November 13, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024

[Japanese GAAP]

Company name: ROHTO PHARMACEUTICAL CO.,LTD.
Listing: Tokyo
Securities code: 4527
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Scheduled date to file semi-annual securities report: November 14, 2024
Scheduled date to commence dividend payments: December 5, 2024
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 Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	139,082	8.8	17,791	(15.1)	18,590	(18.0)	12,921	(22.1)
September 30, 2023	127,869	15.9	20,966	28.9	22,678	26.2	16,594	25.8

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 19,133 million [(27.9)%]
Six months ended September 30, 2023: ¥ 26,530 million [6.8%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2024	56.64	56.47
September 30, 2023	72.74	72.53

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	408,260	264,347	61.9
March 31, 2024	346,175	247,036	71.0

(Reference) Equity: As of September 30, 2024: ¥ 252,658 million
As of March 31, 2024: ¥ 245,942 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	12.00	-	15.00	27.00
Fiscal year ending March 31, 2025	-	16.00			
Fiscal year ending March 31, 2025 (Forecast)			-	17.00	33.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	320,000	18.2	43,200	7.9	44,200	4.2	32,200	4.1	141.14

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 43 (Company name: Soar R2M Pte. Ltd., Rohto-Mentholatum Austria GmbH, Eu Yan Sang International Ltd., and 40 others)

Excluded: 1 (Company name: Mentholatum Shanghai Cosmetics Company Ltd.)

Note: Please refer to page 11 of the attachments "2. Semi-annual Consolidated Financial Statements and Major Notes, (4) Notes to Semi-annual Consolidated Financial Statements" for further information.

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

Note: Please refer to page 11 of the attachments "2. Semi-annual Consolidated Financial Statements and Major Notes, (4) Notes to Semi-annual Consolidated Financial Statements" for further information.

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

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

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

September 30, 2024: 236,178,310 shares

March 31, 2024: 236,178,310 shares

2) Number of treasury shares at the end of the period:

September 30, 2024: 8,039,572 shares

March 31, 2024: 8,039,532 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 228,138,759 shares

Six months ended September 30, 2023: 228,138,931 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

*Cautionary statement with respect to forward-looking statements and other special items

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information available to the Company at the time the materials were created. These materials are not promises by the Company regarding future performance. Actual results of operations may differ significantly from the forecasts depending on various factors. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 3 of the attachments "1. Qualitative Information on Semi-annual Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

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1. Qualitative Information on Semi-annual Consolidated Financial Performance

(1) Explanation of Results of Operations

During the semi-annual period of the current fiscal year, the Japanese economy remained on a gradual recovery track, particularly with regard to personal consumption owing to improvements in the employment and income environment. On the other hand, the outlook of the Japanese economy is still uncertain on account of continued concerns of a slowdown in overseas economies, the occurrence of climate change issues and natural disasters, persistent instability in financial markets, such as with exchange rate and stock price fluctuations, and rising domestic prices due to soaring resource and materials prices against the backdrop of the protracted conflict in Ukraine, and other factors.

In these circumstances, the Rohto Group is endeavoring under the slogan “Connect for Well-being” to enable people all over the world to feel energized both mentally and physically, and spend every day filled with laughter and happiness throughout the various stages of their lives. With the aim of further increasing corporate value, we are working to realize the Rohto Group Comprehensive Management Vision 2030.

Consequently, net sales increased to 139,082 million yen (up 8.8% year-on-year). In Japan, sales increased, reflecting product proposals that meet customer needs as well as rising inbound demand. Overseas, sales also increased due to product proposals that meet customer needs and depreciation of the yen.

Profits decreased as a result of a rising cost of sales ratio as well as increased selling, general and administrative expenses due to a planned increase in research and development expenses, resulting in operating income of 17,791 million yen (down 15.1% year-on-year), ordinary income of 18,590 million yen (down 18.0% year-on-year), and semi-annual profit attributable to owners of parent of 12,921 million yen (down 22.1% year-on-year).

Results by reportable segment are as follows.

Japan

Sales to outside customers increased to 81,442 million yen (up 6.6% year-on-year).

Sales were brisk for new lip balm products and “Rohto V5” supplements, and sales remained strong for “Melano CC,” thanks to favorable sales of the enzyme face wash marketed under this brand, as well as for “Hadalabo” skincare products, sunscreens and high-end eye drops. Among the domestic group companies, Rohto Nitten Co., Ltd. and Qualitech Pharma Co., Ltd., in particular, contributed to sales growth.

Segment profit (operating income basis) decreased to 9,872 million yen (down 25.4% year-on-year) due to a rising cost of sales ratio as well as a planned increase in the selling, general and administrative expenses, including research and development expenses.

Americas

Sales to outside customers increased significantly to 10,043 million yen (up 14.6% year-on-year).

Sales of OTC eye drops were strong in the U.S. and Hydrox Laboratories, which manufactures and sells medical disinfectants and other products, also performed strongly. In addition, our consolidated subsidiaries in Brazil, which experienced strong sales for “Hadalabo,” also made a substantial contribution to the increase in sales.

Segment profit (operating income basis) increased significantly to 659 million yen (up 16.8% year-on-year) owing to profit improvements at Hydrox Laboratories and the consolidated subsidiaries in Brazil.

Europe

Sales to outside customers increased significantly to 8,030 million yen (up 13.9% year-on-year).

Sales of the mainstay anti-inflammatory analgesic products decreased due to timing discrepancies in shipments to the Middle East. However, Dax Cosmetics, based in Poland, contributed to the increase in sales due to the strong sales of “Perfecta” and “Hadalabo Tokyo.” In addition, the Company has been developing the eye drop market since 2021 with “Rohto Dry Aid,” whose sales remained strong.

Segment profit (operating income basis) decreased to 538 million yen (down 38.9% year-on-year) due to a decrease in sales of the mainstay anti-inflammatory analgesic products as well as a rising cost of sales ratio.

Asia

Sales to outside customers increased significantly to 37,906 million yen (up 10.8% year-on-year).

Sales remained strong in Vietnam, Indonesia, and other Southeast Asian countries. On the other hand, stricter import regulations in Myanmar led to difficulties in the import of raw materials and products, which resulted in significant decrease in sales. Regarding the performance of particular products, “Selsun” antidandruff shampoo, sunscreens, “Hadalabo,” and others contributed to the increase in sales.

Segment profit (operating income basis) increased to 6,037 million yen (up 3.2% year-on-year), due to improvement in the cost of sales ratio, despite planned increase in advertising and promotional expenses and the decrease in sales in Myanmar.

(2) Explanation of Financial Position

1) Balance sheets position

Total assets at the end of the semi-annual period of the current fiscal year were 408,260 million yen, an increase of 62,085 million yen from the end of the previous fiscal year. This was mainly due to an increase of 47,245 million yen in goodwill, an increase of 16,335 million yen in other, net under property, plant and equipment, and an increase of 9,550 million yen in merchandise and finished goods, while cash and deposits decreased by 24,708 million yen.

Total liabilities were 143,912 million yen, an increase of 44,773 million yen from the end of the previous fiscal year. The main factors were an increase of 18,996 million yen in short-term borrowings and an increase of 15,045 million yen in long-term borrowings, while accrued expenses decreased by 1,478 million yen.

Net assets totaled 264,347 million yen, an increase of 17,311 million yen from the end of the previous fiscal year. This was mainly due to increases in non-controlling interests and foreign currency translation adjustment of 10,594 million yen and 6,102 million yen, respectively.

2) Consolidated cash flow position

Cash and cash equivalents amounted to 61,278million yen at the end of the semi-annual period of the current fiscal year, a decrease of 15,691 million yen from the end of the previous fiscal year.

Operating activities

Net cash provided by operating activities in the semi-annual period of the current fiscal year amounted to 14,007 million yen, an increase of 5,196 million yen from the same period of the previous fiscal year. While semi-annual income before income taxes amounted to 18,576 million yen, and depreciation and a decrease in trade receivables, which are factors contributing to a cash flow increase, amounted to 4,267 million yen and 3,089 million yen, respectively, income taxes paid and an increase in inventories, which are factors contributing to a cash flow decrease, amounted to 5,785 million yen and 4,510 million yen, respectively.

Investing activities

Net cash used in investing activities in the semi-annual period of the current fiscal year amounted to 83,525 million yen, an increase of 75,173 million yen from the same period of the previous fiscal year. This was mainly due to payments of 74,479 million yen for the purchase of shares of subsidiaries resulting in change in scope of consolidation and 5,025 million yen for the purchase of property, plant and equipment.

Financing activities

Net cash provided by financing activities in the semi-annual period of the current fiscal year amounted to 40,297 million yen, compared to net cash used of 4,902 million yen for the same period of the previous fiscal year. This was mainly due to proceeds from share issuance to non-controlling shareholders of 31,620 million yen and proceeds from long-term borrowings of 14,977 million yen.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

There is no change in the full-year consolidated earnings forecast that was released on August 7, 2024. Results of operations for the semi-annual period trended generally in line with our plan.

*The above forecasts are based on information available as of the date of announcement. Actual results may differ from the forecasts due to various factors.

2. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	89,210	64,502
Notes and accounts receivable - trade	44,744	48,694
Electronically recorded monetary claims - operating	24,779	20,213
Merchandise and finished goods	26,414	35,965
Work in process	3,914	5,540
Raw materials and supplies	16,329	20,354
Other	9,773	10,001
Allowance for doubtful accounts	(408)	(377)
Total current assets	214,759	204,895
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	29,871	33,452
Other, net	38,736	55,072
Total property, plant and equipment	68,607	88,524
Intangible assets		
Goodwill	2,285	49,531
Other	6,931	8,436
Total intangible assets	9,217	57,968
Investments and other assets		
Investment securities	44,337	48,009
Other	16,262	16,100
Allowance for doubtful accounts	(7,008)	(7,238)
Total investments and other assets	53,590	56,871
Total non-current assets	131,415	203,364
Total assets	346,175	408,260

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,991	20,001
Electronically recorded obligations - operating	4,132	4,019
Short-term borrowings	5,304	24,300
Accrued expenses	21,985	20,507
Income taxes payable	5,071	5,620
Provision for bonuses	3,685	4,394
Provision for bonuses for directors (and other officers)	50	25
Other	29,865	32,277
Total current liabilities	87,087	111,146
Non-current liabilities		
Long-term borrowings	5,190	20,236
Retirement benefit liability	2,548	2,748
Provision for loss on guarantees	37	18
Other	4,275	9,763
Total non-current liabilities	12,051	32,766
Total liabilities	99,138	143,912
Net assets		
Shareholders' equity		
Share capital	6,504	6,504
Capital surplus	4,516	-
Retained earnings	209,399	214,342
Treasury shares	(4,939)	(4,939)
Total shareholders' equity	215,480	215,907
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,276	11,481
Foreign currency translation adjustment	18,594	24,696
Remeasurements of defined benefit plans	591	573
Total accumulated other comprehensive income	30,461	36,751
Share acquisition rights	382	382
Non-controlling interests	710	11,305
Total net assets	247,036	264,347
Total liabilities and net assets	346,175	408,260

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	127,869	139,082
Cost of sales	53,909	60,574
Gross profit	73,960	78,507
Selling, general and administrative expenses	52,993	60,716
Operating income	20,966	17,791
Non-operating income		
Interest income	671	708
Dividend income	268	307
Share of profit of entities accounted for using equity method	86	58
Foreign exchange gains	467	-
Other	694	399
Total non-operating income	2,187	1,473
Non-operating expenses		
Interest expenses	109	128
Foreign exchange losses	-	137
Provision of allowance for doubtful accounts	-	229
Loss on investments in investment partnerships	104	-
Other	262	179
Total non-operating expenses	476	674
Ordinary income	22,678	18,590
Extraordinary income		
Gain on sale of investment securities	-	748
Gain on sale of shares of subsidiaries and associates	-	39
Total extraordinary income	-	787
Extraordinary losses		
Impairment losses	-	16
Loss on valuation of investment securities	134	785
Total extraordinary losses	134	801
Income before income taxes	22,544	18,576
Income taxes	5,719	5,766
Net income	16,824	12,809
Profit (loss) attributable to non-controlling interests	229	(111)
Profit attributable to owners of parent	16,594	12,921

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net income	16,824	12,809
Other comprehensive income		
Valuation difference on available-for-sale securities	2,360	206
Foreign currency translation adjustment	7,360	6,135
Remeasurements of defined benefit plans, net of tax	(17)	(18)
Share of other comprehensive income of entities accounted for using equity method	1	0
Total other comprehensive income	9,705	6,323
Comprehensive income	26,530	19,133
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26,176	19,210
Comprehensive income attributable to non-controlling interests	353	(77)

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Income before income taxes	22,544	18,576
Depreciation	3,922	4,267
Impairment losses	-	16
Amortization of goodwill	199	178
Increase (decrease) in allowance for doubtful accounts	44	(74)
Increase (decrease) in provision for bonuses	71	(50)
Increase (decrease) in retirement benefit liability	115	30
Increase (decrease) in provision for loss on guarantees	-	(23)
Bad debt expense	-	229
Reversal of allowance for doubtful accounts	(147)	-
Loss (gain) on sale of investment securities	-	(748)
Loss (gain) on valuation of investment securities	134	785
Interest and dividend income	(939)	(1,015)
Interest expenses	109	128
Share of loss (profit) of entities accounted for using equity method	(86)	(58)
Decrease (increase) in trade receivables	(6,010)	3,089
Decrease (increase) in inventories	(5,782)	(4,510)
Increase (decrease) in trade payables	3,699	716
Other, net	(4,971)	(2,944)
Subtotal	12,901	18,589
Interest and dividends received	992	1,293
Interest paid	(108)	(94)
Income taxes paid	(5,011)	(5,785)
Income taxes refund	37	4
Net cash provided by (used in) operating activities	8,811	14,007
Cash flows from investing activities		
Payments into time deposits	(622)	(1,208)
Proceeds from withdrawal of time deposits	703	761
Purchase of property, plant and equipment	(3,906)	(5,025)
Proceeds from sale of property, plant and equipment	138	5
Purchase of intangible assets	(494)	(524)
Purchase of investment securities	(3,605)	(3,821)
Proceeds from sale and redemption of investment securities	-	816
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(74,479)
Long-term loan advances	(565)	(51)
Proceeds from collection of long-term loans receivable	0	1
Net cash provided by (used in) investing activities	(8,351)	(83,525)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	30	13,035
Proceeds from long-term borrowings	-	14,977
Repayments of long-term borrowings	(1,740)	(1,979)
Dividends paid	(2,737)	(3,422)
Proceeds from share issuance to non-controlling shareholders	-	31,620
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(13,505)
Other, net	(454)	(428)
Net cash provided by (used in) financing activities	(4,902)	40,297
Effect of exchange rate change on cash and cash equivalents	3,698	3,937
Net increase (decrease) in cash and cash equivalents	(744)	(25,283)
Cash and cash equivalents at beginning of period	77,691	86,562
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	23	-
Cash and cash equivalents at end of period	76,970	61,278

(4) Notes to Semi-annual Consolidated Financial Statements

Going Concern Assumption

No reportable information.

Significant Changes in Shareholders' Equity

No reportable information

Application of Special Accounting Methods for Preparation of Semi-annual Consolidated Financial Statements

Calculation of tax expense

Tax expense was calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to income before income taxes for the fiscal year, and multiplying that rate by semi-annual income before income taxes.

Changes in Accounting Policies

Application of "Accounting Standard for Current Income Taxes," etc.

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereafter referred to as the "Revised Accounting Standard of 2022") and other relevant standards from the beginning of the semi-annual period of the current fiscal year.

With regard to revisions to categories for recording current income taxes (taxation on other comprehensive income), the Company complies with the transitional treatment stipulated in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment stipulated in the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereafter referred to as the "Revised Guidance of 2022"). These changes in the accounting policy do not affect the semi-annual consolidated financial statements.

In addition, since the beginning of the semi-annual period of the current fiscal year, the Revised Guidance of 2022 has also been applied to the amendments related to the review of the treatment in consolidated financial statements when profits or losses arising from the sale of subsidiary shares, etc. between consolidated companies are deferred for tax purposes. These changes in the accounting policy have been applied retroactively, and the semi-annual consolidated financial statements and the consolidated financial statements for the previous fiscal year reflect the changes that have been applied retroactively. These changes in the accounting policy do not affect the semi-annual consolidated financial statements and the consolidated financial statements for the previous fiscal year.

Changes in the Scope of Consolidation and the Scope of Application of Equity Method

Significant changes in the scope of consolidation

Starting from the semi-annual period of the current fiscal year, Soar R2M Pte. Ltd. and Rohto-Mentholatum Austria GmbH, which the Company has newly established, and Eu Yan Sang International Ltd. and 40 other companies, whose shares it has newly acquired, have been included in the scope of consolidation. Additionally, Mentholatum Shanghai Cosmetics Company Ltd. has been excluded from the scope of consolidation due to liquidation.

Significant changes in the scope of application of equity method

Starting from the semi-annual period of the current fiscal year, CAFÉ COMPANY Inc. has been excluded from the scope of application of equity method due to the sale of its shares by the Company.

Segment Information

I. Prior Semi-annual Period (Apr. 1, 2023 – Sep. 30, 2023)

1. Information related to net sales and profit and disaggregation of revenue for each reportable segment

(Millions of yen)

	Reportable segment (Note 1)					Others (Note 2)	Total	Adjustment (Note 3)	Reported in semi-annual consolidated statement of income (Note 4)
	Japan	Americas	Europe	Asia	Subtotal				
Net sales									
Revenue from contracts with customers	76,411	8,765	7,047	34,223	126,448	1,421	127,869	—	127,869
(1) Sales to customers	76,411	8,765	7,047	34,223	126,448	1,421	127,869	—	127,869
(2) Inter-segment sales and transfers	1,541	842	43	2,274	4,702	13	4,715	(4,715)	—
Total	77,952	9,607	7,091	36,497	131,150	1,435	132,585	(4,715)	127,869
Segment profit	13,233	564	881	5,847	20,528	130	20,659	307	20,966

Notes: 1. "Americas" includes the business activities of overseas entities in the U.S. and Brazil, and others; "Europe" those in the U.K., Poland and South Africa, and others; and "Asia" those in China, Taiwan, Vietnam, and others.
2. "Others" is the business that is excluded from reportable segments, and includes the business activities of entities in Australia.
3. "Adjustment" to segment profit of 307 million yen indicates elimination for intersegment transactions.
4. Segment profit is adjusted with operating income reported in the semi-annual consolidated statement of income.

2. Information concerning impairment loss on non-current assets or goodwill by reportable segments

No reportable information.

II. Current Semi-annual Period (Apr. 1, 2024 – Sep. 30, 2024)

1. Information related to net sales and profit and disaggregation of revenue for each reportable segment

(Millions of yen)

	Reportable segment (Note 1)					Others (Note 2)	Total	Adjustment (Note 3)	Reported in semi-annual consolidated statement of income (Note 4)
	Japan	Americas	Europe	Asia	Subtotal				
Net sales Revenue from contracts with customers	81,442	10,043	8,030	37,906	137,423	1,658	139,082	―	139,082
(1) Sales to customers	81,442	10,043	8,030	37,906	137,423	1,658	139,082	―	139,082
(2) Inter-segment sales and transfers	1,852	856	61	2,479	5,250	54	5,304	(5,304)	―
Total	83,294	10,899	8,092	40,386	142,673	1,713	144,387	(5,304)	139,082
Segment profit	9,872	659	538	6,037	17,108	145	17,254	536	17,791

Notes: 1. "Americas" includes the business activities of overseas entities in the U.S. and Brazil, and others; "Europe" those in the U.K., Poland and South Africa, and others; and "Asia" those in China, Taiwan, Vietnam, and others.
2. "Others" is the business that is excluded from reportable segments, and includes the business activities of entities in Australia.
3. "Adjustment" to segment profit of 536 million yen indicates elimination for intersegment transactions.
4. Segment profit is adjusted with operating income reported in the semi-annual consolidated statement of income.

2. Information concerning impairment loss on non-current assets or goodwill by reportable segments

In the Asia segment, the Company acquired shares in Eu Yan Sang International Ltd., making it a consolidated subsidiary. The increase in goodwill resulting from this event was 44,792 million yen for the semi-annual period of the current fiscal year.
In the Europe segment, the Company acquired shares in Mono chem-pharm Produkte GmbH, making it a consolidated subsidiary. The increase in goodwill resulting from this event was 1,715 million yen for the semi-annual period of the current fiscal year.
The Japan segment recorded impairment loss on non-current assets. The impairment loss recorded for the semi-annual period of the current fiscal year was 16 million yen.

3. Information on assets by reportable segments

During the semi-annual period of the current fiscal year, the Company acquired shares in Eu Yan Sang International Ltd. and Mono chem-pharm Produkte GmbH. This resulted in increases of 87,079 million yen in the assets of the Asia segment, 15,485 million yen in the assets of the Europe segment, and 247 million yen in the assets of the Others segment, compared to the end of the previous fiscal year.

** This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*