Matters to be Omitted from Delivered Documents Concerning the Notice of Convocation for the 10th General Meeting of Shareholders

・Consolidated financial statements

Consolidated Statement of Changes in Equity

Notes to Consolidated Financial Statements

・ Non-Consolidated Financial Statements

Statement of changes in shareholders' equity

Notes to Non-Consolidated Financial Statements

Term 10 (April 1, 2022 - March 31, 2023)

PHC Holdings Corporation

Regarding the above matters, we omit the description in the document (document describing items for electronic provision) that will be delivered to shareholders who request delivery of documents based on the provisions of laws and regulations and Article 17 of the Company's Articles of Incorporation.

Consolidated Statement of Changes in Equity

(From April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Equity attributable to owners of the parent						
					Other components of equity		
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Re-measurements of defined benefit plans	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Net gain (loss) on derivatives designated as cash flow hedges
As of April 1, 2022	47,065	44,118	28,353	(568)	−	412	(92)
Comprehensive income							
Loss	−	−	(3,222)	−	−	−	−
Other comprehensive income	−	−	−	−	614	179	39
Total comprehensive income	−	−	(3,222)	−	614	179	39
Issuance of new shares	881	(431)	−	−	−	−	−
Dividends to owners of the parent	−	−	(9,201)	−	−	−	−
Dividends to non-controlling interests	−	−	−	−	−	−	−
Forfeiture of share acquisition rights and Restricted Stock Unit	−	(500)	496	−	−	−	−
Share-based payment transactions	−	455	−	−	−	−	−
Transfer from other components of equity to retained earnings	−	−	655	−	(614)	(41)	−
Transactions with the owners	881	(476)	(8,049)	−	(614)	(41)	−
As of March 31, 2023	47,946	43,641	17,081	(568)	−	550	(52)

(Unit: million yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total
	Other components of equity			Total		
	Exchange differences on translation of foreign operations	Share of other comprehensive income accounted for using equity method	Total			
As of April 1, 2022	15,753	333	16,406	135,374	690	136,065
Comprehensive income						
Loss	−	−	−	(3,222)	173	(3,048)
Other comprehensive income	12,989	333	14,156	14,156	67	14,223
Total comprehensive income	12,989	333	14,156	10,933	241	11,174
Issuance of new shares	−	−	−	450	−	450
Dividends to owners of the parent	−	−	−	(9,201)	−	(9,201)
Dividends to non-controlling interests	−	−	−	−	(112)	(112)
Forfeiture of share acquisition rights and Restricted Stock Unit	−	−	−	(4)	−	(4)
Share-based payment transactions	−	−	−	455	−	455
Transfer from other components of equity to retained earnings	−	−	(655)	−	−	−
Transactions with the owners	−	−	(655)	(8,300)	(112)	(8,412)
As of March 31, 2023	28,742	666	29,906	138,008	819	138,827

Notes to the Consolidated Financial Statements

Notes on significant accounting policies for the preparation of the Consolidated Financial Statements

1. Preparation standards for the Consolidated Financial Statements

The Consolidated Financial Statements for PHC Holdings (hereinafter "the Company") and its subsidiaries (hereinafter "the Group") are prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to Article 120-1 of the Corporate Accounting Rules. However, it should be noted that, pursuant to provisions of the second sentence of the same paragraph, the Group has omitted a portion of the presentations and notes required under IFRS.

2. Scope of consolidation

Number of consolidated subsidiaries: 81 companies

Names of major consolidated subsidiaries: PHC Corporation
Ascensia Diabetes Care Holdings AG
Epredia Holdings Ltd.
LSI Medience Corporation

Changes in scope of consolidation in the current consolidated fiscal year

Two (2) companies have been included in the scope of consolidation due to acquisitions.
Two (2) companies have been included in the scope of consolidation due to new establishments.
Two (2) companies have been removed from the scope of consolidation owing to its liquidation.

Fiscal years for consolidated subsidiaries

Financial statements for subsidiaries that have a different settlement date from the consolidated fiscal year of the Group are utilized based on a provisional closing of accounts implemented as of the date of the consolidated financial accounts settlement date.

3. Application of the equity method

Number of associates and other entities accounted for under the equity method: seven (7) companies

Names of major companies: Lunaphore Technologies SA
Senseonics Holdings, Inc.

Changes in the application of the equity method

There are no changes in the current consolidated fiscal year.

Fiscal years for companies accounted for under the equity method

It is impractical to unify the book closing dates mainly due to ties with other shareholders. Consequently, the Consolidated Financial Statements include investments in associates with different settlement dates. The accounts settlement dates for applicable associates are primarily December 31. Adjustments are made to reflect the impact of significant transactions and/or events that arise during the period from December 31 to the closing date for the consolidated fiscal year.

４. Significant accounting policies

(1) Financial instruments

[1] Financial assets

(i) Initial recognition and measurement

Trade receivables are initially recognized on the date they are originated. All the other financial assets are initially recognized on the trade date when the Group becomes a party to the contractual provisions of the financial instruments. All financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the financial assets. The transaction costs of financial assets measured at fair value through profit or loss are recognized in profit or loss. However, trade receivables that do not include a significant financial component are initially measured at the transaction price.

At initial recognition, the Group classifies financial assets as either: (a) Financial assets measured at amortized cost; (b) Debt instruments measured at fair value through other comprehensive income; (c) Equity instruments measured at fair value through other comprehensive income; or (d) Financial assets measured at fair value through profit or loss.

(a) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

• the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Debt instruments measured at fair value through other comprehensive income

Financial assets are classified as debt instruments measured at fair value through other comprehensive income if both of the following conditions are met:

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Equity instruments measured at fair value through other comprehensive income

For certain equity instruments, the Group has irrevocably elected to present subsequent changes in the fair value in other comprehensive income on initial recognition and classifies such instruments as equity instruments measured at fair value through other comprehensive income.

(d) Financial assets measured at fair value through profit or loss

Regarding financial assets except for the above, the Group classifies them as financial assets measured at fair value through profit or loss at the time of the initial recognition.

(ii) Subsequent measurement

The Group measures financial assets after initial recognition as follows:

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. Interest revenue calculated by using the effective interest method and gains or losses on derecognition are recognized in profit or loss.

(b) Debt instruments measured at fair value through other comprehensive income

These assets are subsequently measured at fair value. Changes in the fair value of debt instruments measured at fair value through other comprehensive income are recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial assets are derecognized. When such debt instruments are derecognized, other comprehensive income previously recognized is transferred to profit or loss.

(c) Equity instruments measured at fair value through other comprehensive income

These assets are subsequently measured at fair value. Changes in the fair value of equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income. When such equity instruments are derecognized, the cumulative amount of other comprehensive income is transferred to retained earnings. In addition, dividends from such financial assets are recognized in profit or loss.

(d) Financial assets measured at fair value through profit or loss

These assets are subsequently measured at fair value, and any changes in fair value are recognized in profit or loss.

(iii) Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset.

(iv) Impairment

With respect to financial assets measured at amortized cost, the Group recognizes loss allowance for doubtful accounts to reflect expected credit losses on such financial assets.

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition.

If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures loss allowance for doubtful accounts for that financial instrument at an amount equal to 12-month expected credit losses. On the other hand, if the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures loss allowance for doubtful accounts for that financial instrument at an amount equal to the lifetime expected credit losses. However, for trade receivables, the Group always measures loss allowance for doubtful accounts at an amount equal to lifetime expected credit losses.

Expected credit losses of a financial instrument are measured in a way that reflects:

• an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

• the time value of money; and

• reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group adopts a practical method that uses a provision matrix when estimating expected credit losses on trade receivables, contract assets and lease receivables. The Group directly reduces the gross carrying amount of financial asset when it has no reasonable expectations of recovering the contractual cash flows on the financial asset in its entirety or a portion thereof.

[2] Financial liabilities

(i) Initial recognition and measurement

The Group initially recognizes financial liabilities on the trade date when the Group becomes a party to the contractual provisions of the financial instruments.

At initial recognition, the Group classifies financial liabilities as either: (a) Financial liabilities measured at amortized cost; or (b) Financial liabilities measured at fair value through profit or loss.

Financial liabilities initially measured are measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the financial liabilities. The transaction costs of financial liabilities measured at fair value through profit or loss are recognized in profit or loss.

(ii) Subsequent measurement

The Group subsequently measures financial liabilities according to their classification as follows:

(a) Financial liabilities measured at amortized cost

These liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense calculated by using the effective interest method and gains or losses on derecognition are recognized in profit or loss.

(b) Financial liabilities measured at fair value through profit or loss

These liabilities are subsequently measured at fair value, and any changes in fair value are recognized in profit or loss.

(iii) Derecognition

The Group derecognizes a financial liability when it is extinguished — i.e., when the obligation specified in the contract is discharged or canceled or expires.

[3] Derivative instruments, including hedge accounting

The Group holds derivative financial instruments to hedge foreign currency exposure. Derivatives are initially measured at fair value. In addition, after initial recognition, derivatives are measured at fair value and their changes are recognized in profit or loss except they are designated as hedging instruments in cash flow hedges.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in achieving offsetting changes in fair value or cash flows of hedged items.

Among the changes in fair value of derivatives designated as cash flow hedges and meet the requirement, the Group recognizes the effective portion in other comprehensive income in the consolidated statement of comprehensive income and recognizes gains or losses related to the ineffective portion in profit or loss immediately. Amounts accumulated in equity are reclassified to profit or loss in the fiscal years when the hedged items affect profit or loss. However, if a hedged forecast transaction results in the recognition of a non-financial asset or liability, the Group transfers any gains or losses previously deferred in equity and includes in the measurement of the asset or liability. In addition, when a hedged forecast transaction is no longer expected to occur, the Group transfers the cumulative gain or loss previously recorded in equity to profit or loss.

The Group designates non-derivative financial liabilities as hedging instruments for hedging foreign exchange risk associated with net investments in foreign operations. The effective portion of foreign exchange gains and losses on financial liabilities designated as hedging instruments is recognized in other comprehensive income and presented as foreign currency translation adjustments in equity. The ineffective portion is also presented immediately in profit or loss. Amounts recognized in other comprehensive income are fully or partially transferred to profit or loss respectively as reclassification adjustments when disposing or partially disposing of the foreign operation.

[4] Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented when, and only when the Group currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(2) Inventories

Inventories are mainly composed of merchandise and finished goods, work in process and raw materials and supplies.

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined principally based on the weighted average method, and comprises of cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in process includes an appropriate allocation of production overheads based on the normal production capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(3) Property, plant and equipment

The Group applies the cost model to measure property, plant and equipment after recognition. Property, plant and equipment are presented at cost, less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment comprises of purchase price, any costs directly related to the acquisition of the item, costs of dismantling, removing and restoring the item, as well as borrowing costs eligible for capitalization.

The Group depreciates property, plant and equipment other than land and construction work in progress based on the straight-line method over the estimated useful life of each asset. The depreciation of these assets begins when they become available for use.

Useful lives of major assets by category are as follows:

• Buildings and structures: 2 to 50 years

• Machinery and vehicles: 2 to 15 years

The depreciation methods, residual values and remaining useful lives are reviewed at each fiscal year-end date and amended as necessary.

(4) Goodwill

Goodwill at the time of initial recognition measured as the excess of the sum of the consideration transferred in a business combination, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held equity interests in the acquiree over the net value of identifiable assets acquired and liabilities assumed as at the acquisition date.

Goodwill is subsequently measured at cost less accumulated impairment losses.

In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment. An impairment loss on such investments is not allocated to any asset, including goodwill that forms part of the carrying amount of equity-accounted investee.

(5) Intangible assets

At initial recognition, the Group measures intangible assets acquired individually at cost and measures intangible assets acquired in a business combination at fair value as at the acquisition date.

Expenditures associated with internally generated intangible assets are charged to expense as incurred, except for those eligible for capitalization. If they meet the capitalization criteria, the sum of expenditure incurred from the date when the intangible asset first meets such criteria is the acquisition cost.

The Group applies the cost model for subsequent measurement of intangible assets, and they are presented at cost less accumulated amortization and impairment losses.

Internally generated research costs are recognized as expenses when they are incurred.

The Group amortizes intangible assets with finite useful lives using the straight-line method over the estimated useful life of each asset. The amortization of these assets begins when they become available for use.

Useful lives of major intangible assets by category are as follows:

• Patents: 5 to 8 years

• Customer-related assets: 7 to 20 years

• Trademarks: 10 to 16 years

• Technology-based intangible assets: 9 to 12 years

The amortization method, residual value and remaining useful life are reviewed at each fiscal year-end date and amended as necessary.

(6) Leases

[1] Lessee

The Group recognizes right-of-use assets and lease liabilities as at the lease commencement date. Lease liabilities are measured at the present value of the total unpaid lease payments at the lease start date which is discounted by the Lessee's additional lease interest rate. Right-of-use assets are measured at the amount of initial measurement of the lease liabilities plus any initial direct costs and costs of restoration and other obligations to be performed under lease agreements, in addition to any prepaid lease payments made at or before the lease commencement date. After initial recognition, right-of-use assets are depreciated using the straight-line method over the useful lives of the underlying assets if the ownership of the underlying assets transfer to the Group by the end of the lease term, or if the prospect of exercising the purchase option is reflected to the acquisition cost of the right-of-use assets. Otherwise, right-of-use assets are depreciated using the straight-line method over the shorter of the lease term or the useful lives of the assets. Lease payments are allocated between the finance costs and the repayments of lease liabilities using the effective interest method with finance costs being recognized in the consolidated statement of profit or loss.

However, for short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized as expenses either on a straight-line method over the lease term or another systematic basis, instead of recognizing right-of-use assets and lease liabilities.

Where the Group is the lessee, key judgments include assessing whether arrangements contain a lease and determining the lease term. To assess whether a contract is or contains a lease requires judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has a right to direct the use of the asset. To determine the lease term, judgment is required as extension and termination options have to be assessed along with all facts and circumstances that may create an economic incentive to exercise an extension option, or not to exercise a termination option. Estimates include calculating the discount rate which is based on the incremental borrowing rate.

[2] Lessor

Leases are classified as either operating leases or finance leases. The underlying assets are classified as finance leases if almost all the risks and economic value associated with the ownership are transferred, and operating leases if they are not transferred. Whether the lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

When the Group is an intermediate lessor, the Group classifies subleases with reference to the right-of-use assets arising from the head lease.

(7) Impairment of non-financial assets

The Group assesses non-financial assets, excluding inventories, retirement benefit assets and deferred tax assets, for any indication of impairment.

If any indication of impairment exists, or when annual impairment testing for assets is required, the Group determines the recoverable amount of each asset. Goodwill and intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or if any indication of impairment exists.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is based on cash flows forecast discounted to their present value using pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

Only if the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the reduced amount is recognized in profit or loss.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An impairment loss recognized for a cash-generating unit is first allocated to reduce the carrying amount of goodwill allocated to the unit, and then the carrying amount of other assets in the unit is reduced proportionally.

Impairment losses of goodwill are not reversed.

For assets other than goodwill, impairment losses recognized in prior fiscal years are assessed at each fiscal year-end date for any indications of reversal of such impairment losses. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed up to an amount not exceeding the carrying amount calculated by deducting any necessary depreciation and amortization from the carrying amount that would have been determined without recognizing any impairment loss.

Goodwill on acquisition of equity-accounted investee that forms part of the carrying amount of the investment is not separated from the other parts. The entire carrying amount of the investment is tested for impairment as a single asset.

(8) Employee benefits

1) Short-term employee benefits

The Group recognizes the undiscounted amount as an expense, and the unpaid amount as a liability when the related service is provided.

The estimated bonuses to be paid under the plans are recognized as liabilities, if the Group has a present legal or constructive obligation to make payments as a result of past labor rendered by employees, and the obligations can be reliably estimated.

2) Long-term employee benefits

(i) Post-employment benefits

Some of the Group's consolidated subsidiaries adopt a lump-sum retirement benefit plan and defined benefit corporate pension plan as defined benefit plans, as well as a defined contribution pension plan as a defined contribution plan.

(a) Defined benefit plans

The Group determines the present value of defined benefit obligation and related retirement benefit expenses for individual plans using the projected unit credit method. Regarding the discount rate, it is determined based on the market yield on high quality corporate bonds at the end of fiscal year date that are consistent with the discount period, which is set for the projected period until the expected date of benefit payment in each fiscal year.

Net defined benefit liability or asset is determined as the present value of defined benefit obligation less the fair value of plan assets.

Remeasurements of net defined benefit liability or asset are recognized in other comprehensive income in the period they are incurred, and not subsequently transferred to profit or loss. Past service cost is recognized in profit or loss in the period in which it is incurred.

(b) Defined contribution plan

The Group recognizes costs for defined contribution post-employment benefits as expenses in the fiscal year in which employees render service.

(c) Multi-employer plan

Certain subsidiaries participate in a pension plan funded by multiple employers, which is classified as a defined benefit plan. If sufficient information to account for defined benefits under these plans is not available, they are accounted for in the same ways as the defined contribution plans.

(ii) Other long-term employee benefits

The Group determines net obligation in respect of long-term benefits by discounting the amount of future benefits that employees have earned in return for their service in the current and prior periods to the present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(9) Share-based remuneration

The Group adopts an equity-settled share option plan as an incentive plan for officers and employees. Share options are estimated at fair value at the grant date, and recognized as expenses over the vesting period, with a corresponding increase in capital surplus, taking into account the estimated number of options to be vested. The fair value of share options granted is measured using the Black-Scholes model, etc., taking into account the terms and conditions of the options. In addition, if subsequent information indicates that the number of share options expected to be vested differs from previous estimates, the estimates of vesting are revised as necessary.

(10) Provisions

The Group recognizes provisions when it has a legal or constructive obligation as a result of past events, it is probable that outflows of economic resources will be required to settle the obligation, and reliable estimates can be made of the amount of the obligation. When the effect of the time value of money is material, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the liability.

Unwinding of the discount reflecting the passage of time is recognized as a finance cost.

(11) Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on the five-step approach outlined below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Details of accounting policies are described in the notes on revenue recognition.

(12) Foreign currency translation

[1] Transactions denominated in foreign currencies

The Group translates transactions denominated in foreign currencies into the functional currency at the exchange rates at the transaction dates or rates that approximate such rates.

Foreign currency monetary items at the fiscal year-end are retranslated into the functional currency at the exchange rates at the fiscal year-end, while those measured at fair value are retranslated into the functional currency at the exchange rates at the measurement date of such fair value.

Exchange differences arising from such translation and settlement are basically recognized in profit or loss.

[2] Financial statements of foreign operations

The Group translates assets and liabilities of foreign operations (including goodwill and fair value adjustments arising from the acquisition of foreign operations) into Japanese yen at the exchange rates at the fiscal year-end; translates their revenues and expenses into Japanese yen at the exchange rates at the transaction dates or at rates that approximate such rates.

Exchange differences arising from translating financial statements of foreign operations are recognized in other comprehensive income, and their cumulative amount is recorded in “Other components of equity” in the consolidated statement of financial position.

If a foreign operation is disposed of, the cumulative translation differences of the operation are recognized in profit or loss for the fiscal year in which the disposal occurs.

(13) Other

The Company and some domestic subsidiaries are applying the Japanese group relief.

５．Accounting estimates

In preparing the Consolidated Financial Statements, the Group makes judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. The effects of the review of accounting estimates are recognized in the accounting period in which the review was conducted and future accounting periods.

The assumptions the Group makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows.:

(1) Impairment losses on non-financial assets（Goodwill　199,707 million yen, Intangible assets　91,123 million yen, Property, plant and equipment　47,593 million yen）

The Group estimates the recoverable amount of non-financial assets when there is indication that the assets may be impaired. In addition, regarding goodwill acquired in business combinations, the Group tests for impairment once a year, regardless of whether there is indication of impairment, and measures the recoverable amount of the cash-generating unit or group of cash-generating units that the goodwill is allocated to. When future cash flows are used to determine these recoverable amounts, the cash flow forecasts are based on Mid -Term Management Plan for each business prepared by management and the growth rates after the period of the Mid -Term Management Plan. The discount rate is determined by reflecting current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

These assessments are determined based on management’s best estimates and judgements, but may be affected by changes in uncertain future economic conditions. This may have a material adjustment to the Consolidated Financial Statements for the next fiscal year.

(2) Estimates of expected refunds for revenue recognition (refund liabilities　11,794 million yen)

Among the consideration received from customers, the Group recognizes the amount expected to be refunded to customers through rebate payments, returned goods, etc. as refund liabilities. In addition, the Group treats the amount after deducting the refund liabilities from the consideration promised with the customer in the contract as the transaction price, and recognizes the transaction price as revenue when the related performance obligations are satisfied. Revenue is recognized only to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur when the uncertainty regarding the estimate of the refund liabilities are subsequently resolved. However, the occurrence of unforeseen events or changes in circumstances could have an impact, and if the amount actually paid differs from the estimate of the refund liabilities, it will have a material adjustment to the amount recognized in the Consolidated Financial Statements for the next fiscal year.

(3)Measurement of inventories (inventories　51,732 million yen)

The Group makes assumptions about the costs and sales costs required to complete the calculation of net realizable value for inventories. These assumptions are determined by management's best estimates and judgments, but may be affected by uncertain future fluctuations in economic conditions and may need to be reviewed. It may have a material adjustment to the Consolidated Financial Statements for the next fiscal year.

(4)Measurement of provisions (provisions 7,896 million yen)

The Group records various provisions such as restructuring provision and product warranty provision. These provisions are based on the best estimate of the expenditures required to settle the debt, taking into account the risks and uncertainties associated with the debt on the closing date.

The amount of expenditure required to settle debt is calculated by comprehensively considering possible future results, but it may be affected by the occurrence of unforeseen events or changes in circumstances, and it is the actual amount. If the payment amount is different from the estimate, it may have a material adjustment to the amount recognized in the Consolidated Financial Statements for the next fiscal year.

(5)Measurement of employee benefits (liabilities related to retirement benefits 7,875 million yen)

The Group has various retirement benefit plans, including defined benefit plans. The present value of defined benefit system obligations and related service costs related to each of these systems are calculated based on actuarial assumptions such as discount rate and mortality rate. Mathematical assumptions are determined by management's best estimates and judgments but may be affected by the consequences of uncertain future fluctuations in economic conditions and may need to be reviewed. It can have a material adjustment to the Consolidated Financial Statements for the next fiscal year.

(6)Recoverability of deferred tax assets (deferred tax assets 4,425 million yen)

The Group recognizes deferred tax assets to the extent that taxable income is likely to be available in the future for deductible temporary differences.

When recognizing deferred tax assets, the amount of taxable income is calculated by reasonably estimating the timing and amount of taxable income that can be earned in the future based on the business plan in determining the possibility of taxable income. The timing and amount of taxable income may be affected by uncertain future fluctuations in economic conditions, and if the actual timing and amount of taxable income differ from the estimate, there may be a material adjustment to the amount recognized by the Group in the Consolidated Financial Statements for the next fiscal year.

Notes on the Consolidated Statement of Financial Position

1. Loss allowance for doubtful accounts directly deducted from assets

Operating receivables and Other financial assets (current) 2,135 million yen

Other financial assets (non-current) 5 million yen

2. Accumulated depreciation and accumulated impairment loss of property, plant and equipment 82,560 million yen

Notes on the Consolidated Statement of Profit or Loss

1. Impairment loss of goodwill

In the Anatomical Pathology business of the Diagnostics & Life Sciences segment, an impairment loss of 8,717 million yen was recognized as “other expense” because the recoverable amount of the cash-generating unit became less than the carrying amount. This is due to a reduction of the present value of future cash flows owing to an increase in the interest rate (risk-free rate) used when calculating the weighted average cost of capital.

Notes on the Consolidated Statement of Changes in Equity

1. Types and total number of issued shares at the end of the current consolidated fiscal year

Common stock 125,522,074 shares

2. Types and total number of treasury shares as of the end of the current consolidated fiscal year

Common stock 211,941 shares

3. Matters concerning dividends

(1) Dividend payment amount

Type of stock	Total cash dividends (Million yen)	Funding for dividends	Dividend amount per share (yen)	Record date	Effective date
Common stock	4,709	Retained earnings	38	March 31, 2022	June 30, 2022
Common stock	4,491	Retained earnings	36	September 30, 2022	December 5, 2022

(2) Among dividends with a record date that falls under the consolidated fiscal year, for those with an effective date in the following consolidated fiscal year.

At the 10th General Meeting of Shareholders, which is set to be held on June 23, 2023, matters related to dividends will be put forth for discussion as follows.

Type of stock	Total cash dividends (Million yen)	Funding for dividends	Dividend amount per share (yen)	Record date	Effective date
Common stock	4,511	Retained earnings	36	March 31, 2023	June 26, 2023

４. Type and number of shares subject to stock acquisition rights (excluding those for which the first day of the exercise period has not yet arrived) at the end of the consolidated fiscal year under review;

Common stock 2,793,187 shares

Notes on financial instruments

１. Matters regarding the status of financial instruments

(1) Capital management

The Group’s basic policy for capital management is to maximize its corporate value while achieving sustainable growth by making its businesses more competitive. To this end, the funds for investments in businesses and for other purposes are raised by borrowings and other means by considering a range of factors. The Group maintains an appropriate capital structure by securing sufficient shareholders’ equity proportionate to risk, striving to enhance and use it effectively, and considering the balance between financial soundness and the cost of capital.

(2) Financial risk management

The Group is affected by the business environment and the financial market environment. Financial instruments held or assumed during the course of business activities are exposed to inherent risks. Such risks include 1) credit risk, 2) liquidity risk and 3) market risk. The Group implements the crisis management that can help minimize the impact on the Group’s financial position and operating results by establishing management systems within the Group and using financial instruments.

２. Matters regarding fair value, etc. of financial instruments

(1) Financial assets and financial liabilities not measured at fair value

The Group holds financial instruments consisting of cash and cash equivalents, trade receivables, other financial assets, trade and other payables, borrowings and other financial liabilities. Their carrying amounts are equal to or approximate their fair values. Therefore, we omit disclosure of fair values.

(2) Financial assets and financial liabilities measured at fair value

The table below analyzes financial instruments recorded at fair value by valuation method:

Each level in the table is defined as follows:

Level 1: Market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than market prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (as data derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

3 . Matters concerning the breakdown of the market value of financial instruments for each appropriate category

Current consolidated fiscal year (March 31, 2023)

(Unit: million yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Loans	—	6,451	726	7,177
Derivatives	—	205	—	205
Other	—	—	265	265
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income				
Stocks	1,360	352	1,946	3,658
Warrants	—	1,452	—	1,452
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	108	—	108
Contingent consideration	—	—	43	43

The Group determined at the end of each fiscal year date whether there are financial instruments for which a significant transfer was made between levels. In this consolidated fiscal year, transfers from Level 3 to Level 1 are being made due to the listing of held stocks. Please refer to "The reconciliation table for balances at the start and end of the fiscal year for the fair value measurement of financial instruments, allocated to Level 3 of the fair value hierarchy".

The Group is applying widely accepted evaluation models in the financial industry, such as the binomial model, to loans (with stock conversion rights) and warrants. The basic data on share prices and interest rates used in the evaluation model are not highly subjective given the data can easily be observed in the market.

The reconciliation table for balances at the start and end of the fiscal year for the fair value measurement of financial instruments, allocated to Level 3 of the fair value hierarchy, is as follows.

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Financial assets measured at fair value through profit or loss	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss
Beginning balance	661	1,676	341
Purchase	294	453	85
Gain and loss			
Profit or loss (Note)	35	–	10
Comprehensive income	–	790	–
Sales/settlement	–	–	(394)
Transfer to Level 1	–	(607)	–
Others	–	(365)	–
Ending balance	992	1,946	43

(Note) It relates to financial assets measured at fair value through profit and loss and is included in "financial income" or "financial costs" in the consolidated statements of profit or loss.

To measure the fair value of unlisted stocks, the Group uses discounted cash flows or market comparison technique. When applying the market comparison technique, the Group consistently uses multiples derived from listed companies comparable to the investee. The Group uses discounted cash flows to measure the fair value of contingent considerations. Changes in the fair value of contingent consideration are recognized in profit or loss.

Notes on revenue recognition

(1) Disaggregation of revenue

Revenue disaggregation by reportable segments and major regions is as follows.

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Diabetes Management	Healthcare Solutions	Diagnostic & Life Sciences	Other	Total
By region					
Japan	8,136	127,126	15,254	270	150,787
Europe	59,802	3,519	27,517	－	90,840
North America	25,047	257	49,536	－	74,841
Other	18,839	2,646	16,466	2,012	39,966
Total	111,826	133,550	108,774	2,283	356,434

Note: the amount of revenue recognized from other sources is not significant.

(2) Contract balances

The Group's contract balance consists of contract liabilities and the balance was 4,671 million yen at the beginning of the fiscal year and 5,173 million yen at the fiscal year end. In addition, liabilities that arise from contracts with customers are included in trade liabilities.

Among revenues recognized in this consolidated fiscal year, the amounts included in the balances of contract liabilities at the beginning of the fiscal year was 3,102 million yen.

In this consolidated fiscal year, there was no revenue recognized related to performance obligations satisfied in previous years, owing primarily to fluctuations in transaction prices.

(3) Performance obligations

1) Point in time when a performance obligation is satisfied

Unless otherwise specified in the contract, in principle, control is transferred to the customer at the time of customer acceptance and performance obligations are satisfied. Therefore, revenue is recognized at the time of customer acceptance. In cases where a contract provides for the timing of transfer of risk, a performance obligation is satisfied at the time of transfer of risk specified in contract, such as at the time of delivery of goods.

2) Terms of payment of consideration

The Group generally receives a payment within three months after satisfying its performance obligation.

3) Goods and services transferred to customers

Goods and services transferred by the Group to customers include blood glucose monitoring systems, medical receipt computers, ultra-low freezers, devices for anatomical pathology and services of clinical test. The Group has not entered into any transaction as a significant agent.

4) Obligations for returns, refunds and other obligations

The Group sells products with a right of return or similar right in certain regions. If products are returned, the Group has an obligation to refund the price of the products.

5) Types of product warranties and relevant obligations

The Group does not sell products with a product warranty or similar right that should be treated as performance obligations.

In addition, in part of the product sales contract, we have product warranty obligations to repair or replace free of charge for failures due to product defects that occur after delivery. The warranty obligations are recognized as provisions for product warranties as they provide customers with a guarantee that the products will function as intended in accordance with the specifications stipulated in the contract.

(4) Determination of transaction price

As the consideration promised in a contract includes variable amounts, in determining the transaction price, the Group estimates the amount of the consideration at which they are entitled in exchange for transferring the promised goods or services to the customers.

When rebates are applied to sales in certain regions, the Group determines the transaction price by deducting the estimated amount of the rebate from the consideration promised with customers in the contract. In addition, the Group determines the expected refund amount that is considered to be possible for returned goods, and determines the transaction price by deducting the estimated amount. These variable considerations are included in the transaction price only to the extent that it is highly probable that there will not be a significant reversal in the cumulative amount of revenue recognized when the uncertainty regarding the variable consideration is subsequently resolved.

Among the consideration received from customers, the Group recognizes the amount expected to be refunded to customers through payment of rebates, returned goods, etc. as refund liabilities. In addition, when the related performance obligations are satisfied, we recognize the transaction price after deducting the refund liability from the consideration promised with the customer in the contract as revenue.

The Group does not sell products or provide services that include significant financial elements in the amount of consideration.

(5)Transaction price allocated to remaining performance obligations at the fiscal year-end

The transaction price allocated to remaining performance obligations and the expected timing of revenue recognition are as described below.

Current consolidated fiscal year (March 31,2023)

(Unit: million yen)

	Amounts
Within one year	2,060
Over one year	2,016
Total	4,077

In addition, as the Group applies the practical expedient, performance obligations included in contracts with an initial expected contract period of one year or less are omitted.

(6) Assets recognized from the costs to obtain or fulfill a contract with a customer

There was no asset recognized from contract costs as of March 31, 2023.

Notes on information per share

1. Equity attributable to owners of the parent per share 1,101.33 yen
2. Basic loss per share (25.84 yen)
3. Diluted loss per share (25.84 yen)

Notes on significant subsequent events

Not applicable

Statement of changes in Net Assets

(From 1 April 2022 to 31 March 2023)

(Million Yen)

	Shareholders' equity								
			Capital surplus			Retained earnings			
	Share capital	Deposit for subscriptions to shares	Legal capital surplus	Other capital surplus	Capital surplus	Retained earnings brought forward	Retained earnings	Treasury shares	Shareholders' equity
Balance as of April 1, 2022	47,065	31	17,107	20,142	37,250	7,498	7,498	△ 568	91,276
Changes in items during period									
Issuance of new shares (Exercise of Share acquisition rights)	620	△ 450	620	-	620	-	-	-	791
Issuance of new shares (Issue of new shares for Restricted Stock Unit compensation)	260	-	260	-	260	-	-	-	521
Payment of Deposit for subscriptions to shares	-	454	-	-	-	-	-	-	454
Dividends of surplus	-	-	-	-	-	△ 9,201	△ 9,201	-	△ 9,201
Net Profit	-	-	-	-	-	19,321	19,321	-	19,321
Changes in items during period other than shareholders' equity (net)	-	-	-	-	-	-	-	-	-
Total changes in items during period	881	4	881	-	881	10,120	10,120	-	11,888
Balance as of March 31 2023	47,946	35	17,989	20,142	38,132	17,618	17,618	△ 568	103,164

(Million Yen)

	Valuation and translation adjustments, etc.			Share acquisition rights	Total Net Assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments, etc.		
Balance as of April 1, 2022	8,848	△ 5,435	3,413	2,096	96,785
Changes in items during period					
Issuance of new shares (Exercise of Share acquisition rights)	-	-	-	-	791
Issuance of new shares (Issue of new shares for Restricted Stock Unit compensation)	-	-	-	-	521
Payment of Deposit for subscriptions to shares	-	-	-	-	454
Dividends of surplus	-	-	-	-	△ 9,201
Net Profit	-	-	-	-	19,321
Changes in items during period other than shareholders' equity (net)	△ 7,462	△ 3,929	△ 11,392	△ 587	△ 11,979
Total changes in items during period	△ 7,462	△ 3,929	△ 11,392	△ 587	△ 91
Balance as of March 31 2023	1,385	△ 9,364	△ 7,978	1,508	96,694

Notes to Non-Consolidated Financial Statements
From April 1, 2022
to March 31, 2023

I. Notes regarding significant accounting policies

1. Asset valuation standards and valuation method
   Securities
   Stocks of subsidiaries and affiliates
      Cost method based on the moving average method
   Other securities
      Assets with market value
         Market value method
         (Valuation differences are reported as a component of shareholders' equity, and costs of securities sold are determined by the moving average method.)
      Assets with no market value
         Cost method based on the moving average method

2. Depreciation method for non-current assets
   Property, plant and equipment Straight-line method
   Estimated useful lives are mainly as follows.

Buildings	5 to 10 years
Tools, furniture and fixtures	2 to 10 years

   Intangible assets Straight-line method
   Estimated useful lives are mainly as follows.

Trademark rights	10 years
Software	3 years

3. Method for posting provision for retirement benefits
   Provisions to retirement allowance is recorded to cover severance to be paid at the end of the fiscal year for corporate officers in accordance with internal regulations.

4. Method for posting provision for Officers' Retirement Benefit
   Provisions to retirement allowance is recorded to cover severance to be paid at the end of the fiscal year for directors and corporate auditors in accordance with internal regulations.

5. Method for posting provision for bonuses
   An estimated amount of bonuses required to be paid to eligible employees are recorded to cover the payment of bonuses to employees.

6. Method for posting provision for loss on contract
   An estimated amount to prepare for possible losses on contract is recorded.

7. Method for posting provision for share-based remuneration
   An estimated amount to prepare for the benefits of the Company's shares to directors and employees are recorded based on estimated amounts of share benefit obligations at the end of the current fiscal year.

8. Posting standards for revenue and expense
   The company's profits are management advisory fees and dividends received from subsidiaries. For the management advisory fees, the company has a performance obligation to carry out the promised services in accordance with the contractual coverage. The company satisfies a performance obligation by transferring a promised services to subsidiaries, and then, revenue and expense are recognized.

For dividends received from subsidiaries, the company recognize on the effective date of the dividends.

9. Accounting method for significant hedge transactions

(1) Accounting method for hedging transactions

Deferred hedge accounting is adopted.

(2) Hedging instruments and hedged items

Hedging instruments

Borrowings denominated in foreign currency

Hedged items

Equity in overseas subsidiaries

(3) Hedging policy

Hedges are carried out within the scope of actual demand to reduce foreign exchange rate fluctuation risk.

(4) Method to evaluate the effectiveness of hedging

Evaluation for the effectiveness of hedging is skipped since important terms and conditions for hedging instruments and items are same, and also, fluctuations in foreign exchange rate or cash flows could be offset after hedging.

10. Application of Japanese group tax relief system

The company applies Japanese group tax relief system from the current fiscal year.

From the beginning of the current fiscal year, the company applies "Accounting treatment and Disclosure under the Japanese Group Tax Relief System (PITF No. 42; August 12, 2021)" which defines the accounting treatment and disclosure for corporation tax, local corporation tax and tax effect accounting under the Japanese group tax relief system.

11. Other

Amounts are rounded down to the nearest million yen.

II. Notes regarding accounting estimates

Items reflected in financial statements for the current fiscal year according to accounting estimates, and which shall impact materially on the financial statements for the next fiscal year are as follows.

Deferred Tax Asset 2,255 Million Yen

Deferred tax assets are estimated based on the following fiscal years with taxable income based on the business plan. This estimate can potentially be impacted by changes in uncertain economic conditions in the future. If actual taxable income differs in terms of the timing and amounts from this estimate, it could potentially impact the amounts of deferred tax assets in the following fiscal year.

III. Notes regarding Balance Sheets

1. Accumulated depreciation for property, plant and equipment 81Million Yen

2. Receivables from and Payables to Subsidiaries and Affiliates

Short-term receivables	Operating accounts receivable	2,867Million Yen
	Accounts receivable - other	2,746Million Yen
	Short-term loans receivable	39,026Million Yen
Long-term receivables	Long-term loans receivable	95,323Million Yen
	Long-term accounts receivable - other	58Million Yen
Short-term payables	Short-term loans payable	61,494Million Yen
	Accounts payable-other	1,023Million Yen
	Deposits received	2,267Million Yen

3. Financial covenants

The following financial covenants are applied to our borrowings of 294,005 million yen.

(1) Consolidated capital as of each fiscal year-end shall not be less than the amounts stipulated in the contract

(2) The Company will not have negative consolidated operating profit for two consecutive fiscal years

(3) If a long-term debt rating has been acquired, the Company shall maintain the rating above a certain level stipulated in the contract

IV. Notes to Income Statements

Transactions with subsidiaries and affiliates

Operating revenue	32,683Million Yen
Other operating transactions	3,971Million Yen
Non-operating transactions	5,737Million Yen

V. Notes to Statement of Changes in Shareholders' Equity

Items related to the number of treasury shares at the end of the fiscal year

Common stock	211,941shares

VI. Notes regarding tax effect accounting

1．Main components for deferred tax assets and deferred tax liabilities

Deferred tax assets	
Tax loss carried forward	1,666Million Yen
Excess depreciation	26Million Yen
Provision for bonuses	71Million Yen
Deferred Assets Excess depreciation	122Million Yen
Share-based compensation expenses	107Million Yen
Deferred gains or losses on hedges	3,806Million Yen
Other	744Million Yen
Deferred tax assets-subtotal	6,546Million Yen
Valuation allowance for tax loss carried forward	△1,666Million Yen
Valuation allowance for deductible temporary differences, etc.	△1,210Million Yen
Valuation allowance-Subtotal	△2,877Million Yen
Deferred tax assets-Total	3,669Million Yen
Deferred tax liabilities	
Translation adjustment of borrowings denominated in foreign currency	614Million Yen
Valuation difference on available-for-sale securities	799Million Yen
Deferred tax liabilities-Total	1,413Million Yen
Deferred tax Assets	2,255Million Yen

VII. Notes on transactions with related parties

Subsidiaries and others

(Million yen)

Category	Name	Ownership of voting rights	Relationship with related parties		Transaction details	Transaction amount	Item	Balance as of March 31, 2023
			Concurrent post held by director	Business relationships				
Subsidiaries	PHC Corporation	Direct ownership of 100%	1 directors hold a concurrent post	Corporate management	Provision of management services (Note 1)	4,294	Operating accounts receivable	1,010
					Financing (Note 2)	8,483	Short-term loans receivable	8,405
					Interest income (Note 2)	57		
					Return of Funds (Note 3)	5,645	Long-term loans receivable	89,764
					Interest income (Note 3)	3,885		
	LSI Medience Corporation	Direct ownership of 100%	-	Corporate management	Financing (Note 2)	11,491	Short-term loans receivable	14,727
					Interest income (Note 2)	65		
					Interest income (Note 3)	48	Long-term loans receivable	4,833
	Ascensia Diabetes Care Holdings AG	Indirect ownership of 100%	-	Corporate management	Borrowings (Note 4)	12,059	Short-term loans payable	61,494
					Interest expenses (Note 4)	782		
	Epredia Holdings Ltd. 3 other subsidiaries	Direct ownership of 100%	-	Corporate management	Payment of personnel expenses, etc. (Note 5)	2,424	Accounts payable-other	556
					Financing (Note 3)	7,807	Short-term loans receivable	14,296
					Interest income (Note 3)	434		

Directors and individual major shareholders etc.

(Million yen)

Category	Name	Ownership of voting rights	Relationship with related parties	Transaction details	Transaction amount	Item	Balance as of March 31, 2023
Director	Shoji Miyazaki	Owned direct ownership of 0.1%	Corporate Executive officer(CEO)	Exercise of Stock Option (Note 6)	31	-	-
	Koichi Ikeuchi	Owned direct ownership of 0.0%	Corporate Auditor	Exercise of Stock Option (Note 6)	11	-	-
	Frederick Reidenbach	-	Managing Executive officer(CFO)	Issue of new shares based on Restricted Stock Unit Compensation (Note7)	117	-	-
	Kaiju Yamaguchi	Owned direct ownership of 0.0%	Managing Executive officer(CSO)	Exercise of Stock Option (Note 6)	63	-	-

Terms and conditions of transactions and policy on decisions

(Note 1) Management service fees charged to PHC Corporation are decided considering market price.

(Note 2) Regarding short-term loans receivable to PHC Corporation and LSI Medience Corporation, net increase or decrease are noted due to repetitive transactions conducted during a short term period. That said, for the interest receivable amounts, the interest rate is rationally decided considering market interest rates.

(Note 3) Regarding loans and interest income receivable to PHC Corporation and other subsidiaries, the interest rate is rationally decided considering market interest rates.

(Note 4) Regarding loans from Ascensia Diabetes Care Holdings AG and interest payments, the interest rate is rationally decided considering market interest rates.

(Note 5) The Company pays personnel expenses, etc. for executives in subsidiaries.

(Note 6) Exercise of share acquisition rights are noted based on an exercise of the stock option granted by the shareholders' meeting held on June 25, 2014.

Transaction amounts are calculated by multiplying the numbers of stocks due to an exercise of stock option with the sum of payment amounts and fair value amounts of share acquisition rights in the current fiscal year.

(Note 7) Issue of new shares for restricted stock unit compensation was decided by approval of the Board of Directors held on May 25, 2022.

Transaction amounts are calculated by multiplying the vested amounts of Ristricted stock unit compensation with the closing price of stock "1,543 yen" in Tokyo Stock Exchange prime market as of May 24, 2022, which was the day before of the decision of an issue of new shares in the Board of Directors.

Ristricted stock unit compensation was granted to eligible persons by decision of the Board of Directors held on April 28, 2021, and was resolved to abolish the performance conditions in the Board of Directors held on March 30, 2022.

(Note 8) Exercise of share acquisition rights are noted based on an exercise of the stock option granted by the shareholders' meeting held on June 30, 2021.

VIII. Notes regarding per-share information

Net assets per share	759.31 yen
Net profits per share	154.96 yen