retroactively applying the Accounting Standard, etc. Therefore, the ratio of year-on-year change is not stated for the second quarter of the fiscal year ended March 31, 2021.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2021	335,881	245,640	68.2
March 31, 2021	319,063	233,169	68.3

Reference: Equity

As of September 30, 2021: ¥228,976 million

As of March 31, 2021: ¥217,786 million

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	32.00	—	32.00	64.00
Fiscal year ending March 31, 2022	—	32.00			
Fiscal year ending March 31, 2022 (Forecast)			—	32.00	64.00

Note: Revisions to dividends projection published most recently: No

3. Projections of consolidated business results for the term ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Figures in percentage show the rate of increase or decrease from the previous fiscal year for full-year and from the second quarter of the previous fiscal year for second quarter (aggregate).)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	127,500	9.5	21,100	8.9	23,400	12.1	16,600	8.3	216.97

Note: Revisions to projections of consolidated business results published most recently: No

Please see “1. Qualitative information on quarterly results (3) Description of projections of consolidated business results” on page 4 for the revision of its earnings forecast announced on October 29, 2021.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, see “2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes to the Quarterly Consolidated Financial Statements (application of specific accounting treatment to the preparation of quarterly financial statements)” on page 11 of the material attached hereto.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

Note: For details, see “2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 11 of the material attached hereto.

(4) Number of issued shares (common shares)

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

As of September 30, 2021	76,758,362 shares
As of March 31, 2021	76,758,362 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2021	250,793 shares
As of March 31, 2021	250,402 shares

(iii) Average number of shares outstanding during the period

Six-month ended September 30, 2021	76,507,801 shares
Six-month ended September 30, 2020	76,508,283 shares

* This Consolidated Financial Results is not subject to audit procedures performed by a certified public accountant or audit corporation.

*Explanation about the proper use of financial projections and other important notes
(Note about forward-looking information)

Forward-looking statements such as financial projections, which are stated in this document, are based on information currently available to the Company and certain assumptions deemed reasonable. There is a possibility that actual results, etc. will differ materially from forecasts due to various factors. Please see “1. Qualitative information on quarterly results (3) Description of projections of consolidated business results” on page 4 for information regarding the forecast of consolidated financial results.

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1. Qualitative information on quarterly results

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter and makes a comparative analysis with the second quarter of the previous fiscal year and the previous fiscal year, using figures after retroactively applying the Accounting Standard, etc.

In addition, for business combination with Ping An Tsumura Pharmaceutical Co., Ltd. and its five subsidiaries conducted on March 30, 2020, the purchase price allocation (PPA) was not completed in the second quarter of the previous fiscal year but was completed at the end of the previous fiscal year. Therefore, amounts reflecting the PPA are used for the comparative analysis with the second quarter of the previous fiscal year.

(1) Description of operating results

Consolidated business results for the Second quarter under review were as follows:

[Consolidated business results]		(Million yen)		
		FY 3/2021 2Q	FY 3/2022 2Q	YoY Change Percent Change
Net sales		56,952	63,416	6,464 11.4%
	Domestic sales	54,475	58,829	4,353 8.0%
	Overseas sales	2,476	4,587	2,110 85.2%
Cost of sales		26,830	30,721	3,891 14.5%
Selling, general and administrative expenses		19,202	21,011	1,809 9.4%
Operating profit		10,920	11,684	763 7.0%
Ordinary profit		10,909	13,409	2,499 22.9%
Profit attributable to owners of parent		8,002	9,965	1,963 24.5%

Net sales increased 11.4% year on year, to 63,416 million yen.

Domestic net sales were 58,829 million yen. In sales of prescription Kampo products of the Group, prescriptions for products to treat conditions such as mental illness and skin complaints grew with the promotion of activities for providing information in response to demand for medical services. Prescriptions for products to treat dizziness also increased. Prescriptions for products to treat common cold symptoms remained sluggish due to factors such as a decrease in the number of hospital visitors. However, the scale of the decrease narrowed.

The sales of Daikenchuto, a mainstay item for the Company and a drug fostering program formulation*1, grew 2.7% year on year, reflecting increased prescription opportunities, particularly at general clinics, for feelings of abdominal flatulence. In Growing formulations*2, the sales of Goreisan grew 19.2% year on year, supported by increased prescription opportunities for the peripheral symptoms of dizziness, headache and circulatory organ ailments. As a result, sales for 129 prescription Kampo products increased 7.7% year on year.

Overseas net sales were 4,587 million yen. In the crude drug platforms provided by Ping An Tsumura Pharmaceutical Co., Ltd. and SHENZHEN TSUMURA MEDICINE CO., LTD., sales of crude drugs and crude drug pieces for decoction grew.

Cost of sales increased 14.5% year on year, to 30,721 million yen, reflecting the growth in net sales. The cost-to-sales ratio rose 1.3 percentage points year on year, to 48.4%.

Selling, general and administrative expenses increased 9.4% year on year, to 21,011 million yen. This was mainly due to a rise in expenses for activities associated with e-promotions. The SGA ratio fell 0.6 percentage points year on year, to 33.1%.

As a result, operating profit increased 7.0% year on year, to 11,684 million yen. The operating profit margin was 18.4%, falling 0.8 percentage points from a year ago. Ordinary profit rose 22.9% year on year, to 13,409 million yen, thanks to the impact of foreign exchange gains, and profit attributable to owners of parent increased 24.5% year on year, to 9,965 million yen.

*1 “Drug fostering” program formulations:

Formulations the Company is addressing by looking hard at the structure of diseases in recent years, targeting diseases that are difficult

to treat with new drugs for which prescription Kampo preparations prove specifically effective in domains where demand for medical treatment is high, and calling the establishment of evidence “drug fostering”

*2 “Growing” formulations:

Growth drivers aimed at registration in clinical practice guidelines as strategic formulations after five drug fostering program formulations by constructing evidence (such as data on safety and effectiveness) in domains where the degree of satisfaction with medical treatment and the degree of drug contribution are low

[Initiatives in response to COVID-19 pandemic]

In response to the COVID-19 pandemic, the Company ensured prevention of transmission to employees and business associates throughout the year and focused on the stable supply of products to fulfil its responsibility as a pharmaceuticals company.

There was no impact on product supply either in Japan or overseas.

The Company will continue to monitor the changing situation and focus on infection control measures and the stable supply of products.

(2) Description of financial condition

The financial position at the end of the second quarter under review was as follows:

Total assets at the end of the second quarter increased 16,817 million yen from the end of the previous fiscal year, to 335,881 million yen. Current assets increased 14,303 million yen from the end of the previous fiscal year, mainly due to a rise in inventories. Non-current assets increased 2,514 million yen from the end of the previous fiscal year, mainly due to an increase in property, plant and equipment, offsetting a decrease in investment securities.

Total liabilities were 90,240 million yen, an increase of 4,346 million yen from the end of the previous fiscal year. Notes and accounts payable – trade increased, but current liabilities shrank 4,556 million yen from the end of the previous fiscal year, mainly due to a decline in the current portion of long-term borrowings.

Non-current liabilities grew 8,902 million yen from the end of the previous fiscal year, mainly reflecting an increase in long-term borrowings.

Net assets totaled 245,640 million yen, an increase of 12,471 million yen from the end of the previous fiscal year. Shareholders’ equity rose 7,459 million yen from the end of the previous fiscal year, mainly reflecting an increase in retained earnings. Accumulated other comprehensive income climbed 3,730 million yen from the end of the previous fiscal year, chiefly due to an increase in foreign currency translation adjustment. Non-controlling interests increased 1,281 million yen from the end of the previous fiscal year.

As a result, the equity ratio fell 0.1 percentage point, to 68.2%.

Cash flows in the first half under review were as follows:

At the end of the first half under review, cash provided by operating activities was 11,815 million yen, cash used in investing activities was 3,600 million yen, and cash used in financing activities was 2,733 million yen.

Cash provided by operating activities was 11,815 million yen. Looking at its breakdown, a major cash inflow item was profit before income taxes of 13,165 million yen, while a major cash outflow item was income taxes paid of 3,894 million yen. Compared to the first half of the previous fiscal year, cash inflow increased 1,081 million yen.

Cash used in investing activities was 3,600 million yen. Looking at its breakdown, purchase of property, plant and equipment of 4,764 million yen was a major cash outflow item. Compared to a year ago, cash outflow rose 1,060 million yen.

Cash used in financing activities was 2,733 million yen. Looking at its breakdown, a major cash outflow item was dividends paid of 2,447 million yen. Compared to the first half of the previous fiscal year, cash outflow dropped 4,472 million yen.

As a result, cash and cash equivalents increased 7,627 million yen from the end of the previous fiscal year, to 67,296 million yen.

(3) Description of projections of consolidated business results

The consolidated earnings forecast for the fiscal year ending March 2022 has been revised as follows in the "Notice Concerning Revision of Earnings Forecast" announced on October 29, 2021.

(i) Revision of projections of consolidated business results for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previous forecast (A)	Million yen 122,500	Million yen 19,500	Million yen 20,000	Million yen 14,200	Yen 185.60
Revised forecast (B)	127,500	21,100	23,400	16,600	216.97
Change (B - A)	5,000	1,600	3,400	2,400	
Percentage change (%)	4.1%	8.2%	17.0%	16.9%	
(Reference) Results for previous fiscal year (ended March 31, 2021)	116,413	19,382	20,866	15,332	200.40

(ii) Reason of revision

In the domestic prescription medicines business, the Company expects net sales will continue to expand given increased activities to provide information by means such as e-promotions. Meanwhile, sales for the Chinese business are predicted to rise above the initial plan, too, due to the strong sales of products, including crude drugs and crude drug pieces for decoction.

The Company expects consolidated net sales to total 5,000 million yen more than its initial plan and reach 127,500 million yen.

The Company expects that profits will surpass the previously announced forecasts, despite a rise in selling, general and administrative expenses associated with an expected increase in spending in areas such as an allocation to measures that will help expand the Kampo market.

As a result, the Company forecasts operating profit of 21,100 million yen, an improvement of 1,600 million yen from the initial plan, ordinary profit of 23,400 million yen, an improvement of 3,400 million yen, and profit attributable to owners of parent of 16,600 million yen, an improvement of 2,400 million yen.

(Note) The above forecasts are based on information available as of the date of these materials and do not take into consideration the impact of currently unforeseeable risks such as the impact of further coronavirus outbreaks on social and economic activity. Actual financial and other results may differ materially from these forecasts depending on a number of factors. The Company will make timely and appropriate disclosure should the situation change in the future.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	61,310	67,310
Notes and accounts receivable-trade	48,623	51,864
Merchandise and finished goods	13,939	10,073
Work in process	13,396	14,043
Raw materials and supplies	53,419	62,988
Other	13,637	12,368
Allowance for doubtful accounts	(53)	(71)
Total current assets	204,273	218,576
Non-current assets		
Property, plant and equipment		
Buildings and structures	74,533	76,572
Other	97,252	102,100
Accumulated depreciation	(87,609)	(92,111)
Total property, plant and equipment	84,176	86,561
Intangible assets		
Goodwill	7,881	8,294
Other	3,561	3,724
Total intangible assets	11,443	12,018
Investment and other assets		
Investment securities	11,445	10,258
Retirement benefit asset	2,252	2,470
Other	5,472	5,994
Allowance for doubtful accounts	(0)	(0)
Total investment and other assets	19,170	18,724
Total non-current assets	114,789	117,304
Total assets	319,063	335,881

(Million yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,593	12,739
Short-term borrowings	10,472	10,313
Current portion of long-term borrowings	12,380	3,000
Income taxes payable	4,057	3,640
Other	12,876	14,131
Total current liabilities	48,380	43,824
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	—	9,377
Retirement benefit liability	61	61
Other	7,452	6,978
Total non-current liabilities	37,513	46,416
Total liabilities	85,894	90,240
Net assets		
Shareholders' equity		
Share capital	30,142	30,142
Capital surplus	13,789	13,732
Retained earnings	168,989	176,506
Treasury shares	(679)	(681)
Total shareholders' equity	212,241	219,701
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,180	2,353
Deferred gains or losses on hedges	1,233	1,093
Revaluation reserve for land	2,673	2,673
Foreign currency translation adjustment	(1,130)	3,557
Remeasurements of defined benefit plans	(412)	(401)
Total accumulated other comprehensive income	5,544	9,275
Non-controlling interests	15,382	16,663
Total net assets	233,169	245,640
Total liabilities and net assets	319,063	335,881

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
 Quarterly Consolidated Statements of Income / For the Second Quarter Consolidated Accumulative Term

(Million yen)

	Six-month period ended September 30,2020 (From April 1, 2020 to September 30, 2020)	Six-month period ended September 30,2021 (From April 1, 2021 to September 30, 2021)
Net sales	56,952	63,416
Cost of sales	26,830	30,721
Gross profit	30,122	32,695
Selling, general and administrative expenses	19,202	21,011
Operating profit	10,920	11,684
Non-operating income		
Interest income	265	234
Dividend income	135	129
Share of profit of entities accounted for using equity method	69	—
Foreign exchange gains	—	1,184
Other	190	310
Total non-operating income	660	1,858
Non-operating expenses		
Interest expenses	167	116
Foreign exchange losses	485	—
Other	18	17
Total non-operating expenses	671	133
Ordinary profit	10,909	13,409
Extraordinary income		
Gain on sales of non-current assets	0	21
Gain on sales of investment securities	4	—
Total extraordinary income	4	21
Extraordinary losses		
Loss on sales of non-current assets	0	—
Loss on retirement of non-current assets	13	264
Total extraordinary losses	13	264
Profit before income taxes	10,900	13,165
Total income taxes	3,198	3,253
Profit	7,702	9,911
Loss attributable to non-controlling interests	(299)	(54)
Profit attributable to owners of parent	8,002	9,965

Quarterly Consolidated Statements of Comprehensive Income / For the Second Quarter Consolidated Accumulative Term

(Million yen)

	Six-month period ended September 30,2020 (From April 1, 2020 to September 30, 2020)	Six-month period ended September 30,2021 (From April 1, 2021 to September 30, 2021)
Profit	7,702	9,911
Other comprehensive income		
Valuation difference on available-for-sale securities	389	(826)
Deferred gains or losses on hedges	248	(140)
Foreign currency translation adjustment	(1,995)	5,995
Remeasurements of defined benefit plans	45	10
Share of other comprehensive income (loss) of entities accounted for using equity method	(16)	37
Total other comprehensive income (loss)	(1,329)	5,076
Comprehensive income	6,373	14,988
Comprehensive income attributable to		
Owners of parent	6,944	13,696
Non-controlling interests	(570)	1,291

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Six-month period ended September 30,2020 (From April 1, 2020 to September 30, 2020)	Six-month period ended September 30,2021 (From April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	10,900	13,165
Depreciation	3,935	4,322
Amortization of goodwill	201	218
Increase (decrease) in allowance for doubtful accounts	2	13
Interest and dividend income	(400)	(364)
Interest expenses	167	116
Share of loss (profit) of entities accounted for using equity method	(69)	—
Loss (gain) on sales and retirement of property, plant and equipment	13	243
Decrease (increase) in trade receivables	515	(2,868)
Decrease (increase) in inventories	(454)	(2,766)
Increase (decrease) in trade payables	(1,181)	3,450
Loss (gain) on sales of short-term and long-term investment securities	(4)	—
Decrease (increase) in retirement benefit asset	(144)	(209)
Increase (decrease) in retirement benefit liability	4	6
Other	205	148
Subtotal	13,690	15,477
Interest and dividend income received	528	365
Interest paid	(169)	(133)
Income taxes paid	(3,316)	(3,894)
Net cash provided by (used in) operating activities	10,733	11,815
Cash flows from investing activities		
Decrease (increase) in time deposits	2,321	1,711
Purchase of property, plant and equipment	(4,136)	(4,764)
Proceeds from sales of property, plant and equipment	0	52
Purchase of intangible assets	(105)	(226)
Purchase of short-term and long-term investment securities	(18,162)	(6,669)
Proceeds from sales and redemption of short-term and long-term investment securities	18,178	6,664
Purchase of investments in capital of subsidiaries	(451)	—
Loan advances	(155)	—
Collection of loans receivable	1	0
Other	(31)	(367)
Net cash provided by (used in) investing activities	(2,539)	(3,600)

(Million yen)

	Six-month period ended September 30,2020 (From April 1, 2020 to September 30, 2020)	Six-month period ended September 30,2021 (From April 1, 2021 to September 30, 2021)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,848	—
Repayments of short-term borrowings	(13,398)	(167)
Repayments from long-term borrowings	—	9,377
Repayments of long-term borrowings	—	(9,376)
Proceeds from share issuance to non-controlling shareholders	7,567	—
Dividends paid	(2,448)	(2,447)
Dividends paid to non-controlling interests	(49)	(87)
Purchase of investments in capital of subsidiaries that do not result in change in scope of consolidation	(699)	—
Other	(26)	(31)
Net cash provided by (used in) financing activities	(7,206)	(2,733)
Effect of exchange rate change on cash and cash equivalents	(791)	2,145
Net increase (decrease) in cash and cash equivalents	195	7,627
Cash and cash equivalents at beginning of period	57,692	59,668
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	3,519	—
Cash and cash equivalents at end of period	61,407	67,296

(4) Notes to the Consolidated Financial Statements

(Notes on premise of a going concern)

There are no applicable matters.

(Notes on case of extreme change in shareholder's equity amount)

No relevant items.

(Application of specific accounting treatment to the preparation of quarterly financial statements)

(Deferment of cost variance)

Cost variance caused by seasonal changes in operation rates, etc. is expected to be eliminated for the most part by the end of the cost accounting period, which is, therefore, deferred as "current assets (other) or current liabilities (other)."

(Changes in accounting policies)

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

The Company has decided to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. from the beginning of the first quarter and recognize revenue from goods or services which the Group promised to provide at an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services has been transferred to a customer.

As a result, some expenses which were recorded in cost of sales and selling, general and administrative expenses in the past are deducted from net sales.

In addition, provision for sales returns, which was recorded in current liabilities in the past, is presented in "Other" under current liabilities as refund liabilities.

This change in accounting policies is applied retroactively, in principle, and quarterly consolidated financial statements and consolidated financial statements for the first quarter of the previous fiscal year and the previous fiscal year are those after retroactively applying the change. However, the following method stipulated in Paragraph 85 of the Revenue Recognition Accounting Standard is applied.

(1) For contracts in which the amounts of almost all revenues were recognized in accordance with the previous accounting treatment prior to the beginning of the previous fiscal year, comparative information shall not be adjusted retroactively.

As a result, net sales for the second quarter of the previous fiscal year decreased 7,041 million yen, cost of sales decreased 0 million yen, and selling, general and administrative expenses decreased 7,041 million yen, compared to before retroactive application.

However, this does not have an impact on operating profit, ordinary profit and profit attributable to owners of parent. There is also no impact on the balance of retained earnings at the beginning of the previous fiscal year.

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

The Company has decided to apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the first quarter and apply the new accounting policy stipulated in the Fair Value Measurement Accounting Standard, etc. according to the provisional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019) into the future. The application of the Fair Value Measurement Accounting Standard and others mentioned above does not have no impact on quarterly consolidated financial statements.

(Business combinations)

Material review in the initially allocated amounts of acquisition costs in comparative information

With respect to the business combination with Ping An Tsumura Pharmaceutical Co., Ltd. and its five subsidiaries, which took place on March 30, 2020, the Company applied provisional accounting treatment in the second quarter of the previous fiscal year, but it was finalized at the end of the previous fiscal year.

Associated with the finalization of the provisional accounting treatment, a material review is reflected on the initially allocated amounts of acquisition costs in comparative information that is included in quarterly consolidated financial statements for the second quarter under review.

As a result, operating profit, ordinary profit, profit before income taxes and profit decreased 204 million yen, respectively, and profit attributable to owner of parent declined 81 million yen in the quarterly consolidated statement of income for the second quarter of the previous fiscal year.