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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 7, 2025

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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: No

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	198,207	47.3	11,034	92.6	11,361	74.2	3,524	(6.6)
December 31, 2023	134,528	6.7	5,729	(16.2)	6,523	(8.0)	3,774	(9.2)

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥ 5,788 million [53.1%]
 Nine months ended December 31, 2023: ¥ 3,780 million [(9.1)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	94.22	-
December 31, 2023	101.47	-

(Note)

EBITDA (Operating profit + Depreciation + Amortization of goodwill)	As of December 31, 2024:	¥ 16,963 million
	As of December 31, 2023:	¥ 9,604 million
Net income before Amortization of goodwill (Profit attributable to owners of parent + Amortization of goodwill)	As of December 31, 2024:	¥ 6,789 million
	As of December 31, 2023:	¥ 6,301 million
EPS before Amortization of goodwill (Profit before Amortization of goodwill / Average number of shares during the period)	As of December 31, 2024:	¥ 181.52
	As of December 31, 2023:	¥ 169.42

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of December 31, 2024	Millions of yen 174,489	Millions of yen 60,385	% 31.8
March 31, 2024	117,779	52,837	44.8

(Reference) Equity: As of December 31, 2024: ¥ 55,433 million
As of March 31, 2024: ¥ 52,789 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	-	15.00	-	15.00	30.00
Fiscal year ending March 31, 2025	-	17.00	-		
Fiscal year ending March 31, 2025 (Forecast)				17.00	34.00

(Note) Revision to the forecast for dividends announced most recently:

No

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 profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	270,000	50.0	15,000	80.2	15,200	64.2	5,000	2.4	133.68

(Note) Revision to the financial results forecast announced most recently:

No

* Notes:

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

Yes

Newly included: - (Company name: DAIICHI SANKYO ESPHA CO., LTD)
Excluded: - (Company name: —)

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

No

(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: No
3) Changes in accounting estimates: No
4) Restatement: No

(4) Number of issued shares (common shares)

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

December 31, 2024: 38,902,785 shares
March 31, 2024: 38,902,785 shares

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

December 31, 2024: 1,388,019 shares
March 31, 2024: 1,580,709 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024: 37,401,519 shares
Nine months ended December 31, 2023: 37,197,662 shares

(Note) Treasury stock includes shares owned by the exclusive trust account of the Company's Employee Stock Ownership Association.

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1. OVERVIEW OF OPERATING RESULTS

(1) Overview of Operating Results for the Nine Months Ended December 31, 2024

During the consolidated first three quarters under review (April 1, 2024-December 31, 2024), the Japanese economy showed a moderate recovery due to the normalization of economic activities and improvement in the employment and income environment. However, the future of the economy remains uncertain due to a slowdown in private consumption due to price hikes and policy trends in the United States.

Even amid these significant changes in the business environment, the Qol Group aims to continue being the Company closest to patients. We are engaged in efforts to integrate all businesses under the three keywords “improve quality,” “scale expansion,” “further growth.”

In April 2024, we acquired additional shares in DAIICHI SANKYO ESPHA CO., LTD., and made it a consolidated subsidiary. Further, in December 2024, as the first AG products after becoming a Group company, we launched “Rivaroxaban Tablets (brand name XARELTO® Tablets),” “Rivaroxaban OD Tablets (brand name XARELTO® OD Tablets),” “Loxoprofen Sodium Tapes (brand name LOXONIN® Tapes)” and “Hydroxychloroquine Sulfate Tablets (brand name PLAQUENIL® Tablets).” In particular, major AG products “Rivaroxaban Tablets (brand name XARELTO® Tablets)” and “Rivaroxaban OD Tablets (brand name XARELTO® OD Tablets)” have captured a greater than planned market share. Going forward, we will leverage synergies with the Pharmacy Business and BPO Contracting Businesses and achieve further growth toward our medium-term goals by concentrating on and specializing in pharmaceuticals.

In the consolidated first three quarters under review, the Qol Group posted net sales of ¥198,207 million (up 47.3% year on year), operating profit of ¥11,034 million (up 92.6%), ordinary profit of ¥11,361 million (up 74.2%) and profit attributable to owners of parent of ¥3,524 million (down 6.6%) due to the inclusion of DAIICHI SANKYO ESPHA CO., LTD., as a consolidated subsidiary (share ownership ratio: 51%). EBITDA was ¥16,963 million (up 76.6%). Moreover, quarterly net profit was ¥5,773 million (up 53.1% year on year).

Performance by business segment is as follows.

From the first quarter of the consolidated fiscal year under review, the business segments listed as reporting segments have been changed from two segments: “Pharmacy Business” and “Medical-Related Business” to three segments: “Pharmacy Business” and “BPO Contracting Businesses” and “Pharmaceutical Manufacturing Business.” Further, the Pharmaceutical Manufacturing Business, which was previously classified in the “Medical-Related Business,” is transferred to the “Pharmaceutical Manufacturing Business.” As a result, comparisons and analyses for the first three quarters of the consolidated fiscal year under review for “BPO Contracting Businesses” and “Pharmaceutical Manufacturing Business” are based on the new classification.

※BPO : Businesses Process Outsourcing

a. Pharmacy Business

In the Pharmacy Business, we work to improve quality by expanding scale through M&A, new store openings, and the promotion of the Home and Facility Dispensing Business, maximizing profits through increased productivity, and enhancing patient convenience through digitization, including the creation of next-generation pharmacies.

In the first three quarters of the fiscal year under review, the Group added 18 new stores and acquired 26 stores through conversion to subsidiaries for a total addition of 44 stores, while closing nine stores and transferring one store to operations for a total decrease of 10 stores, amounting to 954 stores. Going forward, to develop high added-value pharmacies, we will engage in strategic new store openings and scale expansion through M&A to continue expanding scale.

In terms of pharmacy operations, with the cooperation of au pharmacies operated by KDDI CORPORATION, a major telecommunications company, we opened the Group's first 365-day online specialty pharmacy “Qol Dokodemo Pharmacy (hereinafter, “the Pharmacy”)” in November 2024. The name of the Pharmacy represents the concept of “any prescription, connect everywhere, receive anywhere,” positioning pharmacies and pharmacists as familiar and accessible resources. . At the Pharmacy, you can use your smartphone, tablet, and other devices to listen to drug explanations and receive medication in your favorite place. KDDI CORPORATION, which is engaged in DX in the telecommunications business, will strive to create new experience value through interaction with the Qol Group, which has built up its functions as an insurance pharmacy for many years.

Regarding performance, although the number of prescriptions increased due to contributions from M&A and new store openings conducted in the previous fiscal year, promotion of the Home and Facility Dispensing Business, and an increase in the number of patients infected with epidemic infectious diseases, operating costs such as purchasing and personnel expenses also increased.

As a result, net sales in this segment were ¥128,781 million (up 4.5% year on year) and operating profit was ¥7,026 million (down 7.5%).

b. BPO Contracting Businesses

In the BPO Contracting Businesses, we will continue to expand the scale of the core CSO Business, CRO Business, Professional Referral Dispatch Business, and Publishing-related Business.

In the CSO Business, although numbers increased in line with expanding demand for MR dispatches, cost related to recruitment also increased. Going forward, to meet diversifying needs from medical sites, we will continue to focus efforts on recruiting human resources with a wide range of experience and provide training programs for MRs in specialized fields, while also receiving orders for sales in various areas in line with medical developments. Further, the CRO Business, which is engaged in contracted development services for pharmaceuticals and foods, expanded due to an increase in orders, mainly for food testing.

In the Professional Referral Dispatch Business, for pharmacist referral dispatches, the number of contracts concluded is increasing due to stronger employee recruitment and improved productivity. Further, in the Physician and Nurse Business, which was newly launched in the previous fiscal year, progress is also steady due to factors including the expansion of services to match personnel working for a short period of time.

In the Publishing-related Business, the convention business, which operates lectures and other operations conducted by pharmaceutical manufacturers and medical organizations, and the compliance service business, which verifies that pharmaceutical manufacturers' products and other products comply with various regulations, are expanding.

As a result, net sales in this segment were ¥10,057 million (up 0.5% year on year) and operating profit was ¥1,225 million (up 8.3%).

c. Pharmaceutical Manufacturing Business

In the Pharmaceutical Manufacturing Business, we aim to achieve further growth in line with the inclusion of DAIICHI SANKYO ESPHA CO., LTD., as a Group company.

With regard to product lineups, we will mainly focus on expanding AG products. We will also leverage the Group's expertise in providing MR information to provide information from the perspectives of healthcare professionals and patients to expand sales volumes.

In December 2024, we launched three ingredients by seven products as the first AG product after becoming a Group company. In particular, we have acquired a greater than planned market share for major AG products “Rivaroxaban Tablets (brand name XARELTO® Tablets)” and “Rivaroxaban OD Tablets (brand name XARELTO® OD Tablets)”. Further, in December 2022, we obtained marketing approval for the COVID test kit “Tegaruna® stick SARS-CoV-2 Ag” as an OTC drug and are preparing for sale.

As a consequence, net sales in this segment were ¥59,367 million (compared with ¥1,265 million in the same period of the previous fiscal year) and operating profit was ¥5,440 million (compared with negative ¥246 million in the same period of the previous fiscal year).

EBITDA = Operating profit + Depreciation + Amortization of goodwill

CSO: Contract Sales Organization

MR: Medical Representative

AG: Authorized Generic

(For Reference) Reporting Segments

		Nine months ended December 31		Change (%)
		2023 (Millions of yen)	2024 (Millions of yen)	
Pharmacy Business	Net sales	123,253	128,781	4.5
	Segment profit	7,593	7,026	(7.5)
BPO Contracting Businesses	Net sales	10,009	10,057	0.5
	Segment profit	1,131	1,225	8.3
Pharmaceutical Manufacturing Business	Net sales	1,265	59,367	—
	Segment profit	(246)	5,440	—
Total	Net sales	134,528	198,207	47.3
	Segment profit	8,478	13,692	61.5

(N.B.) 1. Sales in each segment do not include internal sales between segments.

2. From the first quarter of the consolidated fiscal year under review, the business segments listed as reporting segments have been changed. Segment information for the first three quarters of the previous consolidated fiscal year has been prepared based on the new classification.

Segment information for the first three quarters of the previous consolidated fiscal year does not include the figures for DAIICHI SANKYO ESPHA CO., LTD., which became a consolidated subsidiary from the first quarter of the consolidated fiscal year under review.

For details, Please refer to [2. Quarterly Consolidated Financial Statements (notes on segment information).]

(2) Overview of Financial Position at December 31, 2024

a. Assets

As of December 31, 2024, total assets amounted to ¥174,489 million, up ¥56,710 million from March 31, 2024.

This was mainly due to a decrease of ¥7,714 million in shares of subsidiaries and associates, and increases of ¥29,933 million in business right, ¥9,055 million in cash and deposits, and ¥8,344 million in goodwill.

b. Liabilities

As of December 31, 2024, total liabilities amounted to ¥114,103 million, up ¥49,162 million from March 31, 2024.

This was mainly due to increases of ¥23,081 million in accounts payable - other, ¥16,558 million in accounts payable - trade, and ¥7,840 million in refund liabilities.

c. Net assets

As of December 31, 2024, total net assets amounted to ¥60,385 million, up ¥7,548 million from March 31, 2024.

This was mainly due to a decrease of ¥286 million in treasury shares, and increases of ¥4,903 million in non-controlling interests and ¥2,317 million in retained earnings.

(3) Consolidated Financial Forecast

There are no changes to the consolidated financial forecast announced on November 1, 2024.

2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	27,282	36,338
Notes and accounts receivable - trade, and contract assets	16,909	25,764
Merchandise and finished goods	4,697	6,872
Work in process	129	165
Raw materials and supplies	343	3,473
Other	3,329	3,106
Allowance for doubtful accounts	(2)	(3)
Total current assets	52,690	75,717
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,971	7,606
Tools, furniture and fixtures, net	1,448	1,666
Land	6,925	6,951
Other, net	936	659
Total property, plant and equipment	16,281	16,884
Intangible assets		
Goodwill	32,133	40,477
Business right	-	29,933
Software	798	1,029
Other	204	243
Total intangible assets	33,136	71,684
Investments and other assets		
Investment securities	132	154
Shares of subsidiaries and associates	7,714	-
Leasehold and guarantee deposits	4,061	4,196
Deferred tax assets	2,164	2,098
Other	1,618	3,775
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	15,670	10,203
Total non-current assets	65,089	98,771
Total assets	117,779	174,489

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	22,098	38,657
Current portion of long-term borrowings	8,155	8,654
Accounts payable - other	1,520	24,602
Income taxes payable	2,197	1,742
Provision for bonuses	2,436	1,303
Refund liabilities	-	7,840
Other	2,414	5,817
Total current liabilities	38,823	88,618
Non-current liabilities		
Long-term borrowings	23,477	21,306
Deferred tax liabilities	302	305
Provision for retirement benefits for directors (and other officers)	31	152
Retirement benefit liability	859	869
Asset retirement obligations	1,093	1,176
Other	353	1,674
Total non-current liabilities	26,118	25,485
Total liabilities	64,941	114,103
Net assets		
Shareholders' equity		
Share capital	5,786	5,786
Capital surplus	11,276	11,301
Retained earnings	38,030	40,347
Treasury shares	(2,303)	(2,016)
Total shareholders' equity	52,790	55,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	14
Total accumulated other comprehensive income	(0)	14
Non-controlling interests	48	4,952
Total net assets	52,837	60,385
Total liabilities and net assets	117,779	174,489

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	134,528	198,207
Cost of sales	117,559	167,803
Gross profit	16,968	30,404
Selling, general and administrative expenses	11,238	19,369
Operating profit	5,729	11,034
Non-operating income		
Rental income from buildings	95	111
Commission income	92	47
Surrender value of insurance policies	1	29
Share of profit of entities accounted for using equity method	608	-
Subsidy income	10	9
Guarantee commission income	44	44
Subsidy income (other)	44	270
Other	80	79
Total non-operating income	977	592
Non-operating expenses		
Interest expenses	77	143
Rental expenses	51	53
Other	53	68
Total non-operating expenses	183	266
Ordinary profit	6,523	11,361
Extraordinary income		
Gain on sale of non-current assets	47	7
Gain on bargain purchase	25	-
Gain on revision of retirement benefit plan	-	372
Total extraordinary income	72	379
Extraordinary losses		
Loss on retirement of non-current assets	17	49
Loss on sale of non-current assets	13	4
Loss on withdrawal from employees' pension fund	38	-
Retirement benefits for directors (and other officers)	-	961
Loss on step acquisitions	-	214
Other	1	6
Total extraordinary losses	71	1,236
Profit before income taxes	6,524	10,504
Income taxes	2,753	4,730
Profit	3,771	5,773
Profit (loss) attributable to non-controlling interests	(3)	2,249
Profit attributable to owners of parent	3,774	3,524

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	3,771	5,773
Other comprehensive income		
Valuation difference on available-for-sale securities	9	14
Total other comprehensive income	9	14
Comprehensive income	3,780	5,788
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,783	3,538
Comprehensive income attributable to non-controlling interests	(3)	2,249

(3) Notes to Quarterly Financial Statements

Changes in accounting policies

(Application of “Accounting Standard for Income Taxes, Inhabitant Taxes and Enterprise Taxes”)
We applied “Accounting Standards for Income Taxes, Inhabitant Taxes and Enterprise Taxes” (ASBJ Statement No. 27, October 28, 2022) from the beginning of the first quarter of the consolidated fiscal year under review.

With regard to the revisions concerning the classification for recording income taxes (Taxation on other comprehensive income), we follow the transitional treatment stipulated in Article (ASBJ Statement No. 27, October 28, 2022) 20-3 of the Revised Accounting Standard and the transitional treatment stipulated in Article 65-2(2) of “Implementation Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, October 28, 2022). There is no impact on the quarterly consolidated financial statements due to this change in accounting policy.

Also, with regard to the amendments related to the review of the treatment of deferral of gains and losses on sales arising from the sale of shares of subsidiaries among consolidated companies for tax purposes, the amendment of the guidance (ASBJ Statement No. 28, October 28, 2022) has been applied from the beginning of the first quarter of the consolidated fiscal year under review. Changes in this accounting policy are applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year are applied retrospectively. There is no impact on the previous quarter's consolidated financial statements and on the previous year's consolidated financial statements due to this change in accounting policy.

Note on Segment Information

I. Third quarter of the previous consolidated fiscal year (April 1, 2023 to December 31, 2023)

1. Information regarding the amount of net sales and profits or losses for each reporting segment and breakdown of revenue

(Millions of yen)

	Reporting segment				Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Pharmacy Business	BPO Contracting Businesses	Pharmaceutical Manufacturing Business	Total		
Net sales						
Net sales from prescription demand	114,482	—	—	114,482	—	114,482
Net Sales from the pharmaceutical manufacturing	—	—	1,265	1,265	—	1,265
Other	8,771	10,009	—	18,780	—	18,780
Revenue from contracts with customers	123,253	10,009	1,265	134,528	—	134,528
Net sales to third parties	123,253	10,009	1,265	134,528	—	134,528
Intra-group net sales and transfers	76	303	—	380	(380)	—
Total	123,330	10,312	1,265	134,908	(380)	134,528
Segment profit (loss)	7,593	1,131	(246)	8,478	(2,748)	5,729

(Note 1) The contents of the adjustments for segment profit (loss) are as follows.

(Millions of yen)

Eliminations of inter-segment business	1,743
Company-wide expenses*	(4,492)
Total	(2,748)

* Company-wide expenses mainly comprise general administrative expenses not included in reportable segments.

(Note 2) Segment profit (loss) is adjusted from the operating income on the quarterly consolidated income statement.

(Note 3) Net sales comprise revenue recognized mainly from contracts with customers; the amount of revenue recognized from other sources is not significant.

II. Nine months ended December 31, 2024

1. Information regarding the amount of net sales and profits or losses for each reporting segment and breakdown of revenue

(Millions of yen)

	Reporting segment				Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Pharmacy Business	BPO Contracting Businesses	Pharmaceutical Manufacturing Business	Total		
Net sales						
Net sales from prescription demand	119,557	—	—	119,557	—	119,557
Net Sales from the pharmaceutical manufacturing	—	—	59,367	59,367	—	59,367
Other	9,224	10,057	—	19,282	—	19,282
Revenue from contracts with customers	128,781	10,057	59,367	198,207	—	198,207
Net sales to third parties	128,781	10,057	59,367	198,207	—	198,207
Intra-group net sales and transfers	77	937	—	1,015	(1,015)	—
Total	128,859	10,995	59,367	199,223	(1,015)	198,207
Segment profit	7,026	1,225	5,440	13,692	(2,657)	11,034

(Note 1) The contents of the adjustments to segment profit are as follows.

(Millions of yen)

Eliminations of inter-segment business	1,962
Company-wide expenses*	(4,619)
Total	(2,657)

* Company-wide expenses mainly comprise general administrative expenses not included in reportable segments.

(Note 2) Segment profit is adjusted from the operating income on the quarterly consolidated income statement.

(Note 3) Net sales comprise revenue recognized mainly from contracts with customers; the amount of revenue recognized from other sources is not significant.

2. Changes in reporting segments

In line with the expansion in the scale of the pharmaceutical manufacturing and sales business due to the inclusion of DAIICHI SANKYO ESPHA CO., LTD., as a consolidated subsidiary, from the consolidated first quarter of the consolidated fiscal year under review, the business segments included in the reporting segments have been changed from two segments: “Pharmacy Business” and “Medical-Related Business” to three segments: “Pharmacy Business” and “BPO Contracting Businesses” and “Pharmaceutical Manufacturing Business”.

Further, the “Pharmaceutical Manufacturing Business”, which had been classified previously in the “Medical-Related Business”, is transferred to the “Pharmaceutical Manufacturing Business”.

Segment information for the third quarter of the previous consolidated fiscal year is based on the new segmentation method.

Note on the Event of Major Change in Shareholders' Equity

Not applicable.

Note on Assumptions for Going Concern

Not applicable.

Note on Material Changes in the Scope of Consolidation in the Nine Months Ended December 31, 2024

In the first quarter of the consolidated fiscal year under review, the Company acquired additional shares in DAIICHI SANKYO ESPHA CO., LTD., which was an equity method affiliate, and made DAIICHI SANKYO ESPHA a consolidated subsidiary.

Notes on Cash Flow Statements

The quarterly consolidated cash flow statement for the consolidated first three quarters under review is not prepared. Depreciation and amortization related to the first three quarters of the consolidated fiscal year under review (including amortization related to intangible assets excluding goodwill) and goodwill amortization are as follows.

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	1,347 million yen	2,663 million yen
Amortization of goodwill	2,527	3,265

Supplementary Information**(Change in Presentation Method)****Quarterly Consolidated Balance Sheets**

“Raw materials” previously included in “Merchandise and finished goods” under current assets are presented separately as “Raw materials and supplies” from the second quarter of the consolidated fiscal year under review due to an increase in monetary materiality. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, in the consolidated balance sheets for the previous consolidated fiscal year, “Merchandise and finished goods” of ¥4,849 million and “Supplies” of ¥192 million which were presented as current assets are reclassified as “Merchandise and finished goods” of ¥4,697 million and “Raw materials and supplies” of ¥343 million.

Further, “Accounts payable – other” included in “Other” under current liabilities in the previous consolidated fiscal year will be presented separately from the third quarter of the consolidated fiscal year under review due to an increase in materiality. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, ¥3,935 million included in “Other” in current liabilities in the consolidated balance sheets for the previous consolidated fiscal year is reclassified as “Accounts payable – other” ¥1,520 million and “Other” ¥2,414 million.