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May 12, 2023

**Consolidated Financial Results
for the Fiscal Year Ended March 31, 2023
(Under Japanese GAAP)**

Company name: TOHO HOLDINGS CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 8129
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 Scheduled date of annual general meeting of shareholders: June 29, 2023
 Scheduled date to commence dividend payments: June 9, 2023
 Scheduled date to file annual securities report: June 29, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for Institutional Investors and Analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	1,388,565	9.7	12,813	2.3	19,176	5.5	13,630	1.9
March 31, 2022	1,266,171	4.6	12,527	191.1	18,182	76.7	13,379	168.1

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥11,592 million [103.3%]
 For the fiscal year ended March 31, 2022: ¥5,701 million [-29.0%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	196.70	180.67	5.6	2.7	0.9
March 31, 2022	189.70	174.48	5.6	2.6	1.0

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2023: ¥41 million
 For the fiscal year ended March 31, 2022: ¥24 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	715,288	242,916	33.9	3,623.81
March 31, 2022	702,376	241,281	34.3	3,415.50

Reference: Equity
 As of March 31, 2023: ¥242,678 million
 As of March 31, 2022: ¥240,931 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	-9	4,315	-13,060	81,839
March 31, 2022	16,341	-11,032	-4,473	90,014

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	—	15.00	—	15.00	30.00	2,116	15.8	0.9
Fiscal year ended March 31, 2023	—	16.00	—	16.00	32.00	2,200	16.3	0.9
Fiscal year ending March 31, 2024 (Forecast)	—	18.00	—	18.00	36.00		19.6	

3. Consolidated projected results of operations during fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate the rate of change compared with the preceding fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half	651,000	—	3,800	—	5,000	—	6,700	—	100.05
Full year	1,325,000	—	11,500	—	13,800	—	12,300	—	183.67

*** Notes**

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

Newly included: — companies

Excluded: — companies

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

- (3) Number of issued shares (common shares)

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

As of March 31, 2023	78,270,142 shares
As of March 31, 2022	78,270,142 shares

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

As of March 31, 2023	11,302,582 shares
As of March 31, 2022	7,729,376 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	69,297,318 shares
Fiscal year ended March 31, 2022	70,529,419 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	12,794	75.1	5,579	1,114.3	7,260	249.0	9,655	140.5
March 31, 2022	7,308	-35.8	459	-90.7	2,080	-69.6	4,014	-60.8

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	139.32	127.91
March 31, 2022	56.91	52.22

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	253,452	152,299	60.0	2,271.65
March 31, 2022	254,760	154,787	60.7	2,191.82

Reference: Equity

As of March 31, 2023: ¥152,153 million

As of March 31, 2022: ¥154,637 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

- 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 considers rational at the time of the release of this report, and does not indicate that the Company undertakes to achieve such results. Actual results may differ significantly from the projections above, due to a variety of factors. As for precautions regarding the use of the Performance Projections and the conditions underlying the assumptions for the Performance Projections, refer to Section “1. Summary of Management Results (4) Projections for the Next Fiscal Year” on Page 4 of the Attached Document.
- The Company plans to hold a briefing on the financial results for institutional investors and analysts on the web on May 17, 2023. The Company also intends to provide a record of the progress of the session and the outline of the briefing (voice recording), together with the briefing material, on its website promptly after the briefing.

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1. Summary of Management Results

(1) Summary of Management Results for the Current Fiscal Year

The prescription pharmaceuticals market in the consolidated fiscal year ended March 31, 2023 continued to be affected by measures to curtail medical expenses, such as the lowering of NHI drug prices by 6.69% on a drug cost basis in the revision of the medical payment system implemented in April 2022. However, the market showed positive growth due to the sales expansion of COVID-19-related products, including therapeutic agents and test kits, under the circumstances of a further spread of infections in the seventh and eighth waves. The Group also posted increases in both sales and profit due to the significant contribution from sales of COVID-19-related products as well as growth in sales of cancer drugs and specialty pharmaceuticals. With regard to the customer support systems, we have newly released "FutureENIF-WEB," the online version of our drug ordering and information terminal "ENIF." Furthermore, we have significantly revised the functions of our online medical care and medication instruction system "KAITOS" according to the needs of medical institutions and released an application version to improve the convenience of patients. Meanwhile, in line with the growing need for medical appointments and online medical services due to the COVID-19 pandemic, an increasing number of medical institutions are enhancing their websites in conjunction with the introduction thereof. Against this backdrop, we have strengthened our proposal activities for the web service "Byouin-Navi."

In the logistics division, TBC Hokuriku (Kanazawa City, Ishikawa Prefecture), a key logistics facility for prescription pharmaceuticals in the Hokuriku area, started operation in May 2022. Moreover, with the favorable location and high functionality of the TBC DynaBASE rated highly by pharmaceutical manufacturers, the number of contracts not only for wholesale distribution but also for manufacturer distribution increased. In order to stably supply refrigerated or frozen products that require strict temperature control and transportation, we have newly developed a constant-temperature transportation system "SALM FZ" that can handle temperatures from -25°C to +4°C. Together with SYSMEX CORPORATION, we have also started operating dry ice-free transportation from the perspective of sustainability and environmental consideration in the supply of precision control samples that require advanced frozen transport.

As one of the medium-and long-term management strategies, we are incorporating leading-edge technologies in growth fields and promoting collaboration without boundaries. As part of such efforts, we agreed with the National Institute of Advanced Industrial Science and Technology to establish a cooperative research laboratory in April 2023 and conduct joint research in a bid to solve various issues related to access to medical care.

With regard to initiatives to improve profitability and enhance corporate value, we conducted an extensive review of our organization and personnel, including the consolidation of sales offices, with the aim of improving productivity by optimizing Group management and streamlining the organization. In June 2022, the number of directors was reduced from 14 to 9 in order to build a flexible management system. They include one female and three outside directors.

In addition, the Sustainability Promotion Committee was newly established to further promote sustainable growth and solve social issues. Four companies, TOHO HOLDINGS CO., LTD., TOHO PHARMACEUTICAL, J MIRAIMEDICAL, and Nextit Research Institute, Inc., were certified as Health & Productivity Management Outstanding Organizations 2023 in March this year.

The Company's consolidated operating results for fiscal year ended March 31, 2023 recorded 1,388,565 million yen for net sales (an increase of 9.7% on a year-on-year basis), 12,813 million yen for operating profit (an increase of 2.3% on a year-on-year basis), 19,176 million yen for ordinary profit (an increase of 5.5% on a year-on-year basis), and 13,630 million yen for profit attributable to owners of parent (an increase of 1.9% on a year-on-year basis).

On March 24, 2023, Kyushu Toho Co., Ltd., our consolidated subsidiary, received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission for violations of the Antimonopoly Act in connection with bidding by the Headquarters of the National Hospital Organization for ethical pharmaceuticals that were to be purchased by hospitals located in the Kyushu area. The entire Group will continue to promote sound and transparent business activities to restore trust.

The outline of business segment operating results are as follows.

In the pharmaceutical wholesaling business, we continued our efforts to deliver COVID-19-related products. We also worked to adjust shipments of generic drugs due to violations of Good Manufacturing Practices (GMP) by generic drug manufacturers and to adjust shipments of analgesic antipyretic drugs due to tight supply and demand balance. Sales of specialty pharmaceuticals and other products that can only be delivered by certain wholesalers are growing steadily, and increased demand for COVID-19 drugs and test kits is also contributing significantly to our performance. With regard to price negotiations with medical institutions, we worked to secure appropriate profits by further promoting price negotiations commensurate with the value of individual products and distribution costs. As for the customer support systems, we launched new online promotions using remote detailing, and actively engaged in proposal activities for the online medical care and medication instruction system "KAITOS," the Initial Examination Reservation Service, centralized administration system of pharmacy operations "Mizar", and other systems.

As a result, the pharmaceutical wholesaling business posted net sales of 1,336,766 million yen (an increase of 9.9% on a year-on-year basis) and segment profit (operating profit) of 10,443 million yen (an increase of 4.8% on a year-on-year basis) for the consolidated fiscal year under review.

In the dispensing pharmacy business, we implemented opening of new stores and closure on the basis of profitability while responding to the revision of dispensing fees.

Also in a bid to provide high-quality medical services, we worked on the use of digital tools such as medication follow-up on social media, online medication instruction, and prescription transmission applications, as well as the training of family pharmacists. Since October 2022, Kyoso Mirai Akiho Pharmacy in Sakata City, Yamagata Prefecture, has been participating in the "Model Project for Electronic Prescription" led by the Ministry of Health, Labour and Welfare to collect examples of the use of electronic prescriptions and relevant issues. Furthermore, in order to contain COVID-19 as soon as possible, while we implemented thorough measures against infectious diseases at our stores, we also sold antigen test kits and conducted free PCR and antigen tests in response to the government's project to make PCR and other tests free.

As a result, the dispensing pharmacy business posted net sales of 92,346 million yen (an increase of 0.6% on a year-on-year basis) and segment profit (operating profit) of 2,431 million yen (a decrease of 18.0% on a year-on-year basis).

In the pharmaceutical manufacturing and sales business, we worked to ensure a stable supply of high-quality, high-value-added generic drugs through thorough quality control based on a proprietary verification system developed in-house and a planned production system based on demand. However, a surge in demand caused by shipment adjustments by other generic drug manufacturers affected some of the Company's products.

In addition, we continued to expand our product lineup by launching 3 ingredients and 5 products of new generic drugs during the consolidated fiscal year under review. As of the end of March 2023, the product lineup was composed of 89 ingredients and 208 products. As a result, the pharmaceutical manufacturing and sales business posted net sales of 9,944 million yen (an increase of 9.4% on a year-on-year basis) and segment profit (operating profit) of 864 million yen (a decrease of 2.3% on a year-on-year basis).

In the other peripheral businesses, net sales amounted to 6,635 million yen (an increase of 16.1% on a year-on-year basis) and segment profit (operating profit) was 621 million yen (an increase of 57.2% on a year-on-year basis).

(Note) Segment sales include inter-segment transactions.

(2) Summary of Financial Position for the Current Fiscal Year

(i) Assets

Consolidated current assets as of the end of March 2023 increased 4.0% from the end of the previous consolidated fiscal year to 533,519 million yen, due mainly to an increase accounts receivable-trade of 14,521 million yen, an increase in merchandise and finished goods of 11,048 million yen, and a decrease in cash and deposits of 8,055 million yen in other.

Non-current assets as of the end of March 2023 decreased 4.0% from the end of the previous year to 181,768 million yen, due mainly to a decrease in property, plant and equipment of 4,382 million yen, and a decrease in investments securities of 6,137 million yen.

As a result, consolidated total assets as of the end of March 2023 increased 1.8% from the end of the previous consolidated fiscal year to 715,288 million yen.

(ii) Liabilities

Current liabilities increased 9.3 % from the end of the previous consolidated fiscal year to 440,188 million yen, owing to an increase in notes and accounts payable-trade of 15,128 million yen, and an increase in current portion of bonds payable of 20,003 million yen in other.

Non-current liabilities decreased 44.8 % from the end of the previous consolidated fiscal year to 32,183 million yen with a decrease in bonds payable of 20,023 million yen, and a decrease in long-term borrowings of 6,124 million yen.

As a result, total liabilities increased 2.4% year-on-year to 472,372 million yen.

(iii) Net Assets

Total net assets increased 0.7% from the end of the previous consolidated fiscal year to 242,916 million yen, with an increase in retained earnings of 11,277 million yen, an increase in treasury shares of 7,388 million yen, and a decrease in valuation difference on available-for-sale securities of 2,057 million yen.

(3) Summary of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter referred to as “cash”) during this consolidated fiscal year decreased by 8,174 million yen from the end of the previous consolidated fiscal year. As a result, the balance at the end of this consolidated fiscal year totaled 81,839 million yen. The following describes the three categories of consolidated cash positions during this consolidated fiscal year, as well as the factors responsible.

(i) Cash Flows from Operating Activities

Cash flow from operating activities was an outflow of 9 million yen (a decrease of 16,351 million yen on a year-on-year basis). Although inflow was secured by some positive factors such as net profit before income taxes of 20,420 million yen, and an increase in trade payables of 14,685 million yen, these were somewhat offset by negative factors including an increase in trade receivables of 14,634 million yen, an increase in inventories of 10,854 million yen, and income taxes paid of 8,986 million yen.

(ii) Cash Flows from Investing Activities

Cash flow from investing activities was an inflow of 4,315 million yen (an increase of 15,348 million yen from the previous fiscal year). Although inflow was secured by some positive factors such as proceeds from sales of property, plant and equipment of 1,807 million yen, and proceeds from sale and redemption of investment securities of 5,866 million yen, these were somewhat offset by negative factors including purchases of property, plant and equipment of 1,639 million yen, and purchases of intangible assets of 880 million yen.

(iii) Cash Flows from Financing Activities

Cash flow from financing activities was an outflow of 13,060 million yen (a decrease of 8,586 million yen from the previous fiscal year). Positive factor, proceeds from long-term borrowings of 3,610 million yen, was somewhat offset by negative factors including repayments of long-term borrowings of 6,395 million yen, purchase of treasury shares of 7,390 million yen, and dividends paid of 2,187 million yen.

(Reference) Trends in key indicators of cash flows

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Shareholder's Equity Ratio (%)	32.2	34.4	34.7	34.3	33.9
Shareholder's Equity Ratio at Market Value (%)	28.4	23.8	21.0	18.6	22.0
Ratio of cash flows to interest-bearing debts (%)	254.9	394.5	523.2	259.4	—
Interest Coverage Ratio (times)	179.6	198.2	107.1	209.5	—

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio at market value: Total market value of stock / Total assets

Ratio of cash flows to interest-bearing debts: Interest-bearing debts / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest paid

1. All indicators are calculated using consolidated financial data.

2. The total market value of stock is calculated by multiplying the closing price of stock at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year (after deducting treasury shares).

3. Cash flows from operating activities is the “Cash Flows from Operating Activities” in the Consolidated Statements of Cash Flows. Interest-bearing debt is all the interest-bearing debts in the Consolidated Balance Sheets. Interest paid is the interest payments in the Statements of Consolidated Cash Flows.

4. Neither ratio of cash flows to interest-bearing debts of Fiscal year ended March 31, 2023 nor interest coverage ratio is written due to negative cash flows from operating activities.

(4) Projections for the Next Fiscal Year

In the prescription pharmaceuticals market that the Company is part of, off-year drug price revisions were implemented in April 2023, lowering drug prices for approximately 9,300 products. In addition, owing to the downgrading of the legal status of COVID-19 on May 8, 2023 to Class 5, the future business environment remains uncertain. This is caused by the impact on the infection situation and changes in the medical care delivery system due to further increased social activities, the influence on physician visits due to changes of bearers for relevant treatment and testing costs, and so on. Under these circumstances, the Group has formulated the Medium-term Management Plan 2023-2025 “Create the Next Generation” with the fiscal year ending March 31, 2026 as the final year, and will forge ahead with measures to achieve continuous growth and increase profitability over the medium to long term. For details, please refer to the “Notice Regarding Formulation of the Medium-term

Management Plan 2023-2025 “Create the Next Generation” that is released today.

Accordingly, for the next fiscal year ending March 31, 2024, the Company forecasts net sales of 1,325,000 million yen, operating profit of 11,500 million yen, ordinary profit of 13,800 million yen, and profit attributable to owners of parent of 12,300 million yen.

Revenues from information service fees, which have previously been recorded as commission income for non-operating income, are important revenues earned from pharmaceutical manufacturers and other customers as part of the Group's sales activities and are expected to become more important going forward in line with changes in the information business environment. For this reason, we have decided to include such revenues in net sales from the fiscal year ending March 31, 2024, and the change in presentation method has been reflected in the consolidated earnings forecasts for the said year.

2. State of the Corporate Group

For the purposes hereof, the Group (TOHO HOLDINGS CO., LTD. and its associated companies) or simply the “Group” consists of TOHO HOLDINGS CO., LTD. or simply the “Company,” 60 subsidiaries, and 11 affiliates. The Group's primary business operations and their positions, and their relationships with the segments classified by types of business operations are described below.

The following 4 divisions are the same as the categories of the segments described in “Segment Information”.

(1) Pharmaceutical Wholesaling Business

The Company's 4 consolidated subsidiaries (TOHO PHARMACEUTICAL CO., LTD., Kyushu Toho Co., Ltd., SAYWELL inc., and KOYO Co., Ltd.), 7 unconsolidated subsidiaries and 2 affiliates (SAKAI MEDICINES CO., LTD and other one affiliate) purchase pharmaceuticals and health-related products, mainly from pharmaceutical manufacturers, for distribution primarily to hospitals, clinics, and dispensing pharmacies. As for the products purchased from pharmaceutical manufacturers, etc., the consolidated subsidiaries mentioned above supply these products to 28 subsidiaries (PHARMA DAIWA, J.MIRAIMEDICAL, Shimizu Pharmacy, PHARMA MIRAI INC., SEIKO MEDICAL BRAIN, Strelitzia, VEGA PHARMA, Cure co., Ltd., AOBADO, KOSEI, and other 18 subsidiaries) and 4 affiliates.

Toho System Service Co., Ltd. (a consolidated subsidiary) is mainly engaged in mission-critical system operations such as data processing for the Kyoso Mirai Group (the Company, affiliates which are mainly engaged in wholesale sales of pharmaceuticals, and companies that have a business tie-up with the Group). SQUARE·ONE Co., Ltd. (a consolidated subsidiary) is engaged in real estate agency business.

(2) Dispensing Pharmacy Business

The Company's 10 consolidated subsidiaries (PHARMA DAIWA, J.MIRAIMEDICAL, Shimizu Pharmacy, PHARMA MIRAI INC., SEIKO MEDICAL BRAIN, Strelitzia, VEGA PHARMA, Cure co., Ltd., AOBADO, and KOSEI), 18 unconsolidated subsidiaries and 4 affiliates are primarily engaged in health insurance dispensing pharmacies business.

PharmaCluster Co., Ltd (a consolidated subsidiary) is engaged in the management of the dispensing pharmacies business.

(3) Pharmaceutical Manufacturing and Sales Business

The Company's 1 consolidated subsidiary (KYOSOMIRAI PHARMA CO., LTD.) and 2 affiliates (AYUMI Pharmaceutical Holdings, AYUMI Pharmaceutical Corporation) manufacture and sell pharmaceuticals. KYOSOMIRAI PHARMA CO., LTD. (a consolidated subsidiary) manufactures and sells generic drugs and produces injection drugs on consignment. Generic drugs are mainly supplied to TOHO PHARMACEUTICAL CO., LTD. (our consolidated subsidiary)

(4) Other Peripheral Businesses

The Company's 5 consolidated subsidiaries (Tokyo Research Center of Clinical Pharmacology Co., Ltd., ALF.Inc, Nextit Research Institute, Inc., eKenkoshop Corporation and K.K.eHealthcare), 12 unconsolidated subsidiaries and 3 affiliates are engaged in peripheral businesses related to the above businesses.

3. Business Management Policy

Setting “Total Commitment to Good Health” as our corporate slogan and under the mission statement, “Working in harmony with society and customers, and jointly creating new value through the provision of original services, thereby contributing to the improvement of medical services for, and health of, people around the world”, the Group always places ultimate priority on people who wish to be healthy, makes efforts to create customer value in order to increase customer satisfaction, and aims to improve corporate value and establish a corporate brand in the market.

Aiming to develop and maintain sustainable social security systems amidst extending healthy life expectancy, super-aging society, and decrease in the total population in Japan, the government is currently moving ahead with measures to build a “community comprehensive healthcare system” and curtail medical expenses such as introducing the once-yearly NHI drug price revision.

In recent years, there have been many new expensive drugs that require strict control, such as gene therapy pharmaceuticals and regenerative medical products, and so the pharmaceutical modality has changed significantly. Accordingly, it has become necessary to establish sales and logistics systems that can respond to the diversity of pharmaceutical and other products. As seen above, the environment surrounding the healthcare and pharmaceutical industries has been changing drastically. Under these circumstances, the Group has formulated the Medium-term Management Plan 2023-2025 “Create the Next Generation” with a view to, as a corporate group engaged in the areas of medical care, healthcare, and nursing care, contributing to extending the healthy life expectancy of men and women in Japan and to establishing and maintaining sustainable social security systems, thereby continuing to be supported by society. In order to realize the vision of the Group, we will create a foundation that leads to the next generation during the fiscal years under this Medium-term Management Plan.

In addition, with the aim of achieving stable and long-term corporate growth and a sustainable society, the Group identifies issues in the areas of the environment, society, governance, and compliance, and promotes sustainability management to resolve them.

As a company responsible for distribution of pharmaceuticals and other products, we regard coping with both environmental conservation and business activities as our most important issue, and we are working to improve delivery efficiency through such means as direct delivery from distribution centers to customers, optimization of delivery frequency, and joint distribution.

We will also foster a free and active corporate culture and maximize human capital value by utilizing a wide range of human resources regardless of gender, nationality, age, etc., developing human resources through participation in various training programs and projects, and respecting the human rights and personality of each employee. Meanwhile, in order to carry out sound business activities, we will further strengthen governance and all executives and employees will give top priority to "compliance with relevant laws and regulations" and "compliance and risk management."

In addition, in recognition of its public nature as a medical and health-related company and its mission as a social infrastructure, the Company will continue to invest in measures against earthquakes and pandemics, and other measures necessary for the stable supply of pharmaceuticals, based on the trust and sympathy of each stakeholder, in order to sustain the medical care system even in an emergency.

Through the implementation of the above-mentioned measures, we will strive to become a corporate group relied upon and continuously supported by all stakeholders including people who wish to be healthy, customers, local communities, shareholders and employees.

4. Basic Idea for Selection of Accounting Standards

In order to ensure comparability between companies over time, the Group prepares its consolidated financial statements in accordance with the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (excluding Chapters 7 and 8) (Ordinance of the Ministry of Finance No. 28 of 1976).

The Group will appropriately apply international accounting standards, while taking domestic and overseas situations into account.

5. Consolidated Financial Statements and Main Note
(1) Consolidated Balance Sheets

	(Unit: million yen)	
	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	94,256	86,201
Notes receivable - trade	2,212	2,312
Accounts receivable - trade	299,389	313,910
Merchandise and finished goods	80,169	91,217
Raw materials and supplies	194	206
Purchase rebates receivable	12,733	13,407
Other	24,442	26,639
Allowance for doubtful accounts	-290	-376
Total current assets	513,107	533,519
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	35,951	36,025
Machinery, equipment and vehicles, net	315	279
Furniture and fixtures, net	11,965	10,235
Land	43,168	42,261
Leased assets, net	914	999
Construction in progress	2,337	469
Total property, plant and equipment	94,653	90,270
Intangible assets		
Goodwill	733	514
Other	4,443	4,863
Total intangible assets	5,177	5,377
Investments and other assets		
Investment securities	78,742	72,604
Long-term loans receivable	2,772	2,344
Deferred tax assets	1,960	2,102
Other	7,814	11,016
Allowance for doubtful accounts	-1,851	-1,947
Total investments and other assets	89,438	86,120
Total non-current assets	189,268	181,768
Total assets	702,376	715,288

(Unit: million yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	370,012	385,140
Short-term borrowings	247	163
Current portion of bonds payable	—	20,003
Current portion of long-term borrowings	6,298	9,637
Lease liabilities	596	590
Income taxes payable	5,416	5,152
Contract liabilities	206	259
Accrued expenses	2,297	2,102
Provision for bonuses	3,252	3,214
Provision for bonuses for directors	53	42
Asset retirement obligations	4	40
Other	14,435	13,842
Total current liabilities	402,819	440,188
Non-current liabilities		
Bonds payable	20,023	—
Long-term borrowings	12,596	6,472
Lease liabilities	977	1,023
Deferred tax liabilities	14,236	12,434
Deferred tax liabilities for land revaluation	757	756
Retirement benefit liability	2,423	2,508
Asset retirement obligations	2,741	2,747
Provision for loss on Antimonopoly Act	3,639	4,849
Other	879	1,391
Total non-current liabilities	58,275	32,183
Total liabilities	461,095	472,372
Net assets		
Shareholders' equity		
Share capital	10,649	10,649
Capital surplus	49,228	49,146
Retained earnings	180,254	191,531
Treasury shares	-15,719	-23,107
Total shareholders' equity	224,413	228,219
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,792	18,734
Revaluation reserve for land	-4,273	-4,276
Total accumulated other comprehensive income	16,518	14,458
Share acquisition rights	149	146
Non-controlling interests	199	92
Total net assets	241,281	242,916
Total liabilities and net assets	702,376	715,288

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

(Unit: million yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Net sales	1,266,171	1,388,565
Cost of sales	1,157,484	1,277,750
Gross profit	108,687	110,814
Selling, general and administrative expenses		
Remuneration, salaries and allowances for directors	43,413	43,162
Provision for bonuses	3,216	3,159
Provision for bonuses for directors	53	42
Retirement benefit expenses	274	275
Welfare expenses	7,754	7,806
Vehicle expenses	1,065	1,070
Provision of allowance for doubtful accounts	-147	223
Depreciation	6,087	5,767
Amortization of goodwill	323	294
Rent expenses	8,042	7,990
Taxes and dues	2,088	2,083
Non-deductible temporary paid consumption tax expense	6,228	6,330
Other	17,757	19,796
Total selling, general and administrative expenses	96,159	98,000
Operating profit	12,527	12,813
Non-operating income		
Interest income	64	58
Dividend income	1,405	1,269
Commission income	3,154	3,292
Rental income from real estate	832	833
Share of profit of entities accounted for using equity method	24	41
Other	724	1,369
Total non-operating income	6,205	6,864
Non-operating expenses		
Interest expense	76	72
Commitment fees	13	13
Real estate lease expenses	197	209
Other	264	206
Total non-operating expenses	551	502
Ordinary profit	18,182	19,176

	(Unit: million yen)	
	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Extraordinary income		
Gain on sales of non-current assets	185	744
Gain on sale of investment securities	2,720	3,545
Reversal of provision for loss on Antimonopoly Act	162	—
Other	23	19
Total extraordinary income	3,092	4,310
Extraordinary losses		
Loss on disposal of non-current assets	113	118
Impairment losses	579	165
Loss on valuation of investment securities	413	334
Provision for loss on Antimonopoly Act	—	1,210
Loss on early termination	—	608
Other	56	629
Total extraordinary losses	1,163	3,066
Profit before income taxes	20,110	20,420
Income taxes - current	7,180	7,807
Income taxes - deferred	-484	-1,038
Total income taxes	6,695	6,769
Net profit	13,415	13,650
Profit attributable to non-controlling interests	35	19
Profit attributable to owners of parent	13,379	13,630

Consolidated Statement of Comprehensive Income

	(Unit: million yen)	
	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Net profit	13,415	13,650
Other comprehensive income		
Valuation difference on available-for-sale securities	-7,692	-2,101
Share of other comprehensive income of entities accounted for using equity method	-22	43
Total other comprehensive income	-7,714	-2,057
Comprehensive income	5,701	11,592
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	5,665	11,573
Comprehensive income attributable to non-controlling interests	35	19

(3) Consolidated Statement of Changes in Equity
Previous fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,649	49,378	168,872	-15,784	213,117
Cumulative effects of changes in accounting policies			-19		-19
Restated balance	10,649	49,378	168,852	-15,784	213,097
Changes during period					
Dividends of surplus			-2,116		-2,116
Profit attributable to owners of parent			13,379		13,379
Purchase of treasury shares				-0	-0
Disposal of treasury shares		-4		65	61
Change in scope of consolidation		-146	245		99
Purchase of shares of consolidated subsidiaries		—			—
Reversal of revaluation reserve for land			-107		-107
Net changes in items other than shareholders' equity					
Total changes during period	—	-150	11,401	64	11,315
Balance at end of period	10,649	49,228	180,254	-15,719	224,413

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive income			
Balance at beginning of the period	28,506	-4,380	24,125	162	—	237,405
Cumulative effects of changes in accounting policies						-19
Restated balance	28,506	-4,380	24,125	162	—	237,385
Changes during period						
Dividends of surplus						-2,116
Profit attributable to owners of parent						13,379
Purchase of treasury shares						-0
Disposal of treasury shares						61
Change in scope of consolidation						99
Purchase of shares of consolidated subsidiaries						—
Reversal of revaluation reserve for land						-107
Net changes in items other than shareholders' equity	-7,714	107	-7,606	-13	199	-7,420
Total changes during period	-7,714	107	-7,606	-13	199	3,895
Balance at end of period	20,792	-4,273	16,518	149	199	241,281

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

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,649	49,228	180,254	-15,719	224,413
Cumulative effects of changes in accounting policies			—		—
Restated balance	10,649	49,228	180,254	-15,719	224,413
Changes during period					
Dividends of surplus			-2,187		-2,187
Profit attributable to owners of parent			13,630		13,630
Purchase of treasury shares				-7,390	-7,390
Disposal of treasury shares		0		2	2
Change in scope of consolidation		—	-169		-169
Purchase of shares of consolidated subsidiaries		-82			-82
Reversal of revaluation reserve for land			2		2
Net changes in items other than shareholders' equity					
Total changes during period	—	-82	11,277	-7,388	3,806
Balance at end of period	10,649	49,146	191,531	-23,107	228,219

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive income			
Balance at beginning of period	20,792	-4,273	16,518	149	199	241,281
Cumulative effects of changes in accounting policies						—
Restated balance	20,792	-4,273	16,518	149	199	241,281
Changes during period						
Dividends of surplus						-2,187
Profit attributable to owners of parent						13,630
Purchase of treasury shares						-7,390
Disposal of treasury shares						2
Change in scope of consolidation						-169
Purchase of shares of consolidated subsidiaries						-82
Reversal of revaluation reserve for land						2
Net changes in items other than shareholders' equity	-2,057	-2	-2,060	-2	-107	-2,171
Total changes during period	-2,057	-2	-2,060	-2	-107	1,635
Balance at end of period	18,734	-4,276	14,458	146	92	242,916

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	20,110	20,420
Depreciation	6,634	6,119
Impairment losses	579	165
Amortization of goodwill	323	294
Increase (decrease) in retirement benefit liability	80	61
Increase (decrease) in provision for sales returns	-227	—
Increase (decrease) in provision for bonuses	65	-37
Increase (decrease) in provision for bonuses for directors	-28	-11
Increase (decrease) in allowance for doubtful accounts	-222	181
Interest and dividend income	-1,470	-1,327
Interest expense	76	72
Loss (gain) on sales and retirement of non-current assets	-72	-626
Loss (gain) on sales and valuation of investment securities	-2,299	-2,942
Decrease (increase) in trade receivables	-16,045	-14,634
Decrease (increase) in inventories	-3,859	-10,854
Decrease (increase) in other assets	-5,063	-1,963
Increase (decrease) in trade payables	13,040	14,685
Increase (decrease) in other liabilities	4,850	1,812
Increase (decrease) in accrued consumption taxes	1,798	-1,726
Other, net	-4,447	-4,125
Subtotal	13,823	5,562
Interest and dividend received	1,454	1,334
Interest paid	-78	-71
Income taxes paid	-3,205	-8,986
Payment for deposit	—	-2,554
Others, net	4,347	4,705
Net cash provided by operating activities	16,341	-9

(Unit: million yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Cash flows from investing activities		
Payments into time deposits	-1,142	-1,124
Proceeds from withdrawal of time deposits	1,165	1,069
Purchases of property, plant and equipment	-3,621	-1,639
Proceeds from sale of property, plant and equipment	1,009	1,807
Purchases of intangible assets	-581	-880
Purchases of investment securities	-1,063	-445
Proceeds from sales and redemption of investment securities	5,243	5,866
Purchase of shares of subsidiaries and associates	-11,095	-45
Proceeds from sale of shares of subsidiaries and associates	146	10
Payments for acquisition of businesses	-532	-105
Payments for asset retirement obligations	-56	-14
Loan advances	-918	—
Proceeds from collection of loans receivable	364	331
Other, net	50	-513
Net cash provided by (used in) investing activities	-11,032	4,315
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,037	-93
Proceeds from long-term borrowings	—	3,610
Repayments of long-term borrowings	-2,780	-6,395
Purchases of treasury shares	-0	-7,390
Repayments of finance lease liabilities	-614	-394
Dividends paid	-2,116	-2,187
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	-209
Net cash provided by (used in) financing activities	-4,473	-13,060
Net increase (decrease) in cash and cash equivalents	835	-8,754
Cash and cash equivalents at beginning of period	88,882	90,014
Increase in cash and cash equivalents resulting from merger	—	146
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	296	432
Cash and cash equivalents at end of period	90,014	81,839

(5) Notes to Consolidated Financial Statements
(Notes Concerning Premise of a Going Business)
This disclosure is not applicable.

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

Strelitzia, which was the non-consolidated subsidiaries in the previous fiscal year, has been included in the scope of consolidation from the current fiscal year under review as its importance increased.

(Change in the Accounting Policies)

The Group decided to adopt the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as "Implementation Guidance on Accounting Standard for Fair Value Measurement") at the beginning of the consolidated fiscal year under review, and in accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policies set forth in the Implementation Guidance on Accounting Standard for Fair Value Measurement shall be applied into the future. There is no impact on the consolidated financial statements.

(Segment Information)

1. Outline of reportable segments

(1) Method for determining reportable segment

The reportable segments of the Company are those business units included in the Company for which separate financial information is available and which are subject to regular review by the Board of Directors so that it can make decisions about resources to be allocated to them as well as assess their business performance.

The Group has put the pharmaceutical wholesaling and dispensing pharmacies businesses under the control of respective management companies. Each management company formulates comprehensive domestic strategies, while operating companies are engaged in actual operations.

Meanwhile, in the pharmaceutical manufacturing and sales business, other peripheral businesses, the Company and respective operating companies work together in formulating comprehensive domestic strategies as well as in actual operations.

Accordingly, the Group consists of business segments that are based on sales of prescription pharmaceuticals, medical care-related products and services, etc. and has four reportable segments, namely Pharmaceutical Wholesaling, Dispensing Pharmacy, Pharmaceutical Manufacturing and Sales, and Other Peripheral Businesses.

(2) Types of products and services belonging to each reportable segment

The pharmaceutical wholesaling business sells pharmaceuticals, narcotics, reagents, etc., and medical devices. The dispensing pharmacy business operates health insurance pharmacy, support home medical care services, and sells pharmaceuticals. The pharmaceutical manufacturing and sales business manufactures and sells generic drugs, and manufactures injection drugs on consignment. The other peripheral businesses are peripheral businesses related to the above businesses.

2. The calculation method of net sales, profits or losses, assets and other items by reportable segment

The accounting method used for the reportable segments is generally the same as that used in the preparation of the consolidated financial statements.

Reportable segment profit is based on operating profit. The inter-segment internal net sales or transfers are based on prevailing market prices.

3. Information about sales, profit or loss, asset and other items by reportable segment

Previous fiscal year (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Reportable segments					Adjustments (Note 1)	Consolidated total (Note 2)
	Pharmaceutical Wholesaling	Dispensing Pharmacy	Pharmaceutical Manufacturing and Sales	Other Peripheral Businesses	Total		
Net sales							
(1) Sales to external customers	1,168,155	91,786	1,899	4,329	1,266,171	—	1,266,171
(2) Inter-segment sales	47,864	14	7,193	1,388	56,460	-56,460	—
Total	1,216,019	91,801	9,093	5,717	1,322,632	-56,460	1,266,171
Segment profit	9,967	2,963	884	395	14,211	-1,684	12,527
Segment assets	535,156	54,230	17,796	5,580	612,763	89,612	702,376
Other items							
Depreciation	3,562	902	180	406	5,052	1,581	6,634
Amortization of goodwill	84	110	—	129	323	—	323
Impairment losses	439	140	—	—	579	—	579
Investment in an affiliate accounted for by the equity method	1,640	—	11,090	—	12,730	—	12,730
Unamortized balance of goodwill	221	222	—	290	733	—	733
Capital expenditures	3,719	444	126	199	4,489	-9	4,480

(Note) 1. Adjustments comprised the following items:

- (1) The adjustment amounts of segment profits represented the elimination of inter-segment transactions, unrealized profit, and corporate expenses not allocated to any reportable segment.
- (2) The adjustment amounts of segment assets included 151,421 million yen of the corporate assets that are not allocated to any business segment, in addition to the elimination of inter-segment transactions. The corporate assets mainly consist of surplus funds under management (cash and deposits) and long-term investment funds (investment securities and other).

2. The amounts of segment profit were subsequently adjusted with the amount of operating profit in the Consolidated Statements of Income.

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

(Unit: million yen)

	Reportable segments					Adjustments (Note 1)	Consolidated total (Note 2)
	Pharmaceutical Wholesaling	Dispensing Pharmacy	Pharmaceutical Manufacturing and Sales	Other Peripheral Businesses	Total		
Net sales							
(1) Sales to external customers	1,289,136	92,337	2,105	4,985	1,388,565	—	1,388,565
(2) Inter-segment sales	47,630	8	7,839	1,650	57,128	-57,128	—
Total	1,336,766	92,346	9,944	6,635	1,445,694	-57,128	1,388,565
Segment profit	10,443	2,431	864	621	14,360	-1,547	12,813
Segment assets	562,837	55,845	18,123	5,571	642,378	72,910	715,288
Other items							
Depreciation	3,198	922	187	206	4,515	1,604	6,119
Amortization of goodwill	55	109	—	129	294	—	294
Impairment losses	24	136	—	4	165	—	165
Investment in an affiliate accounted for by the equity method	1,744	—	11,068	—	12,812	0	12,813
Unamortized balance of goodwill	165	186	—	161	514	—	514
Capital expenditures	2,286	584	135	191	3,198	111	3,309

(Note) 1. Adjustments comprised the following items:

- (1) The adjustment amounts of segment profits represented the elimination of inter-segment transactions, unrealized profit, and corporate expenses not allocated to any reportable segment.
- (2) The adjustment amounts of segment assets included 139,174 million yen of the corporate assets that are not allocated to any business segment, in addition to the elimination of inter-segment transactions. The corporate assets mainly consist of surplus funds under management (cash and deposits) and long-term investment funds (investment securities and other).

2. The amounts of segment profit were subsequently adjusted with the amount of operating profit in the Consolidated Statements of Income.

(Amounts per Share)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Net asset per share	3,415.50 yen	3,623.81 yen
Basic earnings per share	189.70 yen	196.70 yen
Diluted earnings per share	174.48 yen	180.67 yen

(Note) 1. The basis of the calculation of basic earnings per share and diluted earnings per share after adjustments on potential shares is as follows:

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	13,379	13,630
Amount not attributed to shareholders of common share (million yen)	—	—
Profit attributable to owners of parent from common share (million yen)	13,379	13,630
Average number of shares of common share outstanding during the period	70,529,419	69,297,318
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (million yen)	-13	-13
(Including interest income (after deducting the portion equivalent to tax) (million yen))	(-13)	(-13)
Increase in number of shares of common share	6,074,182	6,071,776
(Including share acquisition rights)	(73,582)	(71,176)
(Including bonds with share acquisition rights)	(6,000,600)	(6,000,600)
Outline of potential shares not included in calculation of diluted earnings per share after adjustments on potential shares due to no dilution effect	—	—

2. The basis of the calculation of the net asset per share is as follows:

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Total net asset on the Consolidated Balance Sheets (million yen)	241,281	242,916
Amounts deducted from total net assets (million yen)	349	238
(Including: share acquisition rights) (million yen)	(149)	(146)
(Including: non-controlling interests) (million yen)	(199)	(92)
Net assets available to owners of parent of common share (million yen)	240,931	242,678
Number of shares of common share for computation of net asset per share	70,540,766	66,967,560

(Significant Subsequent Events)

Not applicable.

6. Unconsolidated Financial Statements

(1) Balance Sheets

(Unit: million yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	83,363	74,796
Prepaid expenses	63	61
Other accounts receivable	605	1,752
Short-term loans receivable	18,786	30,963
Other	12	12
Allowance for doubtful accounts	-4	-5
Total current assets	102,826	107,581
Non-current assets		
Property, plant and equipment		
Buildings, net	21,963	22,154
Structures, net	450	481
Furniture and fixtures, net	32	39
Land	19,717	19,603
Leased assets, net	160	260
Construction in progress	1,849	215
Total property, plant and equipment	44,173	42,754
Intangible assets		
Leasehold interests in land	12	12
Software	165	452
Other	51	202
Total intangible assets	228	666
Investments and other assets		
Investment securities	56,244	50,776
Shares of subsidiaries and affiliates	44,271	44,261
Investments in capital of subsidiaries and associates	1,585	1,585
Long-term loans receivable	911	903
Long-term loans receivable from subsidiaries and associates	1,732	1,498
Distressed receivables	3,350	3,050
Long-term prepaid expenses	111	131
Other	1,582	2,398
Allowance for doubtful accounts	-2,258	-2,154
Total investments and other assets	107,531	102,450
Total non-current assets	151,933	145,871
Total assets	254,760	253,452

(Unit: million yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Liabilities		
Current liabilities		
Current portion of bonds payable	—	20,003
Current portion of long-term borrowings	2,304	9,240
Lease liabilities	82	74
Asset retirement obligations	—	40
Accounts payable-other	111	398
Accrued expenses	67	59
Income taxes payable	387	393
Accrued consumption taxes	297	—
Deposits received	51,424	55,779
Provision for bonuses	75	56
Provision for bonuses for directors	32	20
Other	—	8
Total current liabilities	54,783	86,076
Non-current liabilities		
Bonds payable	20,023	—
Long-term borrowings	9,240	—
Lease liabilities	69	196
Deferred tax liabilities	13,058	11,403
Deferred tax liabilities for land revaluation	757	756
Provision for retirement benefits	11	11
Asset retirement obligations	1,931	1,932
Other	99	777
Total non-current liabilities	45,189	15,076
Total liabilities	99,972	101,153
Net assets		
Shareholders' equity		
Share capital	10,649	10,649
Capital surplus		
Legal capital surplus	46,177	46,177
Other capital surplus	3,933	3,933
Total capital surplus	50,110	50,110
Retained earnings		
Legal retained earnings	664	664
Other retained earnings		
Reserve for tax purpose reduction entry of land	1,404	1,379
General reserve	6,336	6,336
Retained earnings brought forward	80,013	87,510
Total retained earnings	88,418	95,890
Treasury shares	-15,759	-23,147
Total shareholders' equity	133,420	133,504
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	25,468	22,902
Revaluation reserve for land	-4,250	-4,253
Total valuation and translation adjustments	21,217	18,649
Share acquisition rights	149	146
Total net assets	154,787	152,299
Total liabilities and net assets	254,760	253,452

(2) Statements of Income

(Unit: million yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Operating revenue		
Consulting fee income	1,162	1,216
Real estate lease revenue	3,947	4,052
Dividend income	1,908	7,290
Other	289	235
Total operating revenue	7,308	12,794
Operating expenses		
Real estate related expenses	3,099	3,366
General and administrative expenses		
Remuneration, salaries and allowances for directors	1,478	1,222
Provision for bonuses	75	56
Provision for bonuses for directors	32	20
Provision for retirement benefits	0	0
Welfare expenses	190	148
Vehicle expenses	1	2
Provision of allowance for doubtful accounts	-320	-103
Depreciation	378	178
Rent expenses	329	330
Taxes and dues	430	427
Other	1,152	1,564
Total operating expenses	6,848	7,214
Operating profit	459	5,579
Non-operating income		
Interest income	235	190
Dividend income	1,358	1,214
Commission income	224	245
Rental income from real estate	11	8
Other	218	395
Total non-operating income	2,048	2,054
Non-operating expenses		
Interest expense	316	341
Commitment fees	1	1
Other	110	30
Total non-operating expenses	427	373
Ordinary profit	2,080	7,260

(Unit: million yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Extraordinary income		
Gain on sales of non-current assets	113	4
Gain on sales of investment securities	2,867	4,193
Other	—	2
Total extraordinary income	2,981	4,200
Extraordinary loss		
Loss on disposal of non-current assets	3	23
Impairment losses	—	7
Loss on sale of investment securities	7	267
Loss on valuation of investment securities	341	323
Loss on valuation of shares of subsidiaries and associates	37	212
Loss on early termination	—	608
Total extraordinary loss	389	1,442
Profit before income taxes	4,671	10,018
Income taxes-currents	739	910
Income taxes-deferred	-81	-547
Total income taxes	657	362
Net profit	4,014	9,655

(3) Statement of Changes in Shareholders' Equity
Previous fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	10,649	46,177	3,937	50,114
Changes during period				
Dividends of surplus				
Profit				
Reversal of reserve for tax purpose reduction entry of land				
Purchase of treasury shares				
Disposal of treasury shares			-4	-4
Reversal of revaluation reserve for land				
Net changes in items other than shareholders' equity				
Total changes during period	—	—	-4	-4
Balance at end of period	10,649	46,177	3,933	50,110

	Shareholders' equity						
	Retained earnings					Treasury shares	Total shareholder's equity
	Legal retained earnings	Other retained earnings			Total retained earnings		
		Reserve for tax purpose reduction entry of land	General reserve	Retained earnings brought forward			
Balance at beginning of period	664	1,513	6,336	78,113	86,627	-15,823	131,568
Changes during period							
Dividends of surplus				-2,116	-2,116		-2,116
Profit				4,014	4,014		4,014
Reversal of reserve for tax purpose reduction entry of land		-109		109	—		—
Purchase of treasury shares						-0	-0
Disposal of treasury shares						65	61
Reversal of revaluation reserve for land				-107	-107		-107
Net changes in items other than shareholders' equity							
Total changes during period	—	-109	—	1,900	1,791	64	1,851
Balance at end of period	664	1,404	6,336	80,013	88,418	-15,759	133,420

(Unit: million yen)

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	33,244	-4,357	28,886	162	160,617
Changes during period					
Dividends of surplus					-2,116
Profit					4,014
Reversal of reserve for tax purpose reduction entry of land					—
Purchase of treasury shares					-0
Disposal of treasury shares					61
Reversal of revaluation reserve for land					-107
Net changes in items other than shareholders' equity	-7,776	107	-7,668	-13	-7,682
Total changes during period	-7,776	107	-7,668	-13	-5,830
Balance at end of period	25,468	-4,250	21,217	149	154,787

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

(Unit: million yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	10,649	46,177	3,933	50,110
Changes during period				
Dividends of surplus				
Profit				
Reversal of reserve for tax purpose reduction entry of land				
Purchase of treasury shares				
Disposal of treasury shares			0	0
Reversal of revaluation reserve for land				
Net changes in items other than shareholders' equity				
Total changes during period	—	—	0	0
Balance at the end of period	10,649	46,177	3,933	50,110

	Shareholders' equity						
	Retained earnings					Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings			Total retained earnings		
		Reserve for tax purpose reduction entry of land	General reserve	Retained earnings brought forward			
Balance at beginning of period	664	1,404	6,336	80,013	88,418	-15,759	133,420
Changes during period							
Dividends of surplus				-2,187	-2,187		-2,187
Profit				9,655	9,655		9,655
Reversal of reserve for tax purpose reduction entry of land		-24		24	—		—
Purchase of treasury shares						-7,390	-7,390
Disposal of treasury shares						2	2
Reversal of revaluation reserve for land				2	2		2
Net changes in items other than shareholders' equity							
Total changes during period	—	-24	—	7,496	7,471	-7,388	83
Balance at end of period	664	1,379	6,336	87,510	95,890	-23,147	133,504

(Unit: million yen)

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	25,468	-4,250	21,217	149	154,787
Changes during period					
Dividends of surplus					-2,187
Profit					9,655
Reversal of reserve for tax purpose reduction entry of land					—
Purchase of treasury shares					-7,390
Disposal of treasury shares					2
Reversal of revaluation reserve for land					2
Net changes in items other than shareholders' equity	-2,565	-2	-2,568	-2	-2,571
Total changes during period	-2,565	-2	-2,568	-2	-2,487
Balance at end of period	22,902	-4,253	18,649	146	152,299