



\* Notes

- (1) Changes in material subsidiaries during the first half of fiscal year ending March 2022: N.A.  
 (Changes in special subsidiaries accompanying with a change in the scope of consolidation)  
 Inclusion —(Company name: ) Exclusion —(Company name: )
- (2) Application of accounting process which is peculiar to the compilation of consolidated quarterly financial statements: N.A.
- (3) Changes in accounting policies and accounting estimates, and correction and restatement  
 (i) Changes in accounting policies accompanying with revisions in accounting standards, etc.: Applicable  
 (ii) Changes in accounting policies other than the above item (i): N.A.  
 (iii) Changes in the accounting estimates: N.A.  
 (iv) Correction and restatement: N.A.

(4) Number of shares outstanding (Common stock)

- (i) Number of shares outstanding at the end of fiscal year (Including common stock for treasury)
- (ii) Number of treasury stocks at the end of fiscal year
- (iii) The average number of shares during the first half

First Half of FY Ending March 2022	78,270,142	FY Ended March 2021	78,270,142
First Half of FY Ending March 2022	7,730,552	FY Ended March 2021	7,759,749
First Half of FY Ending March 2022	70,518,318	First Half of FY Ended March 2021	70,510,971

\*Summary of Consolidated Financial Results for the First Half of Fiscal Year Ending March 2022 is unaudited information.

\* Explanation of Appropriate Use of Performance Projections and Other Items Requiring Special Description

Any forward-looking statements contained in this report, including performance projections, are based on information currently available to the Company as well as certain assumptions that the Company determined to be rational at the time of the release of this report, and it is not intended that the Company undertake to achieve such results. Actual results may differ significantly from the projections above, due to a variety of factors. Please refer to Explanation of Projections of Consolidated Operating Results on page 4 of this report (the attached document) for the suppositions on which the performance projections are based and points that have to be borne in mind for the use of such projections.

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## 1. Qualitative Information on Financial Results for the First Half of Fiscal Year Ending March 2022

### (1) Explanation of Management Results

The prescription pharmaceuticals market during the second quarter of the fiscal year under review showed positive growth due to a recovery trend of limited clinic visits by patients thanks to the expansion of COVID-19 vaccines, although the market was affected by the NHI drug price revisions implemented for the first time in the interim period in April 2021. On the other hand, the situation of price negotiations with medical institutions remained harsh due to frequent collection of products and adjustments of shipment caused by quality-related issues and violations of GMP requirements by some generic drug makers, in addition to the impact of the continued spread of COVID-19 on medical institutions since last year.

The Group works on the following three priority measures: (1) development and proposal of customer support systems, including the Initial Examination Reservation Service and the centralized administration system for pharmacy operations “Mizar,” in order to solve the problems regarding patients, medical institutions and specialists who are engaged in home medical and nursing care, and increase convenience; (2) enhancement of logistics functions in order to fulfil the Group’s social mission of stably supplying pharmaceuticals and other medical products even in times of disaster; (3) stable supply of high-quality generic drugs ensured by our own verification system in the age of a generic drug share target of 80%.

The customer support systems significantly contribute to increasing the Group’s profits, with steady increases in monthly fees received from customers, which are the majority of the Group’s profits, in addition to fees at the initial system installation. Regarding the Initial Examination Reservation Service in particular, the number of monthly reservations exceeded 70,000 patients in September, which was a record high, and the number of users has been steadily increasing. We are actively striving to provide systems, including “Mizar,” the centralized administration system for pharmacy operations, and the appointment reservation system, which are demanded by the times, reducing contact opportunities during the COVID-19 pandemic. In addition, we are demonstrating experiments with medical institutions for the construction of new voice recognition systems. We also make company-wide efforts to promote online medical examination/dosing guidance system “KAITOS.” While online medical examinations are increasingly expected by and promoted for COVID-19 patients cared for at home, we are facing the issue that the use of online medical examinations is not making progress. The Group will contribute to the diffusion and promotion of online medical examinations by adding a new search page in web-portal site for finding hospitals and clinics “Byouin Navi” for online medical examinations for patients in order to identify potential needs of patients and create an environment where they can easily use online medical examinations.

In the logistics division, we are building TBC Hokuriku in Kanazawa, Ishikawa Prefecture, which is scheduled to start operating in 2022. At TBC DynaBASE that started operating in Heiwajima, Ota-ku, Tokyo, in September 2020, we are striving to establish a low-cost and efficient system by promoting no inspection at the time of delivery and strengthening direct delivery of merchandise to customers. We will also take on the challenge of new businesses such as clinical trial logistics by taking advantage of specific functions and favorable locations of TBC DynaBASE, KYOSOMIRAI PHARMA Shinagawa plant, which is the only manufacturing plant for injection drugs in Tokyo, and TBC WILL Shinagawa in Yashio, Shinagawa-ku, which specializes in reagents and medical equipment.

When it comes to the spread of COVID-19, we focused on the delivery of vaccines, needles, syringes and therapeutic drugs in response to the government’s request. Regarding workplace vaccinations that started on June 21, 7,400 employees and their family members were vaccinated twice by September 1.

Regarding the new segments of Tokyo Stock Exchange that are scheduled to be shifted into on April 4, 2022, we resolved to select the “Prime Market” and our application in accordance with prescribed procedures has been accepted.

The Company’s operating results for the consolidated first half of the fiscal year ending March 2022 recorded 620,845 million yen for net sales (an increase of 4.2% on a year-on-year basis), 1,863 million yen for operating income (an increase of 45.6% on a year-on-year basis), 4,802 million yen for ordinary income (an increase of 13.6% on a year-on-year basis), and 3,271 million yen for profit attributable to owners of parent (an increase of 79.7% on a year-on-year basis).

Kyushu Toho Co., Ltd., a consolidated subsidiary, received an onsite inspection by the Japan Fair Trade Commission for suspected violation of the Antimonopoly Act regarding its bidding by the Headquarters of the National Hospital Organization for ethical pharmaceuticals that are to be purchased by hospitals located in the Kyushu area that are operated by the National Hospital Organization or Japan Organization of Occupational Health and Safety on November 9, 2021. Together with Kyushu Toho Co., Ltd., we are taking this situation seriously and fully cooperating with the investigation by the Japan Fair Trade Commission.

The outline of business segment operating results are as follows. From the first quarter of the current consolidated fiscal year, the method of classifying business segments has been revised and three companies, Nextit Research Institute, Inc., eKenkoshop Corporation and K.K.eHealthcare, have been included in the scope of consolidation. In addition to the existing “SMO operations” and “information equipment sales operations,” the above three companies have been newly added to set up the “other peripheral businesses” with 4 reportable segments: “pharmaceutical wholesaling,” “dispensing pharmacy,” “pharmaceutical manufacturing and sales,” and “other peripheral businesses.”

In the pharmaceutical wholesaling business, the burden at the sales and delivery work sites increased due to frequent voluntary collection of medical products and delivery adjustments, in addition to the delivery of COVID-19-related products. However, strengthening of in-house system functions enabled reducing such burden at work sites and providing timely information to customers. In price negotiations, we strived to provide appropriate prices reflecting the value of drugs and logistics costs, and actively proposed customer support systems and services that contribute to reducing contact opportunities, such as a remote detailing service, online medical examination/dosing guidance system “KAITOS,” the Initial Examination Reservation Service, and appointment reservation systems. Furthermore, we made efforts to strengthen the business base by determining that TOHO PHARMACEUTICAL would take over sales operation of medical products managed by Kobe Medical Cooperative Association.

The pharmaceutical wholesaling business posted net sales of 596,983 million yen (an increase of 4.2% on a year-on-year basis) and segment income (operating income) of 1,130 million yen (a decrease of 38.7% on a year-on-year basis) for the second quarter of the fiscal year under review.

In the dispensing pharmacy business, we conducted store management reflecting the direction of dispensing fees, and promoted measures to increase profitability, including efficient and standardized operation with the use of customer support systems and reduction and review of costs. To fulfil functions as a family pharmacy or family pharmacist, we promoted strengthening of the online dosing guidance system and follow-up using SNS, as well as the expansion of product sales. We also started handling antigen test kits at the request of the government. As a result, the dispensing pharmacy business posted net sales of 45,450 million yen (an increase of 0.8% on a year-on-year basis) and segment income (operating income) of 1,317 million yen (an increase of 72.6% on a year-on-year basis).

In the pharmaceutical manufacturing and sales business, we strengthened product quality management such as through introduction of the most advanced quality analysis equipment. To expand the product line-up, we launched one ingredient and two products of generic drugs and obtained approval for the manufacture and marketing of one ingredient and one product in August this year. As of the end of September 2021, we dealt with 85 ingredients and 204 generic products. As a result, the pharmaceutical manufacturing and sales business posted net sales of 4,028 million yen (an increase of 1.5% on a year-on-year basis) and segment income (operating income) of 312 million yen (a decrease of 27.3% on a year-on-year basis).

In the other peripheral businesses, net sales amounted to 2,672 million yen and segment income was 100 million yen.

(Note) Segment sales include inter-segment transactions.

## (2) Explanation of Financial Position

### (Assets)

Current assets increased 3.0% from the end of the previous consolidated fiscal year to 501,589 million yen, due to an increase in cash and deposits of 8,286 million yen, an increase in notes and accounts receivable-trade of 3,372 million yen, and new component of return assets of 5,129 million yen in other.

Noncurrent assets decreased 1.0% from the end of the previous consolidated fiscal year to 194,341 million yen, with a decrease in property, plant and equipment of 1,790 million yen.

As a result, consolidated net assets increased 1.9% from the end of the previous consolidated fiscal year to 695,931 million yen.

### (Liabilities)

Current liabilities increased 2.9% from the end of the previous consolidated fiscal year to 387,682 million yen with an increase in notes and accounts payable-trade of 4,891 million yen, and new component of refund liability of 5,328 million yen in other.

Noncurrent liabilities decreased 2.3% from the end of the previous consolidated fiscal year to 67,498 million yen with a decrease in long-term borrowings of 1,333 million yen.

As a result, total liabilities increased 2.1% from the end of the previous consolidated fiscal year, to 455,181 million yen.

### (Net assets)

Total net assets increased 1.4% from the end of the previous consolidated fiscal year to 240,749 million yen, with an increase in retained earnings of 2,430 million yen, and in valuation difference on available-for-sale securities of 830 million yen.

### (Analysis of the Cash Flow Position)

Cash and cash equivalents (hereinafter referred to as “cash”) during this consolidated first half increased 8,241 million yen from the end of the previous consolidated fiscal year. As a result, the balance at the end of this first half was 97,124 million yen (an increase of 10,834 million yen on a year-on-year basis). The following describes the three categories of consolidated cash positions during this consolidated first half, as well as the factors responsible.

#### (Cash Flows from Operating Activities)

Cash flow from operating activities was an inflow of 11,593 million yen (an increase of 3,519 million yen on a year-on-year basis). Although inflow was secured by some positive factors such as income before income taxes of 5,071 million yen, depreciation of 3,262 million yen, an increase in notes and accounts payable-trade of 4,890 million yen, and an increase in accrued consumption taxes of 1,062 million yen, these were somewhat offset by negative factors including an increase in notes and accounts receivable-trade of 3,456 million yen, and income taxes paid of 1,441 million yen.

#### (Cash Flows from Investing Activities)

Cash flow from investing activities was an outflow of 1,445 million yen (an increase of 1,423 million yen from the previous fiscal year). Although inflow was secured by some positive factors such as proceeds from sales and redemption of investment securities of 857 million yen, these were somewhat offset by negative factors including in purchase of property, plant and equipment of 1,304 million yen, purchase of intangible assets of 545 million yen and purchase of investment securities of 701 million yen.

#### (Cash Flows from Financing Activities)

Cash flow from financing activities was an outflow of 2,202 million yen (a decrease of 3,173 million yen on a year-on-year basis). Although inflow was secured by some positive factors such as repayment of long-term loans payable of 1,333 million yen, and cash dividends paid of 1,057 million yen.

## (3) Explanation of Projections of Consolidated Operating Results

There are no changes in the projected consolidated results of the full-term of the fiscal year ending March 2022 published on August 6, 2021.

2. Quarterly Consolidated Financial Statements and Main Notes  
(1) Quarterly Consolidated Balance Sheets

(Unit: million yen)

	Previous consolidated fiscal year (As of March 31, 2021)	End of this consolidated first half (As of September 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	93,086	101,373
Notes and accounts receivable-trade	285,579	288,952
Merchandise and finished goods	76,208	75,419
Raw materials and supplies	180	177
Other	32,321	36,377
Allowance for doubtful accounts	-464	-709
Total current assets	486,911	501,589
Non-current assets		
Property, plant and equipment	97,837	96,047
Intangible assets		
Goodwill	388	834
Other	4,722	4,752
Total intangible assets	5,110	5,586
Investments and other assets		
Investment securities	82,550	82,146
Other	12,671	12,516
Allowance for doubtful accounts	-1,899	-1,954
Total investments and other assets	93,321	92,708
Total noncurrent assets	196,269	194,341
Total assets	683,181	695,931

(Unit: million yen)

	Previous consolidated fiscal year (As of March 31, 2021)	End of this consolidated first half (As of September 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	356,968	361,860
Short-term loans payable	2,876	2,924
Income taxes payable	2,035	2,572
Provision for bonuses	3,136	3,411
Provision for directors' bonuses	82	26
Provision for sales returns	227	-
Asset retirement obligations	51	-
Other	11,339	16,886
<b>Total current liabilities</b>	<b>376,717</b>	<b>387,682</b>
Non-current liabilities		
Bonds payable	20,043	20,033
Long-term borrowings	19,007	17,674
Retirement benefit liability	2,294	2,383
Asset retirement obligations	2,711	2,734
Provision for loss on Antimonopoly Act	4,213	3,963
Other	20,788	20,709
<b>Total noncurrent liabilities</b>	<b>69,058</b>	<b>67,498</b>
<b>Total liabilities</b>	<b>445,775</b>	<b>455,181</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus	49,378	49,229
Retained earnings	168,872	171,303
Treasury stock	-15,784	-15,721
<b>Total shareholders' equity</b>	<b>213,117</b>	<b>215,460</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,506	29,337
Revaluation reserve for land	-4,380	-4,380
<b>Total accumulated other comprehensive income</b>	<b>24,125</b>	<b>24,956</b>
Subscription rights to shares	162	152
Non-controlling interests	-	180
<b>Total net assets</b>	<b>237,405</b>	<b>240,749</b>
<b>Total liabilities and net assets</b>	<b>683,181</b>	<b>695,931</b>

(2) Quarterly Consolidated Profit and Loss Statement and Quarterly Consolidated Statements of Comprehensive Income  
 Quarterly Consolidated Profit and Loss Statement  
 [Period for the consolidated first half]

(Unit: million yen)

	Period for previous consolidated first half (from April 1, 2020 to September 30, 2020)	Period for this consolidated first half (from April 1, 2021 to September 30, 2021)
Net sales	595,997	620,845
Cost of sales	546,925	570,278
Gross profit	49,071	50,566
Selling, general and administrative expenses		
Directors' compensations, salaries and allowances	20,265	20,208
Provision for bonuses	2,896	3,340
Provision for directors' bonuses	41	26
Retirement benefit expenses	122	132
Welfare expenses	3,887	3,882
Vehicle expenses	458	523
Provision of allowance for doubtful accounts	201	303
Depreciation	2,569	3,028
Amortization of goodwill	209	173
Rent expenses	4,145	4,013
Taxes and dues	950	1,044
Expense before deduction of temporary consumption tax payment	3,101	3,134
Other	8,940	8,890
Total selling, general and administrative expenses	47,791	48,703
Operating income	1,279	1,863
Non-operating income		
Interest income	38	32
Dividend income	796	822
Commission fee	1,541	1,566
Other	913	774
Total non-operating income	3,289	3,195
Non-operating expenses		
Interest expenses	40	38
Share of loss of entities accounted for using equity method	4	6
Expenses of real estate rent	126	99
Loss on investments in investment partnerships	-	62
Other	172	50
Total non-operating expenses	343	257
Ordinary income	4,225	4,802

(Unit: million yen)

	Period for previous consolidated first half (from April 1, 2020 to September 30, 2020)	Period for this consolidated first half (from April 1, 2021 to September 30, 2021)
Extraordinary income		
Gain on sales of noncurrent assets	2	64
Gain on sales of investment securities	0	510
Gain on sales of businesses	3	-
Other	-	0
Total extraordinary income	5	575
Extraordinary loss		
Loss on disposal of noncurrent assets	10	59
Impairment loss	38	12
Loss on valuation of investment securities	72	228
Loss on valuation of stocks of subsidiaries and affiliates	35	-
Other	9	7
Total extraordinary loss	166	306
Income before income taxes	4,064	5,071
Income taxes-current	1,712	2,383
Income taxes-deferred	531	-599
Total income taxes	2,244	1,783
Current net income	1,820	3,288
Profit attributable to non-controlling interests	-	16
Profit attributable to owners of parent	1,820	3,271

Quarterly Consolidated Statements of Comprehensive Income  
 [Period for the consolidated first half]

(Unit: million yen)

	Period for previous consolidated first half (from April 1, 2020 to September 30, 2020)	Period for this consolidated first half (from April 1, 2021 to September 31, 2021)
Current net income	1,820	3,288
Other comprehensive income		
Valuation difference on available-for-sale securities	6,849	809
Share of other comprehensive income of associates accounted for using equity method	29	21
Total other comprehensive income	6,879	830
Comprehensive income	8,699	4,119
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	8,699	4,102
Comprehensive income attributable to non-controlling interests	—	16

## (3) Quarterly Consolidated Statements of Cash Flows

(Unit: million yen)

	Period for previous consolidated first half (from April 1, 2020 to September 30, 2020)	Period for this consolidated first half (from April 1, 2021 to September 30, 2021)
Net cash provided by (used in) operating activities		
Income before income taxes	4,064	5,071
Depreciation	2,799	3,262
Impairment loss	38	12
Amortization of goodwill	209	173
Increase (decrease) in retirement benefit liability	22	39
Increase (decrease) in provision for sales returns	-52	-227
Increase (decrease) in provision for bonuses	-233	223
Increase (decrease) in provision for directors' bonuses	-40	-55
Increase (decrease) in allowance for doubtful accounts	197	299
Interest and dividend income	-834	-854
Interest expense	40	38
Loss (gain) on sales and retirement of noncurrent assets	8	-5
Loss (gain) on sales and valuation of investment securities	80	-281
Decrease (increase) in notes and accounts receivable-trade	11,459	-3,456
Decrease (increase) in inventories	-1,946	796
Decrease (increase) in other assets	-2,040	-4,294
Increase(decrease) in notes and accounts payable-trade	725	4,890
Increase (decrease) in other liabilities	-259	5,482
Increase (decrease) in accrued consumption taxes	-2,523	1,062
Other loss (gain)	-2,276	-2,184
Subtotal	9,439	9,991
Interest and dividends income received	826	848
Interest expenses paid	-42	-38
Income taxes paid	-4,299	-1,441
Other	2,149	2,232
Net cash provided by (used in) operating activities	8,073	11,593

(Unit: million yen)

	Period for previous consolidated first half (from April 1, 2020 to September 30, 2020)	Period for this consolidated first half (from April 1, 2021 to September 30, 2021)
Net cash provided by (used in) investment activities		
Payments into time deposits	-692	- 673
Proceeds from withdrawal of time deposits	684	688
Purchase of property, plant and equipment	-1,055	-1,304
Proceeds from sales of property, plant and equipment	31	234
Purchase of intangible assets	-1,223	- 545
Proceeds from sales of intangible assets	0	-
Purchase of investment securities	-292	- 701
Proceeds from sales and redemption of investment securities	50	857
Purchase of stocks of subsidiaries and affiliates	-410	-
Payments for asset retirement obligations	-2	- 56
Payments of loans receivable	-230	- 161
Proceeds from collection of loans receivable	220	160
Other	52	55
Net cash provided by (used in) investment activities	-2,869	- 1,445
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,245	509
Repayment of long-term loans payable	-115	- 1,333
Purchase of treasury stock	-1	-0
Repayments of finance lease obligations	-746	- 320
Cash dividends paid	-1,410	-1,057
Net cash provided by (used in) financing activities	970	-2,202
Net increase (decrease) in cash and cash equivalents	6,175	7,945
Cash and cash equivalents at beginning of year	80,013	88,882
Increase in cash and cash equivalents resulting from merger	101	296
Cash and cash equivalents at the end of first half	86,289	97,124

#### (4) Notes Concerning Quarterly Consolidated Financial Statements

(Notes Concerning Premise of a Going Business)

Not applicable.

(Changes in Scope of Consolidation or Application of Equity Method)

Three companies, Nextit Research Institute, Inc., eKenkoshop Corporation and K.K.eHealthcare, have been included in the scope of consolidation from the first quarter of the fiscal year under review as their importance increased.

(Notes Concerning Material Changes in Shareholders' Equity)

This consolidated second quarter (from April 1, 2021 to September 30, 2021)

Not applicable.

(Changes in the Accounting Policies)

Applying the Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as "Revenue Recognition Accounting Standards") from the beginning of the first quarter of the consolidated fiscal year under review, when the control of the promised goods or services is transferred to the customer, revenue is recognized at the amount expected to be received in exchange for the goods or services. Previously, the Company had recorded provision for sales returns based on the amount equivalent to gross profit regarding sales with a right of return. The Company has since changed the recognition method for goods or services that are expected to be returned in accordance with the rule regarding variable consideration, so as not to recognize revenue at the time of sales but recognize refund liabilities at the amount it received or is expected to receive for the said goods or services. Regarding a part of transactions related to pharmaceutical wholesaling business, the Company previously had recognized the gross amount as revenue. However, the Company has shifted to the method by which it recognizes revenue at the net amount by determining a role in which the Company acts as a principal or an agent in providing goods or services to a customer.

As the Revenue Recognition Accounting Standards are applied in accordance with the transitional treatment provided by the provisory clause of Article 84 of the Accounting standards, in the case of retroactive application of the new accounting policy prior to the beginning of the first quarter under review, the cumulative effect is added to or deducted from retained earnings at the beginning of the first quarter under review, and the new accounting policy is applied from the adjusted balance at the beginning of the first quarter under review. However, the Company does not retroactively apply the new accounting policy to contracts for which the method prescribed in Article 86 of the Revenue Recognition Accounting Standards was applied and for which almost the entire revenue amount was recognized in accordance with prior treatment before the beginning of the first quarter under review. In addition, applying the method prescribed in additional words (1) of Article 86 of the Revenue Recognition Accounting Standards above, regarding contract changes made prior to the beginning of the first quarter under review, the Group performed accounting processing under contract terms that reflect all such contract changes, and adjusted retained earnings reflecting the cumulative effect of the reviewed processing at the beginning of the first quarter under review.

As a result, net sales for the second quarter under review decreased by 980 million yen, cost of sales decreased by 971 million yen, and gross profit, operating income, ordinary income and profit before income taxes decreased by 8 million yen, respectively. The balance of retained earnings at the beginning of the fiscal year decreased by 28 million yen.

In accordance with the transitional treatment provided for in Article 89-2 of the Revenue Recognition Accounting Standards, the Company has not reclassified financial statements for the previous fiscal year by using the new presentation method.

The Group decided that, applying the "Accounting Standards for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as "Fair Value Measurement Accounting Standards") from the beginning of the first quarter under review, in accordance with the transitional treatment prescribed in Article 19 of the Fair Value Measurement Accounting Standards and in Article 44-2 of the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Market Value Accounting Standards will be applied from now on. There is no impact on the quarterly consolidated financial statements.

(Segmental Information)

I Previous consolidated first half (from April 1, 2020 to September 30, 2020)

1. Information about sales and income or loss by reportable segment

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the quarterly consolidated profit and loss statement (million yen) (Note2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	Pharmaceutical Manufacturing and Sales (million yen)	Other Peripheral Businesses (million yen)	Total (million yen)		
Net Sales							
(1) Sales to external customers	549,273	45,074	1,104	544	595,997	-	595,997
(2) Inter-segment sales	23,434	2	2,866	77	26,380	-26,380	-
Total	572,708	45,077	3,970	622	622,378	-26,380	595,997
Segment profit	1,844	763	429	-242	2,794	-1,514	1,279

(Note) 1. The amount of the adjustments for segment profits or losses shows the elimination of internal transactions and unrealized profit and corporate expenses not attributable to any reportable segment.

2. The amounts for income or losses in the reportable segments were subsequently adjusted with the amount of operating income on the quarterly consolidated profit and loss statement.

2. Information about impairment losses on noncurrent assets or goodwill by each business segment  
Not applicable.

3. Matters concerning changes of reportable segments

KYOSOMIRAI PHARMA CO., LTD. has become a consolidated subsidiary from this fiscal year onward. Accordingly, the pharmaceutical manufacturing and sales business has been added as a new segment.

II This consolidated first half (from April 1, 2021 to September 30, 2021)

1. Information about sales and income or loss by reportable segment

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the quarterly consolidated profit and loss statement (million yen) (Note2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	Pharmaceutical Manufacturing and Sales (million yen)	Other Peripheral Businesses (million yen)	Total (million yen)		
Net Sales							
(1) Sales to external customers	572,576	45,444	819	2,004	620,845	-	620,845
(2) Inter-segment sales	24,407	5	3,209	667	28,288	-28,288	-
Total	596,983	45,450	4,028	2,672	649,134	-28,288	620,845
Segment profit	1,130	1,317	312	100	2,860	-996	1,863

(Note) 1. The amount of the adjustments for segment profits or losses shows the elimination of internal transactions and unrealized profit and corporate expenses not attributable to any reportable segment.

2. The amounts for income or losses in the reportable segments were subsequently adjusted with the amount of operating income on the quarterly consolidated profit and loss statement.

2. Information about impairment losses on noncurrent assets or goodwill by each business segment  
Not applicable.

### 3. Matters concerning changes of reportable segments

The method of classifying business segments has been revised because of change in scope of consolidation from the first quarter of the current consolidated fiscal year. In addition to the existing “SMO operations” and “information equipment sales operations,” the three companies, Nextit Research Institute, Inc., eKenkoshop Corporation and K.K.eHealthcare, have been newly added to set up the “other peripheral businesses” with 4 reportable segments: “pharmaceutical wholesaling,” “dispensing pharmacy,” “pharmaceutical manufacturing and sales,” and “other peripheral businesses.”

The segment information for the second quarter of the previous consolidated fiscal year has been prepared based on the classification after the change.

As described in the changes in accounting policies, the Company has applied the Revenue Recognition Accounting Standards from the beginning of the first quarter of the fiscal year under review and changed the accounting method regarding revenue recognition, and it has changed the calculation method for profit or loss of business segments accordingly. As a result of these changes, net sales and segment profit of the “Pharmaceutical Wholesaling Business” in the second quarter of the fiscal year under review decreased by 980 million yen and 8 million yen, respectively, compared with before the reclassification.