## Consolidated Financial Results for the Year Ended December 31, 2019 (IFRS)

### 1. Consolidated Operating Results

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Business profit</th>
<th>Operating profit</th>
<th>Profit for the period</th>
<th>Profit attributable to owners of the Company</th>
<th>Total comprehensive income for the period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million yen</td>
<td>Million yen</td>
<td>Million yen</td>
<td>Million yen</td>
<td>Million yen</td>
<td>Million yen</td>
</tr>
<tr>
<td>FY2019</td>
<td>1,396,240</td>
<td>187,168</td>
<td>176,585</td>
<td>131,187</td>
<td>127,151</td>
<td>118,754</td>
</tr>
<tr>
<td>FY2018</td>
<td>1,291,981</td>
<td>120,892</td>
<td>108,304</td>
<td>85,395</td>
<td>82,492</td>
<td>73,677</td>
</tr>
</tbody>
</table>

### 2. Basic earnings per share

<table>
<thead>
<tr>
<th></th>
<th>Basic earnings per share</th>
<th>Diluted earnings per share</th>
<th>Return on equity attributable to owners of parent</th>
<th>Ratio of profit before tax to total assets</th>
<th>Ratio of operating profit to revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>234.55</td>
<td>231.13</td>
<td>7.3</td>
<td>6.9</td>
<td>12.6</td>
</tr>
<tr>
<td>FY2018</td>
<td>152.24</td>
<td>151.26</td>
<td>4.7</td>
<td>4.4</td>
<td>8.4</td>
</tr>
</tbody>
</table>

### 3. Consolidated Financial Position

<table>
<thead>
<tr>
<th></th>
<th>Total assets</th>
<th>Total equity</th>
<th>Equity attributable to owners of the Company</th>
<th>Ratio of equity attributable to owners of the Company to total assets</th>
<th>Equity attributable to owners of the Company per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of December 31, 2019</td>
<td>2,581,309</td>
<td>1,795,440</td>
<td>1,766,271</td>
<td>68.4</td>
<td>3,257.17</td>
</tr>
<tr>
<td>As of December 31, 2018</td>
<td>2,477,363</td>
<td>1,732,266</td>
<td>1,704,499</td>
<td>68.8</td>
<td>3,145.71</td>
</tr>
</tbody>
</table>

### 4. Consolidated Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>Net cash flows from operating activities</th>
<th>Net cash flows from (used in) investing activities</th>
<th>Net cash flows from (used in) financing activities</th>
<th>Cash and cash equivalents at end of period</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>Million yen</td>
<td>Million yen (52,279)</td>
<td>Million yen (89,267)</td>
<td>Million yen 334,040</td>
</tr>
<tr>
<td>FY2018</td>
<td>Million yen</td>
<td>Million yen (93,341)</td>
<td>Million yen (89,198)</td>
<td>Million yen 285,022</td>
</tr>
</tbody>
</table>
2. Dividends

<table>
<thead>
<tr>
<th>First quarter</th>
<th>Second quarter</th>
<th>Third quarter</th>
<th>Year-end</th>
<th>Total</th>
<th>Dividend pay-out ratio (consolidated)</th>
<th>Ratio of dividends to equity attributable to owners of the company (consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2018</td>
<td>Yes</td>
<td>Yen</td>
<td>Yen</td>
<td>Yen</td>
<td>Yen</td>
<td>Million yen % %</td>
</tr>
<tr>
<td>FY2019</td>
<td>–</td>
<td>50.00</td>
<td>–</td>
<td>50.00</td>
<td>100.00</td>
<td>54,184 65.7 3.1</td>
</tr>
<tr>
<td>FY2019 (forecast)</td>
<td>–</td>
<td>50.00</td>
<td>–</td>
<td>50.00</td>
<td>100.00</td>
<td>54,205 42.6 3.1</td>
</tr>
</tbody>
</table>

3. Forecasts of Consolidated Financial Results for FY2020 (January 1, 2020 to December 31, 2020) (% change from the same period of the previous fiscal year)

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Business profit</th>
<th>Operating profit</th>
<th>Profit for the period</th>
<th>Profit attributable to owners of the Company</th>
<th>Basic earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 (YTD)</td>
<td>Million yen</td>
<td>%</td>
<td>Million yen</td>
<td>%</td>
<td>Million yen</td>
<td>%</td>
</tr>
<tr>
<td>FY2020</td>
<td>700,000  4.3</td>
<td>104,000  6.5</td>
<td>105,000  8.8</td>
<td>79,500 13.3</td>
<td>78,000 15.1</td>
<td>148,000 12.8</td>
</tr>
</tbody>
</table>

(Reference) Profit before taxes Q2 (YTD) ¥104,500 million (11.9%) FY2020 ¥195,000 million (12.4%)

4. Others

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

(2) Changes in accounting policies and changes in accounting estimates
   1) Changes in accounting policies required by IFRS: Yes
   2) Changes in accounting policies due to other reasons: None
   3) Changes in accounting estimates: None

(3) Number of shares issued and outstanding (common stock)
   1) Number of shares issued and outstanding as of the end of the reporting period (including treasury shares):
      December 31, 2019 557,835,617 shares
      December 31, 2018 557,835,617 shares
   2) Number of shares of treasury shares as of the end of the reporting period:
      December 31, 2019 15,564,187 shares
      December 31, 2018 15,987,217 shares
   3) Average number of shares outstanding during the reporting period:
      December 31, 2019 542,104,674 shares
      December 31, 2018 541,848,632 shares

* This earnings report is not subject to audit.

* Note to ensure appropriate use of forecasts, and other comments in particular
Forecasts and other forward-looking statements included in this report are based on information currently available and certain assumptions that Otsuka Holdings Co., Ltd. (“the Company”) deems reasonable. Actual performance and other results may differ significantly due to various factors. Please refer to “1. Overview of Operating Results and Financial Position (5) Forecasts of Consolidated Financial Results for FY 2020” on page 7 for information regarding the forecast of consolidated financial results.

The Company plans to hold a meeting for institutional investors, analysts and the press on February 14, 2020. Presentation materials and the webcast of the meeting will be available on the Company’s website promptly after the meeting.
Attachment Index

1. **Overview of Operating Results and Financial Position** ................................................................. 2
   (1) Operating Results for the Fiscal Year Ended December 31, 2019 ..................................................... 2
   (2) Research and Development Activities ................................................................................................. 4
   (3) Financial Position for the Fiscal Year Ended December 31, 2019 ...................................................... 6
   (4) Cash Flow for the Fiscal Year Ended December 31, 2019 ................................................................. 7
   (5) Forecasts of Consolidated Financial Results for FY 2020 ................................................................. 7

2. **Basic Rationale for Selection of Accounting Standards** ....................................................................... 8

3. **Consolidated Financial Statements and Major Notes** ........................................................................ 9
   (1) Consolidated Statement of Financial Position ....................................................................................... 9
   (2) Consolidated Statement of Income ........................................................................................................ 11
   (3) Consolidated Statement of Comprehensive Income ............................................................................. 12
   (4) Consolidated Statement of Changes in Equity ....................................................................................... 13
   (5) Consolidated Statement of Cash Flows .................................................................................................. 15
   (6) Notes to Consolidated Financial Statements ......................................................................................... 16
       Note to Going Concern Assumptions ........................................................................................................ 16
       Changes in Accounting Policies ............................................................................................................. 16
       Significant Accounting Estimates and Judgments ................................................................................... 16
       Segment Information ............................................................................................................................... 17
       Earnings per Share ................................................................................................................................. 19
       Subsequent Events .................................................................................................................................. 19
I. Overview of Operating Results and Financial Position

(1) Operating Results for the Fiscal Year Ended December 31, 2019

The forward looking statements in this report were prepared based on information available as of December 31, 2019.

Starting from FY2019, the group adopted IFRS 16 “Leases” (hereinafter “IFRS 16”). The impact of the adoption of IFRS 16 is stated in “(6) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” in “3. Consolidated Financial Statements and Major Notes.”

From FY2019, the group adopted “Business profit” as an indicator of earnings power, which is calculated by excluding “Impairment loss” and “Other income and expenses” from “Operating profit.”

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>FY2018 (Fiscal year ended December 31, 2018)</th>
<th>FY2019 (Fiscal year ended December 31, 2019)</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,291,981</td>
<td>1,396,240</td>
<td>104,259</td>
<td>8.1%</td>
</tr>
<tr>
<td>Business profit before research and development expenses</td>
<td>313,824</td>
<td>402,957</td>
<td>89,133</td>
<td>28.4%</td>
</tr>
<tr>
<td>Business profit</td>
<td>120,892</td>
<td>187,168</td>
<td>66,275</td>
<td>54.8%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>108,304</td>
<td>176,585</td>
<td>68,280</td>
<td>63.0%</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>109,497</td>
<td>173,515</td>
<td>64,017</td>
<td>58.5%</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>85,395</td>
<td>131,187</td>
<td>45,791</td>
<td>53.6%</td>
</tr>
<tr>
<td>Profit attributable to owners of the Company</td>
<td>82,492</td>
<td>127,151</td>
<td>44,659</td>
<td>54.1%</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>192,931</td>
<td>215,789</td>
<td>22,858</td>
<td>11.8%</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>34,742</td>
<td>13,476</td>
<td>(21,266)</td>
<td>(61.2)%</td>
</tr>
</tbody>
</table>

For FY2019, the group recorded revenue of ¥1,396,240 million (up 8.1% year on year) with the increase primarily attributable to sales growth of the four global products (ABILIFY MAINTENA, REXULTI/RXULTI, the V2-receptor antagonist Samsca/JINARC/JYNARQUE, and LONSURF) in our pharmaceutical business. Business profit before research and development expenses was ¥402,957 million (up 28.4%). On the other hand, the group recorded research and development expenses of ¥215,789 million (up 11.8%) due to the increase of development expenses for AVP-786, centanafadine. ABILIFY MAINTENA, futibatinib and products such as ultrasound renal denervation devices, which resulted in business profit of ¥187,168 million (up 54.8%).

*1: Brand name for the antipsychotic agent in the U.S.
*2: Brand name for the antipsychotic agent in Europe
*3: Brand name for autosomal dominant polycystic kidney disease (“ADPKD”) treatment in multiple regions outside Japan
*4: Brand name for ADPKD treatment in the U.S.

The group also recorded operating profit of ¥176,585 million (up 63.0%), profit for the year of ¥131,187 million (up 53.6%) and profit attributable to owners of the Company of ¥127,151 million (up 54.1%).

The impairment loss in FY2019 was ¥13,476 million (down 61.2%).

Results by business segment are as follows:

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>Pharmaceuticals</th>
<th>Nutraceuticals</th>
<th>Consumer products</th>
<th>Others</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>924,250</td>
<td>333,780</td>
<td>33,553</td>
<td>143,833</td>
<td>(39,176)</td>
<td>1,396,240</td>
</tr>
<tr>
<td>Business profit</td>
<td>167,298</td>
<td>42,875</td>
<td>9,470</td>
<td>9,045</td>
<td>(41,521)</td>
<td>187,168</td>
</tr>
</tbody>
</table>

Reference (FY2018)

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>Pharmaceuticals</th>
<th>Nutraceuticals</th>
<th>Consumer products</th>
<th>Others</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>817,110</td>
<td>338,957</td>
<td>33,807</td>
<td>141,249</td>
<td>(39,144)</td>
<td>1,291,981</td>
</tr>
<tr>
<td>Business profit</td>
<td>97,197</td>
<td>43,035</td>
<td>8,966</td>
<td>9,538</td>
<td>(37,845)</td>
<td>120,892</td>
</tr>
</tbody>
</table>

1) Pharmaceuticals

Revenue in the pharmaceutical segment for FY2019 totaled ¥924,250 million (up 13.1% year on year), with business profit of ¥167,298 million (up 72.1%).

Main products

- Four global products

The Company positions the long acting antipsychotic agent ABILIFY MAINTENA, the antipsychotic agent REXULTI/RXULTI, the V2-receptor antagonist Samsca/JINARC/JYNARQUE, and the anti-cancer agent LONSURF as its four global products. The sales of those products totaled ¥375,133 million (up 34.9%).
• Antipsychotic agent ABILIFY MAINTENA
  Sales of ABILIFY MAINTENA was ¥101,779 million (up 15.7%) reflecting the continuous contribution of expanding prescriptions as a treatment for bipolar disorder, an indication was approved in the U.S. in 2017, in addition to promotion of the product’s efficacy as a treatment for schizophrenia in global markets and growing awareness of the drug’s ease of use.

• Antipsychotic agent REXULTI/RXULTI
  Antipsychotic agent REXULTI has been highly evaluated in the U.S. for its efficacy and safety as a new treatment option for adjunctive therapy in major depressive disorder and a treatment for schizophrenia, and its sales has increased smoothly. In Japan, where the agent is sold for the treatment of schizophrenia, the number of prescriptions has sharply increased since the limit on the number of prescription days was removed in May 2019. RXULTI was launched sequentially in several European countries from April 2019. As a result, sales totaled ¥89,822 million (up 29.3%).

• V2-receptor antagonist Synamca
  In Japan, high recommendation in various guidelines contributed to expanding its prescriptions for the treatments of cardiac edema and hepatic edema. The number of prescriptions also increased as a treatment for ADPKD, an intractable kidney disease, due to efforts to raise awareness of the disease as well as promote appropriate use of Synamca pursuant to the treatment guidelines. As a result, overall sales totaled ¥91,736 million (up 20.8%).

• V2-receptor antagonist JINARC/JYNARQUE
  Sales for this agent began in the U.S. in May 2018, as a treatment for ADPKD. Prescriptions have since increased smoothly in the country as efforts to raise awareness of the disease and provide information about clinical data helped more people recognize the disease and the product. In addition, the number of patient users has been increasing in European markets. As a result, sales significantly increased to ¥57,315 million (up 300.0%).

• Anti-cancer agent LONSURF
  In the U.S., enhanced activities to provide information as a therapy for unresectable advanced or recurrent colorectal cancer contributed to an increase in sales. In addition, approval was granted in February 2019 for the treatment of additional indications of adult patients with previously treated metastatic gastric or gastroesophageal junction adenocarcinoma. The number of prescriptions has also increased in Japan following the grant of approval in August 2019 for the additional indication of previously treated metastatic gastric or gastroesophageal junction adenocarcinoma. In Europe, sales slightly declined due to the timing of shipments to Servier, our licensing partner, but the prescriptions have steadily expanded. As a result, overall sales totaled ¥34,479 million (up 13.6%).

• Other mainstay products
  Antiepileptic drug E Keppra (sales of ¥46,751 million, up 16.1%) registered steady growth in prescriptions, reflecting strong support from medical specialists due to the drug’s efficacy, safety and usability. For anti-cancer agent Abraxane (sales of ¥28,998 million, up 13.9%), prescriptions for the treatment of gastric cancer and lung cancer increased, contributing to an increase in sales. Sales of antiallergic agent Bilanoa increased significantly (sales of ¥12,225 million, up 84.3%), as the product has been highly evaluated by medical specialists and patients as a treatment option for pollen allergies.

2) Nutraceuticals
  Revenue in the nutraceutical segment for FY2019 totaled ¥333,780 million (down 1.5% year on year), with business profit of ¥42,875 million (down 0.4%).

Main products
  The Company positions POCARI SWEAT, Nature Made and the Nutrition & Santé SAS brand as its three major brands. The sales of those brands totaled ¥200,124 million (down 5.0%). Total sales of its three nurture brands, the Daiya Foods Inc. brand, EQUELLE and BODY MAINTÉ, were ¥21,217 million (up 18.0%).

• Three major brands
  In Japan, sales in sports drink category declined, reflecting the prolonged poor weather in July 2019, the peak season for beverages, compared with FY2018 when the summer weather was extremely hot.41 Due to such factors, sales of POCARI SWEAT, an electrolyte supplement drink, decreased in Japan compared with the previous fiscal year. On the other hand, in overseas markets, mainly in Asia, sales volume increased, particularly in Indonesia and Vietnam due to educational and promotional activities catered to the features and needs in each market, however, this was not enough to cover the decrease in sales in Japan, thus total sales of the POCARI SWEAT brand decreased compared with the previous fiscal year.

  Sales of Nature Made, supplements of Pharmavite LLC, decreased compared with the previous fiscal year due to factors such as intensifying competition in the U.S. market for supplements.

  At Nutrition & Santé SAS brand, which sells nutrition and health food products in over 40 countries, mainly in Europe, sales of sugar-free products increased, but overall sales decreased compared with the previous fiscal year, affected by intensified competition in the nutrition food market and the impact of foreign exchange rates.

• Three nurture brands
  Sales of the plant-based foods of the Daiya Foods Inc. brand increased compared with the previous fiscal year due to the growth of cheese alternatives and new products in North America.

  Sales of EQUELLE, a food and supplement brand containing equol that supports women’s health and beauty, made from lactic acid fermented soy, sharply increased compared with the previous fiscal year due to increased recognition of the product through the wide ranging spread of information on the product and women’s health.

  As for BODY MAINTÉ, a protective beverage brand, containing plant-based lactic-acid bacteria B240, in addition to BODY MAINTÉ Jelly, a conditioning nutritional food, we launched BODY MAINTÉ CONDITIONING DRINK nationwide in October 2018, and sales have steadily increased.
3) Consumer products
Sales volume for mineral water products increased, with main contributors being mainstay brand CRYS
TAL GEYSER’s direct shipping to consumers and its 700-milliliter bottles, the largest size for personal use, which can be attributed to the success of proactive communication marketing activities for expanding the brand’s user base, mainly targeting young people. Sales volume of MATCH, a carbonated electrolyte drink containing vitamins, decreased compared with the previous fiscal year, partly reflecting the effects of a cooler summer. However, jelly-type product Match Jelly was launched in April 2019 and its sales smoothly expanded in the market. As a result, revenue in the consumer product segment for FY2019 totaled ¥33,553 million (down 0.8% year on year), but business profit was ¥9,470 million (up 5.6%), mainly due to improved cost efficiency.

4) Others
Sales in the specialty chemical business declined slightly compared with the previous fiscal year due to a fall in shipments of tire additives and brake friction materials. Sales in the fine chemical business increased compared with the previous fiscal year mainly due to revenue from an active pharmaceutical ingredient-related business supplying cefixime to overseas licensees, which was acquired in June 2019.

In the transportation and warehousing business, sales increased compared to the previous fiscal year mainly due to the growth in handling volume of the group products and increase in new customers spurred by the “common distribution platform” in line with external customers.

As a result, revenue in the others segment for FY2019 totaled ¥143,833 million (up 1.8% year on year). Business profit was ¥9,045 million (down 5.2%) mainly due to a decrease in share of profit from investment accounted for using the equity method.

* Please refer to the Supplement Documents (Factbook) for sales by product and other information.

(2) Research and Development Activities
Research and development expenses for FY2019 totaled ¥215,789 million.
The primary areas of research and development as well as the status of new product development by business segment were as follows:

Pharmaceuticals
The group conducts research and development with a primary focus on the areas of the psychiatry and neurology and oncology. The group also conducts research and development focusing on fields that are yet to be fully addressed such as cardiovascular and renal system, etc.

Pharmaceutical business’s research and development expenses for the period under review were ¥205,102 million.

Research and development activities carried out during FY2019 in the pharmaceutical business are summarized below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Brand Name, (Generic Name), Development Code</th>
<th>Status</th>
<th>&lt;U.S.&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychiatry and neurology</td>
<td><strong>REXULTI/RXULTI</strong> (brexpiprazole) OPC-34712</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;U.S.&gt; &lt;br&gt; • Phase III trial for the treatment of post-traumatic stress disorder (PTSD) was initiated in October 2019. &lt;br&gt; • Phase II trial for the treatment of borderline personality disorder was initiated in October 2019. &lt;br&gt; • Phase III trial for the treatment of schizophrenia was initiated in May 2019.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>ABILIFY MAINTENA</strong> (aripiprazole) &lt;Japan&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;U.S.&gt; &lt;br&gt; • An application for the indication of bipolar disorder was filed in September 2019.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(deuterium-modified dextromethorphan, quinidine) AVP-786</td>
<td>&lt;U.S.&gt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;U.S.&gt; &lt;br&gt; • Phase II/III trial for the treatment of negative symptoms of schizophrenia was initiated in March 2019.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(centanafadine) EB-1020</td>
<td>&lt;U.S.&gt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;U.S.&gt; &lt;br&gt; • Phase III trials for the treatment of attention deficit hyperactivity disorder (ADHD) in adult patients were initiated in February 2019.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Selincro</strong> (nalmefene) Lu AA36143</td>
<td>&lt;Europe&gt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;Europe&gt; &lt;br&gt; • Approval was granted in January 2019 for the reduction of alcohol consumption in patients with alcohol dependence.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lu AF20513</td>
<td>&lt;Europe&gt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;Europe&gt; &lt;br&gt; • Development was halted due to development strategy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Brand Name,</td>
<td>Status</td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td>----------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>(Generic Name), Development Code</td>
<td>Status</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Oncology                         | **LONSURF**<br>(trifluridine, tipiracil) TAS-102 | *Approval was granted in the U.S. in February 2019, in Japan in August 2019, and in Europe in September 2019 for the additional indications of gastric cancer.*  
  *Approval was granted in August 2019 for the treatment of colorectal cancer.* |
| (decitabine, cedazuridine)       | ASTX727                           | *Phase I trial for the treatment of myelodysplastic syndromes was initiated in March 2019.*  
  *An application for the indication of myelodysplastic syndromes was filed in December 2019.* |
| (canerpaturev)                   | ASTX295                           | *Phase I/II trial for the treatment of solid cancer was initiated in July 2019.* |
| (canerpaturev)                   | TAS0313                           | *Phase II trial for the treatment of urothelial cancer was initiated in January 2019.* |
| (canerpaturev)                   | TBI-1401                          | *Takara Bio Inc. withdrew its application for the indication of melanoma in September 2019.* |
| (canerpaturev)                   | Pro-NETU                          | *Phase III trial for the treatment of nausea and vomiting related to the administration of anti-cancer agents was initiated in February 2019.* |
| (canerpaturev)                   | OPB-111077                        | *Phase I trial for the treatment of diffuse large B-cell lymphoma was initiated in December 2019 in Japan.* |
| (canerpaturev)                   | TAS4464                           | *Development was halted due to development strategy.* |
| Cardiovascular and renal system  | (tolvaptan sodium phosphate)       | *Phase III trial for the treatment of cardiac edema was initiated in January 2019.* |
| (tolvaptan)                      | Samsca (tolvaptan) OPC-41061       | *An application for the indication of hyponatremia due to syndrome of inappropriate antidiuretic hormone secretion (SIADH) was filed in October 2019.* |
| Other categories                 | (difamilast)                      | *Phase III trial for the treatment of atopic dermatitis was initiated in April 2019.* |
|                                  | OPA-15406                         | *Approval was granted as an in-vitro diagnostic agent for myelodysplastic syndrome in March 2019.* |
|                                  | **WT1 mRNA Assay Kit II 'Otsuka'**| *An application was filed as a peripheral parenteral nutrition solution in September 2019.* |
|                                  | ODK-1003-CN                       | *Phase III trial as a high-calorie total parenteral nutrition ("TPN") solution for chronic renal failure was initiated in November 2019.* |
Nutraceuticals

In the nutraceutical business, the group draws on its knowledge in the pharmaceutical business to constantly conduct research and development of world-class products centering on functional foods and beverages that support the maintenance and improvement of day-to-day well-being. Three moisturizing products - skin lotion, skin milk and skin gel cream - were refreshed and launched from the UL•OS total skincare brand for middle-aged men in August 2019. For each of those products, while retaining the moisturizing ingredient AMP*1, the moisturizing preparation was improved to create a lineup that allows users to choose a product based on skin type and preferred feel. In October 2019, SOYJOY Scone Bar Plain suggesting the moist texture of a plain scone, accented by coarsely ground soybeans, was launched from the SOYJOY brand of soy snack bars which deliver a convenient way to consume the nutrition whole soybeans. In the Calorie Mate range of balanced nutrition food, the liquid type “Calorie Mate LIQUID” (Café au Lait, Fruit Mix and Yogurt) was refreshed and launched in October 2019. As a long-selling brand in the market of nutritional food products, the group will respond to the nutritional needs by designing reliable products based on well-grounded medicine and aim for further brand growth.

*1 Moisturizing ingredient AMP: Adenosine monophosphate

Nutraceutical business’s research and development expenses for FY2019 were ¥6,134 million.

Consumer products

In the consumer product business, the group is engaged in the research and development of original and unique products in the field of food and beverage that are part of everyone’s daily life.

Research and development expenses for the consumer product business for FY2019 were ¥577 million.

Others

In the other businesses, the group is primarily engaged in the research and development of specialty chemical products and fine chemicals.

Others business’s research and development expenses for FY2019 were ¥3,974 million.

(3) Financial Position for the Fiscal Year Ended December 31, 2019

The provisional accounting treatments for the acquisitions in FY2018 were finalized as of the end of FY2019. Therefore, the following comparative table presents numerical values that reflect adjustments to the purchase price allocation due to the finalization of the provisional accounting treatment.

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2018</th>
<th>As of December 31, 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>933,102</td>
<td>988,351</td>
<td>55,249</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>1,544,260</td>
<td>1,592,957</td>
<td>48,696</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,477,363</td>
<td>2,581,309</td>
<td>103,945</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>427,502</td>
<td>440,891</td>
<td>13,389</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>317,594</td>
<td>344,977</td>
<td>27,382</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>745,097</td>
<td>785,869</td>
<td>40,771</td>
</tr>
<tr>
<td>Total equity</td>
<td>1,732,266</td>
<td>1,795,440</td>
<td>63,173</td>
</tr>
</tbody>
</table>

a. Assets

Total assets as of December 31, 2019 were ¥2,581,309 million, an increase of ¥103,945 million compared to ¥2,477,363 million at the end of the previous fiscal year. Current assets increased by ¥55,249 million, and non-current assets increased by ¥48,696 million.

(Current Assets)

Total current assets as of December 31, 2019 were ¥988,351 million, an increase of ¥55,249 million compared to ¥933,102 million at the end of the previous fiscal year. This was mainly due to increases in cash and cash equivalents by ¥49,017 million and trade and other receivables by ¥22,897 million, partially offset by a decrease in other financial assets by ¥18,381 million. In FY2019, cash and cash equivalents increased as a result of more robust Group performance and the issuance of ¥80,000 million of unsecured domestic straight bonds in March 2019 to appropriate funds for repayment of borrowings and working capital.

(Non-current Assets)

Total non-current assets as of December 31, 2019 were ¥1,592,957 million, an increase of ¥48,696 million compared to ¥1,544,260 million at the end of the previous fiscal year. This was mainly due to an increase in property, plant and equipment by ¥59,807 million, while there were decreases in goodwill by ¥6,228 million and intangible assets by ¥9,238 million. The decrease in goodwill was due to exchange rate fluctuations and impairment, while the decrease in intangible assets was due to amortization, impairment, and exchange rate fluctuations. The increase in property, plant and equipment was a result of the application of IFRS 16 and investment in Tokushima Mima and Matsushige pharmaceutical production facilities.

b. Liabilities

(Current Liabilities)

Total liabilities as of December 31, 2019 were ¥440,891 million, an increase of ¥13,389 million compared to ¥427,502 million at the end of the previous fiscal year. This was mainly due to increases in lease liabilities by ¥12,901 million and income taxes payable by ¥19,305 million, partially offset by a decrease in bonds and borrowings by ¥15,878 million. The increase in lease liabilities was mainly caused by the application of IFRS 16.
(Non-current Liabilities)
Total non-current liabilities as of December 31, 2019 were ¥344,977 million, an increase of ¥27,382 million compared to ¥317,594 million at the end of the previous fiscal year. This was mainly due to an increase in lease liabilities by ¥45,834 million, partially offset by decreases in bonds and borrowings by ¥3,479 million, contract liabilities by ¥6,452 million, and deferred tax liabilities by ¥9,716 million. The decrease in bonds and borrowings was mainly due to the repayment of borrowings associated with the acquisition of Avanir Pharmaceuticals, Inc., partially offset by the issuance of bonds of ¥80,000 million. The increase in lease liabilities was mainly caused by the application of IFRS 16.

c. Equity
Total equity as of December 31, 2019 was ¥1,795,440 million, an increase of ¥63,173 million compared to ¥1,732,266 million at the end of the previous fiscal year. This was mainly due to an increase in retained earnings by ¥75,208 million as a result of profit attributable to owners of the Company of ¥127,151 million, partially offset by a decrease in other components of equity by ¥14,313 million as a result of market revaluations and exchange rate fluctuations and ¥54,205 million in dividend payments.

(4) Cash Flow for the Fiscal Year Ended December 31, 2019
Cash and cash equivalents as of December 31, 2019 was ¥334,040 million, an increase of ¥49,017 million compared to the end of previous fiscal year. In FY2019, net cash provided by operating activities was ¥192,634 million, while net cash used in investing activities was ¥(52,279) million mainly as a result of investment in Tokushima Mima and Matsushige pharmaceutical production facilities. Net cash used in financing activities was ¥(89,267) million. This was due to repayments of non-current borrowings of ¥(99,386) million as a result of partial early payment of borrowings and dividend payments of ¥100 per share to shareholders (¥(54,205) in total), partially offset by the issuance of ¥80,000 million in bonds. Thus, operating cash inflows exceeded the total cash outflows for investing and financing activities, and cash and cash equivalents increased by ¥49,017 million compared to the end of the previous fiscal year.

The total amounts of bonds and borrowings as of December 31, 2019 were ¥186,527 million, which is exceeded by total cash and cash equivalents. Therefore, the group maintains its own financial soundness.

The following provides detail around cash flow movement in FY2019:

Cash Flows from Operating Activities
Net cash flows provided by operating activities were ¥192,634 million. Main operating activities for the period included ¥173,515 million in profit before taxes, adjusted for ¥75,690 million in depreciation and amortization expenses, ¥(24,440) million increase in trade and other receivables, ¥(11,105) million decrease in trade and other payables and ¥(24,000) million in income taxes paid. The net impact of these transactions represent an increase of ¥56,812 million compared to the prior year period, driven primarily by more robust Group performance as a result of sales growth of the four global products (ABILIFY MAINTENA, REXULTI/RXULTI, Samsca/JINARC/JYNARQUE, and LONSURF) in our pharmaceutical business and a decrease of ¥5,588 million in income tax paid compared to the prior year period, which exceeded a decrease in cash flows by ¥16,865 million as a result of increases in working capital requirements. Depreciation and amortization expenses for right-of-use assets associated with lease contracts previously classified as operating leases under IAS 17 “Leases” increased in accordance with the application of IFRS 16, while repayments of the related lease liabilities were recognized as a reduction of cash flows from financing activities.

Cash Flows from Investing Activities
Net cash flows used in investing activities were ¥(52,279) million. Main investing activities included ¥(48,602) million in payments for acquisition of property, plant and equipment, ¥(14,835) million in payments for acquisition of intangible assets, ¥44,446 million in proceeds from sales and redemption of investments, ¥(49,656) million in payments for acquisition of investments, and ¥18,577 million decrease in time deposits. The net impact of these transactions represent an increase of ¥41,062 million over the comparable prior year period, driven primarily by an increase in cash flows by ¥68,101 million mainly due to the impact of acquisition of ReCor Medical Inc. and Visterra Inc. in FY2018, while the reduction in time deposits was ¥(28,709) million less than the comparable prior year period.

Cash Flows from Financing Activities
Net cash flows used in financing activities were ¥(89,267) million. Main financing activities included ¥80,000 million in proceeds from issuance of bonds, ¥(99,386) million in repayments of non-current borrowings, ¥(15,701) million in payments of lease liabilities and ¥(55,560) million in dividends paid. The net impact of these transactions represent a minor decrease of ¥68 million compared to the prior year period, driven primarily by ¥80,000 million in proceeds from the issuance of unsecured domestic straight bonds in March 2019, net of ¥(13,499) million increase in payments of lease liabilities in accordance with the application of IFRS 16, and ¥(57,631) million increase in repayments of non-current borrowings mainly due to the repayment of borrowings associated with the acquisition of Avanir Pharmaceuticals, Inc.

(5) Forecasts of Consolidated Financial Results for FY2020
The financial forecast for the year ending December 31, 2020 is as follows.

<table>
<thead>
<tr>
<th></th>
<th>FY2019 (actual)</th>
<th>FY2020 (forecast)</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,396,240</td>
<td>1,445,000</td>
<td>48,760</td>
<td>3.5%</td>
</tr>
<tr>
<td>Business profit</td>
<td>402,957</td>
<td>415,000</td>
<td>12,043</td>
<td>3.0%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>187,168</td>
<td>195,000</td>
<td>7,832</td>
<td>4.2%</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>176,585</td>
<td>197,000</td>
<td>20,415</td>
<td>11.6%</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>131,187</td>
<td>148,000</td>
<td>16,813</td>
<td>12.8%</td>
</tr>
<tr>
<td>Profit attributable</td>
<td>127,151</td>
<td>145,000</td>
<td>17,849</td>
<td>14.0%</td>
</tr>
</tbody>
</table>
In our pharmaceutical business, we expect an increase in sales and earnings mainly driven by global products including REXULTI/RXULTI, ABILIFY MAINTENA, and JINARC/JYNARQUE. In our nutraceutical business, we expect higher revenues driven by sales of three major brands (POCARI SWEAT, Nature Made, and the Nutrition & Santé SAS brand) and three nurture brands (the Daiya Foods Inc. brand, EQUELLE, and BODY MAINTÉ).

We will continue to optimize the cost structure of sales and general administrative expenses, while actively investing in research and development for sustainable growth.

We project this will result in consolidated revenues in FY2020 (January through December) of ¥1,445,000 million (up 3.5% compared to FY2019), business profit before research and development expenses of ¥415,000 million (up 3.0%), business profit of ¥195,000 million (up 4.2%), operating profit of ¥197,000 million (up 11.6%), profit before taxes of ¥195,000 million (up 12.4%), profit for the year of ¥148,000 million (up 12.8%), and profit attributable to owners of the company of ¥145,000 million (up 14.0%).

2. Basic Rationale for Selection of Accounting Standards

The group adopted International Financial Reporting Standards (IFRS) to enhance the international comparability of its financial reporting.

<table>
<thead>
<tr>
<th>Research and development expenses</th>
<th>215,789</th>
<th>220,000</th>
<th>4,211</th>
<th>2.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Note) FY2020 projected exchange rate:</td>
<td>105 yen/USD</td>
<td>120 yen/EUR</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 3. Consolidated Financial Statements and Major Notes

### (1) Consolidated Statements of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2018</th>
<th>As of December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>285,022</td>
<td>334,040</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>378,520</td>
<td>401,418</td>
</tr>
<tr>
<td>Inventories</td>
<td>157,128</td>
<td>159,991</td>
</tr>
<tr>
<td>Income taxes receivable</td>
<td>9,226</td>
<td>2,807</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>66,614</td>
<td>48,232</td>
</tr>
<tr>
<td>Other current assets</td>
<td>36,573</td>
<td>40,321</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>933,085</td>
<td>986,811</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>16</td>
<td>1,539</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>933,102</td>
<td>988,351</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>393,572</td>
<td>453,380</td>
</tr>
<tr>
<td>Goodwill</td>
<td>280,989</td>
<td>274,761</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>487,779</td>
<td>478,540</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>189,633</td>
<td>197,704</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>155,153</td>
<td>150,688</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>28,428</td>
<td>22,118</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>8,704</td>
<td>15,763</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>1,544,260</td>
<td>1,592,957</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,477,363</td>
<td>2,581,309</td>
</tr>
<tr>
<td>Liabilities and equity</td>
<td>As of December 31, 2018</td>
<td>As of December 31, 2019</td>
</tr>
<tr>
<td>------------------------</td>
<td>------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>170,854</td>
<td>166,801</td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td>65,912</td>
<td>50,033</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>1,894</td>
<td>14,796</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>2,307</td>
<td>2,424</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>7,211</td>
<td>26,516</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>10,809</td>
<td>12,407</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>168,511</td>
<td>167,910</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>427,502</td>
<td>440,891</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td>139,973</td>
<td>136,493</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>6,159</td>
<td>51,994</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>16,666</td>
<td>18,548</td>
</tr>
<tr>
<td>Net defined benefit liabilities</td>
<td>18,337</td>
<td>17,301</td>
</tr>
<tr>
<td>Provisions</td>
<td>619</td>
<td>981</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>87,245</td>
<td>80,792</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>36,293</td>
<td>26,576</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>12,300</td>
<td>12,287</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>317,594</td>
<td>344,977</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>745,097</td>
<td>785,869</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity attributable to owners of the Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>81,690</td>
<td>81,690</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>505,894</td>
<td>505,520</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(47,268)</td>
<td>(46,018)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,229,360</td>
<td>1,304,569</td>
</tr>
<tr>
<td>Other components of equity</td>
<td>(65,177)</td>
<td>(79,490)</td>
</tr>
<tr>
<td>Total equity attributable to owners of the Company</td>
<td>1,704,499</td>
<td>1,766,271</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>27,766</td>
<td>29,168</td>
</tr>
<tr>
<td>Total equity</td>
<td>1,732,266</td>
<td>1,795,440</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>2,477,363</td>
<td>2,581,309</td>
</tr>
</tbody>
</table>
(2) Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>FY2018 (From January 1, 2018 to December 31, 2018)</th>
<th>FY2019 (From January 1, 2019 to December 31, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,291,981</td>
<td>1,396,240</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(441,823)</td>
<td>(451,297)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>850,157</td>
<td>944,943</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>(552,841)</td>
<td>(557,607)</td>
</tr>
<tr>
<td>Share of profit of associates</td>
<td>16,508</td>
<td>15,621</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>(192,931)</td>
<td>(215,789)</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>(34,742)</td>
<td>(13,476)</td>
</tr>
<tr>
<td>Other income</td>
<td>24,482</td>
<td>8,694</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(2,328)</td>
<td>(5,801)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>108,304</td>
<td>176,585</td>
</tr>
<tr>
<td>Finance income</td>
<td>9,178</td>
<td>4,433</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(7,985)</td>
<td>(7,502)</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>109,497</td>
<td>173,515</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>(24,101)</td>
<td>(42,328)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>85,395</td>
<td>131,187</td>
</tr>
</tbody>
</table>

Attributable to:

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners of the Company</td>
<td>82,492</td>
<td>127,151</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>2,903</td>
<td>4,035</td>
</tr>
</tbody>
</table>

Earnings per share:

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share (Yen)</td>
<td>152.24</td>
<td>234.55</td>
</tr>
<tr>
<td>Diluted earnings per share (Yen)</td>
<td>151.26</td>
<td>231.13</td>
</tr>
</tbody>
</table>
### Consolidated Statements of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(From January 1, 2018 to</td>
<td>(From January 1, 2019 to</td>
</tr>
<tr>
<td></td>
<td>December 31, 2018)</td>
<td>December 31, 2019)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>85,395</td>
<td>131,187</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Components that will not be</td>
<td></td>
<td></td>
</tr>
<tr>
<td>reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurements of defined</td>
<td>(2,516)</td>
<td>3,353</td>
</tr>
<tr>
<td>benefit plans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets measured at</td>
<td>(11,582)</td>
<td>(645)</td>
</tr>
<tr>
<td>fair value through other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of other comprehensive</td>
<td>(652)</td>
<td>296</td>
</tr>
<tr>
<td>income of associates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>(14,751)</td>
<td>3,005</td>
</tr>
<tr>
<td>Components that may be</td>
<td></td>
<td></td>
</tr>
<tr>
<td>reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>(26,289)</td>
<td>(10,634)</td>
</tr>
<tr>
<td>reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow hedges</td>
<td>9</td>
<td>(2)</td>
</tr>
<tr>
<td>Share of other comprehensive</td>
<td>(7,486)</td>
<td>(4,800)</td>
</tr>
<tr>
<td>income of associates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>(33,766)</td>
<td>(15,437)</td>
</tr>
<tr>
<td>Total other comprehensive</td>
<td>(48,518)</td>
<td>(12,432)</td>
</tr>
<tr>
<td>income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>36,877</td>
<td>118,754</td>
</tr>
</tbody>
</table>

**Attributable to:**

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners of the Company</td>
<td>35,363</td>
<td>115,124</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>1,513</td>
<td>3,629</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>36,877</td>
<td>118,754</td>
</tr>
</tbody>
</table>

(Millions of yen)
## Consolidated Statements of Changes in Equity

FY2018 (From January 1, 2018 to December 31, 2018)

### Equity attributable to owners of the Company

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Capital surplus</th>
<th>Treasury shares</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance as of January 1, 2018</strong></td>
<td>81,690</td>
<td>505,620</td>
<td>(47,267)</td>
<td>1,266,399</td>
</tr>
<tr>
<td><strong>Changes in accounting policies</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(70,242)</td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td>81,690</td>
<td>505,620</td>
<td>(47,267)</td>
<td>1,196,157</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>82,492</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(2,725)</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>82,492</td>
</tr>
<tr>
<td><strong>Purchase of treasury shares</strong></td>
<td>–</td>
<td>–</td>
<td>(1)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(54,184)</td>
</tr>
<tr>
<td><strong>Share-based payment transactions</strong></td>
<td>–</td>
<td>(22)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Changes in ownership interests in subsidiaries that do not result in loss of control</strong></td>
<td>–</td>
<td>296</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Disposal of subsidiaries</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Transfer from other components of equity to retained earnings</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>4,895</td>
</tr>
<tr>
<td><strong>Total transactions with owners, etc.</strong></td>
<td>–</td>
<td>274</td>
<td>(1)</td>
<td>(49,289)</td>
</tr>
<tr>
<td><strong>Balance as of December 31, 2018</strong></td>
<td>81,690</td>
<td>505,894</td>
<td>(47,268)</td>
<td>1,229,360</td>
</tr>
</tbody>
</table>

### Equity attributable to owners of the Company

<table>
<thead>
<tr>
<th>Foreign currency translation reserve</th>
<th>Cash flow hedges</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as of January 1, 2018</strong></td>
<td>(56,072)</td>
<td>(8)</td>
<td>(13,165)</td>
<td>1,793,278</td>
</tr>
<tr>
<td><strong>Changes in accounting policies</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(70,242)</td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td>(56,072)</td>
<td>(8)</td>
<td>(13,165)</td>
<td>1,723,036</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>82,492</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>(32,461)</td>
<td>9</td>
<td>(47,128)</td>
<td>(47,128)</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>(32,461)</td>
<td>9</td>
<td>(47,128)</td>
<td>35,363</td>
</tr>
<tr>
<td><strong>Purchase of treasury shares</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(54,184)</td>
</tr>
<tr>
<td><strong>Share-based payment transactions</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(22)</td>
</tr>
<tr>
<td><strong>Changes in ownership interests in subsidiaries that do not result in loss of control</strong></td>
<td>12</td>
<td>–</td>
<td>12</td>
<td>309</td>
</tr>
<tr>
<td><strong>Disposal of subsidiaries</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Transfer from other components of equity to retained earnings</strong></td>
<td>–</td>
<td>–</td>
<td>(4,895)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total transactions with owners, etc.</strong></td>
<td>12</td>
<td>–</td>
<td>(4,883)</td>
<td>(53,900)</td>
</tr>
<tr>
<td><strong>Balance as of December 31, 2018</strong></td>
<td>(88,521)</td>
<td>0</td>
<td>(65,177)</td>
<td>1,704,499</td>
</tr>
</tbody>
</table>
### FY2019 (From January 1, 2019 to December 31, 2019)

(Millions of yen)

#### Equity attributable to owners of the Company

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Capital surplus</th>
<th>Treasury shares</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
<th>Financial assets measured at fair value through other comprehensive income</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019 (From January 1, 2019 to December 31, 2019)</td>
<td>81,690</td>
<td>505,894</td>
<td>(47,268)</td>
<td>1,229,360</td>
<td>–</td>
</tr>
<tr>
<td>Changes in accounting policies</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>23,344</td>
</tr>
<tr>
<td>Restated balance</td>
<td>81,690</td>
<td>505,894</td>
<td>(47,268)</td>
<td>1,229,336</td>
<td>–</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>127,151</td>
<td>–</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3,414</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>127,151</td>
<td>3,414</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dividends</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(54,205)</td>
<td>–</td>
</tr>
<tr>
<td>Share-based payment transactions</td>
<td>–</td>
<td>(752)</td>
<td>1,005</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>–</td>
<td>(245)</td>
<td>245</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries that do not result in loss of control</td>
<td>–</td>
<td>625</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2,286</td>
<td>(3,414)</td>
</tr>
<tr>
<td>Total transactions with owners, etc.</td>
<td>–</td>
<td>(373)</td>
<td>1,250</td>
<td>(51,919)</td>
<td>(3,414)</td>
</tr>
<tr>
<td>Balance as of December 31, 2019</td>
<td>81,690</td>
<td>505,520</td>
<td>(46,018)</td>
<td>1,304,569</td>
<td>–</td>
</tr>
</tbody>
</table>

#### Other components of equity

<table>
<thead>
<tr>
<th>Foreign currency translation reserve</th>
<th>Cash flow hedges</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019 (From January 1, 2019 to December 31, 2019)</td>
<td>(88,521)</td>
<td>0</td>
<td>(65,177)</td>
<td>1,704,499</td>
</tr>
<tr>
<td>Changes in accounting policies</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(23)</td>
</tr>
<tr>
<td>Restated balance</td>
<td>(88,521)</td>
<td>0</td>
<td>(65,177)</td>
<td>1,704,475</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>(15,015)</td>
<td>(2)</td>
<td>(12,026)</td>
<td>(12,026)</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>(15,015)</td>
<td>(2)</td>
<td>(12,026)</td>
<td>115,124</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dividends</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(54,205)</td>
</tr>
<tr>
<td>Share-based payment transactions</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>252</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0</td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries that do not result in loss of control</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>625</td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(2,286)</td>
</tr>
<tr>
<td>Total transactions with owners, etc.</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(2,286)</td>
</tr>
<tr>
<td>Balance as of December 31, 2019</td>
<td>(103,537)</td>
<td>(1)</td>
<td>(79,490)</td>
<td>1,766,271</td>
</tr>
</tbody>
</table>
## Consolidated Statement of Cash Flows

(Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2018 (From January 1, 2018 to December 31, 2018)</th>
<th>FY2019 (From January 1, 2019 to December 31, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>109,497</td>
<td>173,515</td>
</tr>
<tr>
<td>Depreciation and amortization expenses</td>
<td>59,275</td>
<td>75,690</td>
</tr>
<tr>
<td>Impairment loss and reversal of impairment loss</td>
<td>34,742</td>
<td>10,212</td>
</tr>
<tr>
<td>Share of loss (profit) of associates</td>
<td>(16,508)</td>
<td>(15,621)</td>
</tr>
<tr>
<td>Finance income</td>
<td>(9,178)</td>
<td>(4,433)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>7,985</td>
<td>7,502</td>
</tr>
<tr>
<td>Decrease (increase) in inventories</td>
<td>(17,374)</td>
<td>(2,850)</td>
</tr>
<tr>
<td>Decrease (increase) in trade and other receivables</td>
<td>(20,468)</td>
<td>(24,440)</td>
</tr>
<tr>
<td>Increase (decrease) in trade and other payables</td>
<td>16,311</td>
<td>(11,105)</td>
</tr>
<tr>
<td>Other</td>
<td>(6,546)</td>
<td>2,202</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>157,735</td>
<td>210,671</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>10,642</td>
<td>10,151</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(2,967)</td>
<td>(4,187)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(29,589)</td>
<td>(24,000)</td>
</tr>
<tr>
<td><strong>Net cash flows provided by (used in) operating activities</strong></td>
<td>135,821</td>
<td>192,634</td>
</tr>
</tbody>
</table>

| **Cash flows from investing activities** |                                                  |                                                  |
| Proceeds from sales of property, plant and equipment | 469                                             | 394                                             |
| Payments for acquisition of property, plant and equipment | (57,075)                                        | (48,602)                                        |
| Payments for acquisition of intangible assets | (16,533)                                         | (14,835)                                        |
| Proceeds from sales and redemption of investments | 33,846                                           | 44,446                                          |
| Payments for acquisition of investments | (32,136)                                         | (49,656)                                        |
| Payments for acquisition of subsidiaries | (68,101)                                         | –                                               |
| Decrease (increase) in time deposits | 47,287                                           | 18,577                                          |
| Other | (1,097)                                          | (2,603)                                          |
| **Net cash flows provided by (used in) investing activities** | (93,341)                                          | (52,279)                                        |

| **Cash flows from financing activities** |                                                  |                                                  |
| Proceeds from issuance of bonds | –                                                | 80,000                                          |
| Purchase of treasury shares | (1)                                              | (1)                                             |
| Increase (decrease) in current borrowings | 4,013                                           | (4,285)                                         |
| Proceeds from non-current borrowings | 6,544                                            | 5,915                                           |
| Repayments of non-current borrowings | (41,755)                                         | (99,386)                                        |
| Repayments of lease liabilities | (2,202)                                          | (15,701)                                        |
| Dividends paid | (55,295)                                         | (55,560)                                        |
| Other | (501)                                            | (248)                                           |
| **Net cash flows provided by (used in) financing activities** | (89,198)                                         | (89,267)                                        |

| Increase (decrease) in cash and cash equivalents | (46,718)                                          | 51,087                                          |
| Cash and cash equivalents at beginning of period | 336,613                                          | 285,022                                         |
| Effect of exchange rate changes on cash and cash equivalents | (4,871)                                          | (2,069)                                         |
| **Cash and cash equivalents at end of period** | 285,022                                          | 334,040                                         |
(6) Notes to Consolidated Financial Statements

Note to Going Concern Assumptions

Not applicable.

Changes in Accounting Policies

The group adopted the following standards starting from FY2019.

<table>
<thead>
<tr>
<th>IFRS</th>
<th>Description of new standards, interpretations and amendments</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 16 Leases</td>
<td>Amendment concerning accounting treatment for leases</td>
</tr>
</tbody>
</table>

Starting from FY2019, the group adopted IFRS 16 “Leases” (issued in January 2016.)

On application of IFRS 16, leases previously classified as operating leases under the principles of IAS 17 “Leases” (“IAS 17”) were recognized as right-of-use assets and lease liabilities as of the date of the application of IFRS 16 (January 1, 2019). In addition, operating lease payments that were expensed in the consolidated statement of income as incurred under the previous accounting standards are recorded as depreciation expense for right-of-use assets and interest cost for lease liabilities, and reclassified from a reduction in cash flows from operating activities to a reduction in cash flows from financing activities in the consolidated statement of cash flows.

In accordance with the transitional measures under IFRS 16, the group retrospectively adopted IFRS 16 and recognized the cumulative effects of the application as an adjustment to the opening balance of retained earnings for 2019 Q1. In transitioning to IFRS 16, the group chooses the practical expedient detailed in IFRS 16 paragraph C3 and assesses whether contracts contain leases in accordance with IAS 17 and IFRIC 4 “Determining whether an Arrangement contains a Lease.”

Lease liabilities are measured at the present value of remaining lease payments discounted using the lessee’s incremental borrowing rate at the date of initial application. The weighted average lessee’s incremental borrowing rate applied to lease liabilities recognized in the consolidated statement of financial position at the date of initial application is 3.9%. Right-of-use assets are initially measured at the initial measurement amount of the lease liability adjusted by the amount of any prepaid or accrued lease payments.

As a result, compared with the application of the former accounting standard, as of the beginning of FY2019, right-of-use assets increased by ¥59,324 million as property, plant and equipment in the consolidated statement of financial position, and retained earnings decreased by ¥23 million. The following is the reconciliation of operating lease contracts disclosed applying IAS 17 as of December 31, 2018 and lease liabilities recognized in the consolidated statement of financial position at the date of initial application.

<table>
<thead>
<tr>
<th>Operating lease contracts disclosed as of December 31, 2018</th>
<th>42,631</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease contracts discounted using the incremental borrowing rate as of January 1, 2019</td>
<td>33,366</td>
</tr>
<tr>
<td>Finance lease contracts disclosed as of December 31, 2018</td>
<td>8,054</td>
</tr>
<tr>
<td>Lease contracts accounted for as short-term lease expenses</td>
<td>(213)</td>
</tr>
<tr>
<td>Cancellable operating lease contracts</td>
<td>28,339</td>
</tr>
<tr>
<td>Others</td>
<td>118</td>
</tr>
<tr>
<td>Lease liabilities as of January 1, 2019</td>
<td>69,665</td>
</tr>
</tbody>
</table>

The following practical expedients detailed in IFRS 16 paragraph C10 are used in the application of IFRS 16.

- A single discount rate is applied to portfolios of leases with reasonably similar characteristics.
- Leases for which the lease term ends within 12 months of the date of initial application are accounted for in the same way as short-term leases.
- Initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application.
- The group uses hindsight to calculate the lease term for lease contracts including options to extend or terminate the lease.

Significant Accounting Estimates and Judgments

In preparing IFRS-compliant consolidated financial statements, the management is required to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

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

Of items for which the management made estimates and judgments, those that have significant effects on the amounts recognized in the consolidated financial statements are as follows:

- Useful lives of property, plant and equipment and intangible assets
- Impairment of property, plant and equipment, goodwill and intangible assets
- Fair value measurement of the financial instruments
- Recoverability of deferred tax assets
- Accounting and measurement of provisions
- Measurement of defined benefit obligations
• Revenue recognition
• Contingent liabilities

Segment Information
(1) Overview of reportable segments
The group’s reportable segments are the constituent units of the group for which separate financial information is available and which are subject to periodic reviews by the Board of Directors in order to make decisions on allocation of business resources and to evaluate the business performances of the respective segments.
As the group’s holding company, the Company directs the group’s strategic planning, monitors group operations and provides various services to its group companies. Business activities are conducted by the group’s subsidiaries and associates.
Centering on the healthcare business, the group operates activities inside and outside Japan relating to the following four reportable segments: “Pharmaceuticals,” “Nutraceuticals,” “Consumer products” and “Others” businesses.
The group defines the reportable segments as follows:
“Pharmaceuticals” comprises manufacturing and sales of prescription drugs, intravenous solutions, and others.
“Nutraceuticals” comprises manufacturing and sales of functional beverages, etc., over-the-counter drugs and nutritional supplements.
“Consumer products” comprises manufacturing and sales of mineral water, soft beverages and food products.
“Others” encompasses logistics, warehousing, manufacturing and sales of chemical products, evaluation systems for LED displays and spectroanalysis devices.

(2) Revenues and performances by reportable segment
Revenues and performances by the group’s reportable segment are as follows.
Segment profit is based on operating profit.
Intersegment sales and transfers reflect reasonable prices for intersegment transfers based on market value.

FY2018 (From January 1, 2018 to December 31, 2018) (Millions of yen)

<table>
<thead>
<tr>
<th>Reportable segment</th>
<th>Revenue from external customers</th>
<th>Intersegment revenue or transfers</th>
<th>Total</th>
<th>Adjustments (Note 1)</th>
<th>Consolidated Statement of Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals</td>
<td>817,110</td>
<td></td>
<td>1,291,981</td>
<td></td>
<td>1,291,981</td>
</tr>
<tr>
<td>Nutraceuticals</td>
<td>338,585</td>
<td></td>
<td>(39,144)</td>
<td></td>
<td>(39,144)</td>
</tr>
<tr>
<td>Consumer products</td>
<td>33,651</td>
<td></td>
<td>1,331,125</td>
<td></td>
<td>1,331,125</td>
</tr>
<tr>
<td>Others</td>
<td>102,634</td>
<td></td>
<td>(38,111)</td>
<td></td>
<td>(38,111)</td>
</tr>
<tr>
<td>Total</td>
<td>817,110</td>
<td></td>
<td>1,331,125</td>
<td></td>
<td>1,331,125</td>
</tr>
</tbody>
</table>

Segment profit
84,823
43,041
8,668
9,882
146,415
(38,111)
108,304

Other items
Depreciation and amortization expenses
38,655
10,448
1,028
6,043
56,176
3,099
59,275
Share of profit of associates accounted for using equity method
2,883
506
11,351
1,774
16,516
(7)
16,508
Impairment loss
33,884
428
329
85
34,727
15
34,742

Capital expenditures (Note 2)
166,872
11,789
1,939
9,546
190,147
3,635
193,782
### FY2019 (From January 1, 2019 to December 31, 2019)

<table>
<thead>
<tr>
<th>Reportable segment</th>
<th>Adjustments (Note 1)</th>
<th>Consolidated Statement of Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharma-ceuticals</td>
<td>Nutra-ceuticals</td>
<td>Consumer products</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from external customers</td>
<td>924,250</td>
<td>333,757</td>
</tr>
<tr>
<td>Intersegment revenue or transfers</td>
<td>–</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>924,250</td>
<td>333,780</td>
</tr>
<tr>
<td>Segment profit</td>
<td>161,342</td>
<td>39,175</td>
</tr>
</tbody>
</table>

#### Other items

- **Depreciation and amortization expenses**
  - FY2018: 48,977
  - FY2019: 71,185
- **Share of profit of associates accounted for using equity method**
  - FY2018: 3,421
  - FY2019: 15,624
- **Impairment loss**
  - FY2018: 8,754
  - FY2019: 10,957

### Capital expenditures

- **(Note 2)**
  - FY2018: 47,834
  - FY2019: 80,343

### Notes

1. **Details of adjustments are as follows.**
   
   (1) **Segment profit**
   - The following table shows the segment profit adjustments.
   
<table>
<thead>
<tr>
<th>FY2018 (From January 1, 2018 to December 31, 2018)</th>
<th>FY2019 (From January 1, 2019 to December 31, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intersegment eliminations</td>
<td>(49)</td>
</tr>
<tr>
<td>Unallocated expenses*</td>
<td>(39,161)</td>
</tr>
<tr>
<td>Other income</td>
<td>1,098</td>
</tr>
<tr>
<td>Total</td>
<td>(38,111)</td>
</tr>
</tbody>
</table>

   * Unallocated expenses consist mainly of costs of the headquarter functions of the Company and certain subsidiaries.

2. **Other items**
   - **Depreciation and amortization expenses**
     - Adjustments include depreciation and amortization of property, plant and equipment and intangible assets as assets associated with headquarter functions of the Company and certain subsidiaries.

3. **Capital expenditures**
   - Adjustments include capital expenditures relating to assets associated with headquarter and research functions of the Company and certain subsidiaries.

2. Capital expenditures are increases of Property, plant and equipment, Goodwill and Intangible assets.
**Earnings per Share**

(1) Basis of calculating basic earnings per share

<table>
<thead>
<tr>
<th></th>
<th>FY2018 (From January 1, 2018 to December 31, 2018)</th>
<th>FY2019 (From January 1, 2019 to December 31, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year attributable to owners of parent (Millions of yen)</td>
<td>82,492</td>
<td>127,151</td>
</tr>
<tr>
<td>Amount not attributable to ordinary equity holders of parent (Millions of yen)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Profit for the year used for calculation of basic earnings per share (Millions of yen)</td>
<td>82,492</td>
<td>127,151</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares (Thousands of shares)</td>
<td>541,848</td>
<td>542,104</td>
</tr>
<tr>
<td>Basic earnings per share (Yen)</td>
<td>152.24</td>
<td>234.55</td>
</tr>
</tbody>
</table>

(2) Basis of calculating diluted earnings per share

<table>
<thead>
<tr>
<th></th>
<th>FY2018 (From January 1, 2018 to December 31, 2018)</th>
<th>FY2019 (From January 1, 2019 to December 31, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year used for calculation of basic earnings per share (Millions of yen)</td>
<td>82,492</td>
<td>127,151</td>
</tr>
<tr>
<td>Adjustments of profit for the year (Millions of yen)</td>
<td>(517)</td>
<td>(1,843)</td>
</tr>
<tr>
<td>Profit for the year used for calculation of diluted earnings per share (Millions of yen)</td>
<td>81,974</td>
<td>125,308</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares (Thousands of shares)</td>
<td>541,848</td>
<td>542,104</td>
</tr>
<tr>
<td>Increase in ordinary shares</td>
<td>Warrants (Thousands of shares)</td>
<td>86</td>
</tr>
<tr>
<td>Weighted average number of diluted ordinary shares (Thousands of shares)</td>
<td>541,934</td>
<td>542,142</td>
</tr>
<tr>
<td>Diluted earnings per share (Yen)</td>
<td>151.26</td>
<td>231.13</td>
</tr>
</tbody>
</table>

**Subsequent Events**

Not applicable.