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May 13, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

Company name: TSUMURA & CO.
 Listing: Tokyo Stock Exchange
 Securities code: 4540
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 Scheduled date of annual general meeting of shareholders: June 26, 2026
 Scheduled date to commence dividend payments: June 29, 2026
 Scheduled date to file annual securities report: June 23, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors, securities analysts and news media)

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

1. Consolidated business results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	192,615	6.4	35,219	(12.2)	40,036	(5.7)	28,117	(13.3)
March 31, 2025	181,093	20.1	40,125	100.5	42,446	80.7	32,428	94.1

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥40,547 million [(10.1)%]
 For the fiscal year ended March 31, 2025: ¥45,099 million [64.5%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2026	376.28	—	9.0	7.6	18.3
March 31, 2025	427.15	—	11.4	9.5	22.2

Reference: Equity in earnings of affiliates For the fiscal year ended 31 March 2026: ¥ - million
 For the fiscal year ended 31 March 2025: ¥ - million

(2) Consolidated financial condition

	Total assets	Net assets	shareholder's equity ratio	shareholders' equity per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	592,766	371,603	54.3	4,315.88
March 31, 2025	464,380	330,110	64.7	3,968.05

Reference: Equity

As of March 31, 2026: ¥321,729 million

As of March 31, 2025: ¥300,530 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	24,718	(50,309)	32,603	78,261
March 31, 2025	33,823	(24,974)	(19,871)	73,135

2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	—	68.00	—	68.00	136.00	10,393	31.8	3.6
Fiscal year ended March 31, 2026	—	68.00	—	79.00	147.00	11,067	39.4	3.6
Fiscal year ending March 31, 2027 (Forecast)	—	79.00	—	79.00	158.00		45.4	

Note:

(1) The total dividend amount includes dividend payments to the executive compensation BIP trust and the stock grant ESOP trust (80 million yen for the fiscal year ending March 2025 and 123 million yen for the fiscal year ending March 2026).

(2) The year-end dividend per share for the fiscal year ending March 2026 has been changed from 76.00 yen to 79.00 yen. For details, please see the "Notice Concerning Dividends of Surplus (Increase in Dividend)" announced on May 13, 2026.

3. Projections of consolidated business results for the term ending March 31, 2027 (From April 1, 2026 to March 31, 2027)

(Figures in percentage show the rate of increase or decrease from the previous fiscal year for full-year and from the second quarter of the previous fiscal year for second quarter (aggregate).)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
First half	102,500	14.0	17,200	0.5	16,400	(0.1)	11,100	(11.0)	148.90
Full year	213,600	10.9	37,500	6.5	35,500	(11.3)	26,200	(6.8)	351.46

*** Notes**

(1) Changes in significant subsidiaries during the period: Yes

Newly included: 1 company (Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd.)

Excluded: -

(Note) For details, please refer to page 14 of the attached materials, "3. Consolidated Financial Statements and Key Notes (5) Notes to the Consolidated Financial Statements (Changes in significant subsidiaries during the current consolidated accounting period)".

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2026	76,758,362 shares
As of March 31, 2025	76,758,362 shares

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

As of March 31, 2026	2,212,906 shares
As of March 31, 2025	1,020,752 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	74,723,525 shares
Fiscal year ended March 31, 2025	75,918,890 shares

Note: The Company introduced the BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) trust. As a result, the shares of the Company's stock held by the trust are included in treasury shares that are deducted in calculating the number of treasury shares at the end of the period and the average number of shares outstanding during the period.

* This Consolidated Financial Results is not subject to audit procedures performed by a certified public accountant or audit corporation.

*Explanation about the proper use of financial projections and other important notes

(Note about forward-looking information)

Forward-looking statements such as financial projections, which are stated in this document, are based on information currently available to the Company and certain assumptions deemed reasonable. There is a possibility that actual results, etc. will differ materially from forecasts due to various factors. Please see "1. Overview of Operating Results, etc. (4) Future outlook" on page 4 for information regarding the forecast of consolidated financial results.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended March 31, 2026

Consolidated business results for the fiscal year under review were as follows:

[Consolidated business results]	(Million yen)		
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	YoY Change Percent Change
Net sales	181,093	192,615	+11,521 +6.4%
Domestic business	160,459	161,172	+712 +0.4%
China business	20,633	31,442	+10,809 +52.4%
Cost of sales	90,509	101,098	+10,588 +11.7%
Selling, general and administrative expenses	50,458	56,296	+5,838 +11.6%
Operating profit	40,125	35,219	(4,905) (12.2)%
Domestic business	40,136	35,024	(5,112) (12.7)%
China business	(10)	195	+206 (-)
Ordinary profit	42,446	40,036	(2,410) (5.7)%
Profit attributable to owners of parent	32,428	28,117	(4,311) (13.3)%

Net sales increased 6.4% compared to the previous consolidated fiscal year, to 192,615 million yen.

Net sales of the domestic business increased 0.4% compared to the previous consolidated fiscal year, to 161,172 million yen.

Sales of 129 prescription Kampo preparations decreased 0.1% compared to the previous consolidated fiscal year, to 153,918 million yen.

Due to the epidemic of infectious diseases ending earlier than expected, distribution inventories at the end of the third quarter were at high levels, and in addition, actual sales of infection-related prescriptions in the fourth quarter fell below the previous year, resulting in shipments for this consolidated fiscal year falling short of the previous consolidated fiscal year.

The actual demand, measured by actual sales volume delivered from pharmaceutical agents and wholesalers to medical institutions, increased by 2.0% compared with the previous consolidated fiscal year as a result of expanded prescriptions related to edema, headaches, dizziness, anxiety, and insomnia driven by hybrid information-provision activities combining e-promotion and MR activities after the limited-shipment restrictions were lifted.

Sales of “Drug fostering” program formulations and “Growing” formulations (unit: millions of yen)

	Ranking in sales	No. / Product Name	Fiscal Year 2024	Fiscal Year 2025	YoY Change/ Percent Change		Reference: Actual sales volume/ YoY Change
Drug-fostering program formulations *1	1	100 Daikenchuto	14,769	14,688	(81)	(0.5) %	+1.9 %
	2	54 Yokukansan	11,147	11,053	(93)	(0.8) %	+2.6 %
	5	43 Rikkunshito	7,199	7,205	+6	+0.1%	+0.7 %
	7	107 Goshajinkigan	5,583	5,623	+40	+0.7%	+3.1 %
	24	14 Hangeshashinto	1,464	1,546	+81	+5.6%	+5.7 %
Total of Drug-fostering Program formulations			40,163	40,117	(45)	(0.1) %	+2.1 %
“Growing” formulations *2	3	17 Goreisan	7,376	8,338	+962	+13.0%	+15.0 %
	4	41 Hochuekkito	7,597	7,451	(146)	(1.9) %	(1.4) %
	9	24 Kamishoyosan	4,917	5,043	+125	+2.6%	+2.6 %
	18	137 Kamikihito	2,238	2,405	+166	+7.5%	+7.1 %
	19	108 Ninjin`yoeito	2,234	2,107	(126)	(5.7) %	(2.5) %
Total of “Growing” formulations			24,364	25,346	+982	+4.0%	+6.4 %
Total of 119 prescriptions excluding Drug-fostering program formulations and “Growing” formulations			89,545	88,454	(1,090)	(1.2) %	+0.9 %
Total of 129 prescription Kampo products			154,072	153,918	(154)	(0.1) %	+2.0 %

In addition, sales of healthcare products (such as OTC Kampo medicines) increased by 17.4% compared to the previous consolidated fiscal year, reaching 6,206 million yen, due to an expansion in the number of stores handling these products.

Sales in the China business increased by 52.4% compared to the previous consolidated fiscal year to 31,442 million yen due to the consolidation of Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd. and the growth in sales of raw material crude drug and drug pieces (chopped crude drugs) at Ping An Tsumura Pharma Inc. and SHENZHEN TSUMURA MEDICINE CO., LTD., among others. The cost of sales ratio increased by 2.5 points compared to the same period last year, reaching 52.5%, due to a temporary rise in costs from the strategic buildup of raw material crude drug inventory in Japan and the consolidation of Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd.

Selling, general and administrative expenses increased 11.6% compared to the previous consolidated fiscal year, reaching 56,296 million yen, mainly due to higher costs related to salaries and allowances, increased expenses for strengthening information provision activities, DX-related costs, and the impact of consolidating Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd. The SGA ratio rose 1.3 points compared to the previous consolidated fiscal year, reaching 29.2%.

As a result, operating profit decreased 12.2% compared to the previous consolidated fiscal year, amounting to 35,219 million yen, and the operating profit margin declined 3.9 points from the same period last year to 18.3%. Ordinary profit decreased 5.7% compared to the same period last year, totaling 40,036 million yen, and net profit attributable to owners of parent decreased 13.3% compared to the previous consolidated fiscal year, amounting to 28,117 million yen.

*1 “Drug fostering” program formulations:

Formulations the Company is addressing by looking hard at the structure of diseases in recent years, targeting diseases that are difficult to treat with new drugs for which prescription Kampo preparations prove specifically effective in domains where demand for medical treatment is high, and calling the establishment of evidence “drug fostering”

*2 Growing formulations:

Growth drivers aimed at registration in clinical practice guidelines as strategic formulations after five drug fostering program formulations by constructing evidence (such as data on safety and effectiveness) in domains where the degree of satisfaction with medical treatment and the degree of drug contribution are low

[Situation of limited shipments]

Shipments of 129 prescription Kampo products, all prescriptions were lifted on April 11, 2025.

(2) Overview of financial condition during the fiscal year ended March 31, 2026

The financial position at the end of the fiscal year under review was as follows:

Total assets at the end of the fiscal year increased 128,385 million yen from the end of the previous fiscal year to 592,766 million yen. Current assets increased 53,502 million yen compared to the end of the previous consolidated fiscal year, mainly due to increases in merchandise and finished goods, and raw materials and supplies. Non-current assets increased 74,883 million yen compared to the end of the previous consolidated fiscal year, primarily due to increases in property, plant and equipment and intangible assets such as goodwill.

The total liabilities amounted to 221,162 million yen, an increase of 86,892 million yen compared to the end of the previous consolidated fiscal year. Current liabilities increased by 74,883 million yen compared to the end of the previous consolidated fiscal year due to an increase in notes and accounts payable-trade and long-term borrowings scheduled for repayment within one year. Non-current liabilities increased 65,547 million yen compared to the end of the previous consolidated fiscal year, due to an increase in long-term borrowings.

Net assets totaled 371,603 million yen, an increase of 41,493 million yen from the end of the previous fiscal year. Shareholders' equity increased 12,654 million yen compared to the previous consolidated fiscal year-end due to factors such as an increase in retained earnings. Accumulated other comprehensive income increased 8,544 million yen compared to the end of the previous consolidated fiscal year due to an increase in deferred gains or losses on hedges and the foreign currency translation adjustment account and other factors. Non-controlling interests increased 20,295 million yen from the end of the previous fiscal year.

As a result, the equity ratio decreased 10.4 points to 54.3%.

(3) Overview of cash flow during the fiscal year ended March 31, 2026

Cash flows in the fiscal year under review were as follows:

Cash and cash equivalents at the end of this consolidated fiscal year were 78,261 million yen, increased 5,126 million yen from the end of the previous consolidated fiscal year. Cash flows for the current consolidated fiscal period and the under review and year-on-year changes in cash flow were as follows.

Cash flows in operating activities were 24,718 million yen. Looking at the breakdown, there were profits before income taxes of 41,036 million yen, and a decrease in trade receivables of 6,105 million yen and an increase in inventories of 20,511 million yen. Compared to the same period last year, revenue decreased by 9,104 million yen.

Cash used in investing activities was 50,309 million yen. The main breakdown consists of expenses of 32,780 million yen for the acquisition of tangible fixed assets and 14,764 million yen for the purchase of shares of subsidiaries resulting in change in scope of consolidation. Compared to the same period of the previous year, expenses increased by 25,334 million yen.

Cash income by financing activities was 32,603 million yen. Looking at its breakdown, major cash flow items proceeded from short-term borrowings of 48,368 million yen, proceeded from long-term borrowings of 53,408 million yen and repayments of short-term borrowings of 54,340 million yen, and dividends paid of 10,299 million yen. Compared to a year ago, the cash income rose 52,474 million yen.

(4) Future outlook

With respect to results forecasts for the fiscal year ending March 31, 2027, the net sales forecast is 213,600 million yen, in view of the growth of prescription Kampo products in Japan, and a trend towards growth in the China business. Net sales from the China business are expected to account for 46,000 million yen of this total. Regarding profit, although there are impacts such as increased personnel expenses and rising costs of subsidiary raw materials and supplies, operating income is expected to be 37,500 million yen (an increase of 6.5%) due to higher sales and the full-year consolidation of Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd. Also, since foreign exchange gains were recorded in the previous consolidated fiscal year, ordinary profit is expected to be 35,500 million yen (a decrease of 11.3%) and profit attributable to owners of parent is expected to be 26,200 million yen (a decrease of 6.8%).

In the domestic business, the Company will conduct intensive capital investment, research and development and information supply activities this fiscal year, with the aim of strengthening the stable product supply structure and achieving a sustained expansion in the Kampo domain in the future. Specifically, capital investment will reinforce production capacity aggressively and improve productivity. In research and development, the Company will seek to expand the standard of care for Kampo and develop evidence, to work on personalized Kampo treatment utilizing leading-edge technology, and to contribute to public health depending on each person's life stage (treatment, pre-symptomatic disease, cure (prevention)). With respect to information supply activities, the

company will promote the standardization of Kampo treatment by strengthening promotion of prescriptions with high medical needs, as well as promote individualized treatment by increasing the number of doctors who prescribe basic prescription Kampo formulations in each medical area. Additionally, by digitalizing information provision, we will work to create a system that enables each medical professional to obtain the information they need at any time.

In the China business, the company will expand sales of crude drugs and drug pieces (chopped herbal medicines) on our crude drug platform and will also engage in research and development of classical prescriptions with the aim of expanding our traditional Chinese medicinal products business within the formulation platform, as well as market development activities, including collaboration with traditional Chinese medicine companies.

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ended March 31, 2027 [Year-on-year change after adjustment]	213,600 [10.9%]	37,500 [6.5%]	35,500 [(11.3%)]	26,200 [(6.8%)]

(5) Dividends for the current and next fiscal periods

Because the net income attributable to owners of the parent for the fiscal year ending March 2026 increased from the forecast announced on November 10, 2025, we will maintain the dividend forecast DOE of 3.6% and plan an annual dividend increase of 3 yen per share to 147 yen (interim dividend of 68 yen and year-end dividend of 79 yen).

For the fiscal year ending March 2027, based on our shareholder return policy using DOE as an indicator (target level for fiscal 2031: DOE 5%), we plan a dividend of 158 yen per share (DOE 3.6%), consisting of an interim dividend of 79 yen and a year-end dividend of 79 yen.

2. Basic idea of the selection of accounting standards

Tsumura and its group companies plan to prepare consolidated financial statements based on the Japanese standards for the time being. The companies will consider adopting the IFRS in an appropriate manner, considering conditions in Japan and overseas.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	73,227	84,079
Notes and accounts receivable - trade	68,017	72,250
Merchandise and finished goods	14,939	24,262
Work in process	20,197	25,115
Raw materials and supplies	98,647	114,629
Other	21,006	29,347
Allowance for doubtful accounts	(325)	(471)
Total current assets	295,709	349,212
Non-current assets		
Property, plant and equipment		
Buildings and structures	100,818	118,939
Machinery, equipment and vehicles	79,770	89,362
Tools, furniture and fixtures	16,685	18,762
Land	10,810	11,975
Construction in progress	41,344	60,290
Other	897	920
Accumulated depreciation	(122,080)	(133,311)
Total property, plant and equipment	128,246	166,940
Intangible assets		
Goodwill	8,512	17,665
Other	9,729	32,716
Total intangible assets	18,241	50,381
Investments and other assets		
Investment securities	10,276	7,478
Retirement benefit asset	5,328	6,603
Deferred tax assets	847	1,290
Other	5,730	10,860
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	22,182	26,231
Total non-current assets	168,670	243,553
Total assets	464,380	592,766

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,314	31,534
Short-term borrowings	5,285	3,329
Current portion of long-term borrowings	-	9,377
Accounts payable - other	12,144	13,242
Income taxes payable	7,577	5,491
Provision for employee stock ownership plan trust	908	-
Provision for share awards for directors (and other officers)	306	-
Other	11,378	20,283
Total current liabilities	61,913	83,257
Non-current liabilities		
Bonds payable	45,000	45,000
Long-term borrowings	20,051	77,454
Long-term income taxes payable	240	192
Deferred tax liabilities	202	3,401
Deferred tax liabilities for land revaluation	1,214	1,214
Retirement benefit liability	597	586
Provision for employee stock ownership plan trust	-	564
Provision for share awards for directors (and other officers)	-	165
Other	5,051	9,325
Total non-current liabilities	72,357	137,904
Total liabilities	134,270	221,162
Net assets		
Shareholders' equity		
Share capital	30,142	30,142
Capital surplus	13,749	13,473
Retained earnings	229,202	247,010
Treasury shares	(3,242)	(8,120)
Total shareholders' equity	269,852	282,506
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,690	3,531
Deferred gains or losses on hedges	240	5,678
Revaluation reserve for land	2,638	2,638
Foreign currency translation adjustment	23,533	26,071
Remeasurements of defined benefit plans	574	1,302
Total accumulated other comprehensive income	30,677	39,222
Non-controlling interests	29,579	49,874
Total net assets	330,110	371,603
Total liabilities and net assets	464,380	592,766

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

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	181,093	192,615
Cost of sales	90,509	101,098
Gross profit	90,583	91,516
Selling, general and administrative expenses	50,458	56,296
Operating profit	40,125	35,219
Non-operating income		
Interest income	628	573
Dividend income	386	299
Foreign exchange gains	1,176	5,752
Subsidy income	562	305
Other	314	383
Total non-operating income	3,067	7,313
Non-operating expenses		
Interest expenses	518	1,052
Commission for syndicated loans	-	1,100
Other	227	344
Total non-operating expenses	746	2,497
Ordinary profit	42,446	40,036
Extraordinary income		
Gain on sale of non-current assets	9	1
Gain on sale of investment securities	3,239	2,193
Total extraordinary income	3,248	2,194
Extraordinary losses		
Loss on sale of non-current assets	2	243
Loss on retirement of non-current assets	100	172
Loss on valuation of investment securities	32	499
Loss on valuation of investments in capital of subsidiaries and associates	-	141
Head office relocation expenses	-	136
Total extraordinary losses	135	1,194
Profit before income taxes	45,559	41,036
Income taxes - current	10,630	10,763
Income taxes - deferred	404	30
Total income taxes	11,035	10,793
Profit	34,523	30,242
Profit attributable to non-controlling interests	2,095	2,125
Profit attributable to owners of parent	32,428	28,117

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	34,523	30,242
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,219)	(159)
Deferred gains or losses on hedges	(1,087)	5,437
Revaluation reserve for land	(34)	-
Foreign currency translation adjustment	13,055	4,297
Remeasurements of defined benefit plans, net of tax	861	728
Total other comprehensive income	10,575	10,304
Comprehensive income	45,099	40,547
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	39,611	36,661
Comprehensive income attributable to non-controlling interests	5,487	3,885

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,142	13,739	205,804	(2,378)	247,307
Changes during period					
Dividends of surplus			(9,030)		(9,030)
Profit attributable to owners of parent			32,428		32,428
Purchase of treasury shares				(912)	(912)
Disposal of treasury shares		10		48	59
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	10	23,398	(863)	22,545
Balance at end of period	30,142	13,749	229,202	(3,242)	269,852

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,910	1,328	2,673	13,870	(287)	23,494	24,562	295,364
Changes during period								
Dividends of surplus								(9,030)
Profit attributable to owners of parent								32,428
Purchase of treasury shares								(912)
Disposal of treasury shares								59
Change in ownership interest of parent due to transactions with non-controlling interests								-
Net changes in items other than shareholders' equity	(2,219)	(1,087)	(34)	9,663	861	7,182	5,017	12,199
Total changes during period	(2,219)	(1,087)	(34)	9,663	861	7,182	5,017	34,745
Balance at end of period	3,690	240	2,638	23,533	574	30,677	29,579	330,110

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,142	13,749	229,202	(3,242)	269,852
Changes during period					
Dividends of surplus			(10,309)		(10,309)
Profit attributable to owners of parent			28,117		28,117
Purchase of treasury shares				(6,130)	(6,130)
Disposal of treasury shares		60		1,252	1,313
Change in ownership interest of parent due to transactions with non-controlling interests		(336)			(336)
Net changes in items other than shareholders' equity					
Total changes during period	-	(275)	17,807	(4,877)	12,654
Balance at end of period	30,142	13,473	247,010	(8,120)	282,506

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,690	240	2,638	23,533	574	30,677	29,579	330,110
Changes during period								
Dividends of surplus								(10,309)
Profit attributable to owners of parent								28,117
Purchase of treasury shares								(6,130)
Disposal of treasury shares								1,313
Change in ownership interest of parent due to transactions with non-controlling interests								(336)
Net changes in items other than shareholders' equity	(159)	5,437	-	2,537	728	8,544	20,295	28,839
Total changes during period	(159)	5,437	-	2,537	728	8,544	20,295	41,493
Balance at end of period	3,531	5,678	2,638	26,071	1,302	39,222	49,874	371,603

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	45,559	41,036
Depreciation	10,620	12,291
Amortization of goodwill	550	770
Increase (decrease) in allowance for doubtful accounts	(11)	28
Interest and dividend income	(1,014)	(872)
Interest expenses	518	1,052
Loss (gain) on sale and retirement of property, plant and equipment	93	367
Decrease (increase) in trade receivables	434	6,105
Decrease (increase) in inventories	(9,646)	(20,511)
Increase (decrease) in trade payables	2,919	2,250
Syndicate loan charges	-	1,100
Head office relocation expense	-	136
Loss (gain) on sale of short-term and long-term investment securities	(3,239)	(2,193)
Decrease (increase) in retirement benefit asset	(411)	(326)
Increase (decrease) in retirement benefit liability	536	(27)
Loss (gain) on valuation of investment securities	32	499
Loss on valuation of investments in capital of subsidiaries and affiliates	-	141
Other, net	(7,646)	(4,316)
Subtotal	39,296	37,533
Interest and dividends received	992	855
Interest paid	(529)	(1,047)
Income taxes paid	(5,936)	(12,623)
Net cash provided by (used in) operating activities	33,823	24,718
Cash flows from investing activities		
Decrease (increase) in time deposits	1	(5,189)
Purchase of property, plant and equipment	(27,591)	(32,780)
Proceeds from sale of property, plant and equipment	20	9
Purchase of intangible assets	(2,203)	(1,596)
Proceeds from sale of intangible assets	1	-
Purchase of short-term and long-term investment securities	(3,371)	(3,329)
Proceeds from sale and redemption of short-term and long-term investment securities	8,414	8,316
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	70	69
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(14,764)
Other, net	(315)	(1,044)
Net cash provided by (used in) investing activities	(24,974)	(50,309)

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from financing activities		
Proceeds from short-term borrowings	26,610	48,368
Repayments of short-term borrowings	(31,638)	(54,340)
Proceeds from long-term borrowings	10,674	53,408
Repayments of long-term borrowings	-	(395)
Redemption of bonds	(15,000)	-
Payments of commission for syndicate loan	-	(1,100)
Purchase of treasury shares	(912)	(6,130)
Proceeds from share issuance to non-controlling shareholders	-	2,686
Dividends paid	(9,021)	(10,299)
Dividends paid to non-controlling interests	(523)	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(776)
Other, net	(60)	1,183
Net cash provided by (used in) financing activities	(19,871)	32,603
Effect of exchange rate change on cash and cash equivalents	6,122	(1,886)
Net increase (decrease) in cash and cash equivalents	(4,899)	5,126
Cash and cash equivalents at beginning of period	78,034	73,135
Cash and cash equivalents at end of period	73,135	78,261

(5) Notes to the Consolidated Financial Statements

(Notes on premise of a going concern)

There are no applicable matters.

(Changes in significant subsidiaries during the current consolidated accounting period)

During the current consolidated accounting period, our consolidated subsidiary Tsumura China Inc. acquired a 51% stake in Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd. and as a result, this company has been included within the scope of consolidation.

(Business Combinations and Related Matters)

Business Combination through Acquisition

At the Board of Directors meeting held on June 18, 2025, our company resolved that Tsumura China Inc., our consolidated subsidiary (hereinafter referred to as "Tsumura China"), will enter into a share transfer agreement to acquire 51% of the shares of Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd. (hereinafter referred to as "Hongqiao Traditional Chinese Drug Pieces").

The acquisition of shares and consolidation procedures have now been completed, and Hongqiao Traditional Chinese Drug Pieces has become our company's consolidated subsidiary.

(1) Overview of the business combination

① Name of the acquired company and the details of its business

Name of the acquired company: Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd.

Business description: Pharmaceutical production, pharmaceutical wholesaler, traditional Chinese medicine drug pieces extract decoction service, technical service provision, enterprise management, etc.

② Main reasons for the business combination

The vision for our business in China is to "Contribute to the health of the Chinese people," and we conduct business through three platforms: the Formulation platform (the manufacture and sale of traditional Chinese medicinal products formulated from raw material crud drugs), the Crude drug platform (the manufacture and sale of raw material crud drugs, drug pieces, and health products), and Research platform (the function of formulating quality standards throughout the entire supply chain, from the seedlings of crude drugs to the final finished product).

The purpose of this acquisition is to expand the business of the crude drug platform. Hongqiao Traditional Chinese Drug Pieces is one of the leading companies in Shanghai's drug pieces industry. By utilizing sales power of Hongqiao Traditional Chinese Drug Pieces, and our know-how and experience in crude drug traceability system, evidence-building research, and manufacturing technology of "Personalized Medicine", and we will improve the product quality of Hongqiao Traditional Chinese Drug Pieces and increase convenience for patients through quality visualization, while aiming to "Contribute to the health of the Chinese people" through the company's business.

③ Date of Business Combination

August 8, 2025 (deemed acquisition date June 30, 2025)

④ Legal Form of Business Combination

Acquisition of Interest

⑤ Name of the Company After Combination

There are no changes.

⑥ Acquired Interest Ratio

51%

⑦ Main grounds for determining the acquiring company

This is because Tsumura China. acquired a 51% stake in exchange for cash.

(2) Period of the acquired company's performance included in the consolidated financial statements

From July 1, 2025 to December 31, 2025

(3) Breakdown of acquisition cost and types of consideration for the acquired company

Consideration for acquisition: Cash (including accounts payable): 23,837 million yen

Acquisition cost: 23,837 million yen

(4) Content and amount of major acquisition-related expenses

Remuneration and fees to advisors: 35 million yen

(5) Amount of goodwill generated cause of generation, method of amortization, and amortization period

① Amount of goodwill generated

8,768 million yen

At the end of the interim consolidated accounting period, the allocation of acquisition cost had not been completed and provisional accounting treatments were applied, but the allocation of acquisition cost was finalized at the end of the current consolidated fiscal year.

② Cause of Occurrence

The acquisition cost exceeded the fair value of the net assets at the time of the business combination, and the difference was recognized as goodwill.

③ Amortization Method and Amortization Period

Straight-line amortization over 20 years

(6) Amounts of assets acquired and liabilities assumed on the business combination date and their main components

Current assets: 19,052 million yen

Non-current assets: 31,094 million yen

Total assets: 50,147 million yen

Current liabilities: 8,766 million yen

Long-term liabilities: 12,458 million yen

Total liabilities: 21,224 million yen

(7) Amount allocated to intangible fixed assets other than goodwill, its breakdown by type, and amortization period.

Breakdown by main types: Customer-related assets

Amount: 21,011 million yen

Weighted average amortization period: 25.5 years

(8) Estimated amount and method of calculation of the impact on the consolidated income statement for the current consolidated fiscal year, assuming that the business combination was completed on the first day of the current consolidated fiscal year.

Net sales: 19,045 million yen

Operating profit: 1,464 million yen

Ordinary profit: 1,347 million yen

(Method for calculating estimated amounts)

Assuming the business combination was completed at the beginning of the consolidated fiscal year, we estimate the approximate amount of the impact based on the acquired company's income statement.

This note has not been subject to audit assurance.

(Segment information)

[Segment Information]

1. Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

Segment information is not shown because the Group's operations are limited to the single segment of pharmaceutical products.

2. Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

Segment information is not shown because the Group's operations are limited to the single segment of pharmaceutical products.

(Per share information)

	FY 3/2025 (From April 1, 2024 to March 31, 2025)	FY 3/2026 (From April 1, 2025 to March 31, 2026)
Shareholders' equity per share	3,968.05yen	4,315.88yen
Basic earnings per share	427.15yen	376.28yen

(Notes) 1. Diluted earnings per share is not stated because there are no residual securities.

2. Basis of calculation

(1) The basis of calculation for shareholders' equity per share is as follows.

	As of March 31, 2025	As of March 31, 2026
Total net assets (million yen)	330,110	371,603
Deduction from total net assets (million yen)	29,579	49,874
[Non-controlling interests]	[29,579]	[49,874]
Net assets related to common stock at the end of the fiscal year (million yen)	300,530	321,729
Number of shares of common stock at the end of the fiscal year used for calculation of shareholders' equity per share (thousand shares)	75,737	74,545

(2) The basis of calculation for basic earnings per share per share is as follows.

	FY 3/2025 (From April 1, 2024 to March 31, 2025)	FY 3/2026 (From April 1, 2025 to March 31, 2026)
Profit attributable to owners of parent (million yen)	32,428	28,117
Amount not attributable to common stockholders (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	32,428	28,117
Average number of shares of common stock during the fiscal year under review (thousand shares)	75,918	74,723

3. In calculating net assets per share, the shares of the Company's stock held by the Board Incentive Plan (BIP) Trust are included in treasury shares that are deducted from the total number of shares outstanding at the end of the period (238,075 shares for the current consolidated fiscal year, 131,198 shares for the previous fiscal year). Also, in calculating basic earnings per share, the shares of the Company's stock held by the BIP Trust are included in treasury shares that are deducted in the calculation of the average number of shares outstanding during the period (190,962 shares for the current consolidated fiscal year, 134,366 shares for the previous fiscal year).

4. In calculating net assets per share, the shares of the Company's stock held by the Employee Stock Ownership Plan (ESOP) trust are included in treasury shares that are deducted from the total number of shares outstanding at the end of the period (506,292 shares for the current consolidated fiscal year, 452,507 shares for the previous fiscal year). Also, in calculating basic earnings per share, the shares of the Company's stock held by the ESOP Trust are included in treasury shares that are deducted in the calculation of the average number of shares outstanding during the period (495,536 shares for the current consolidated fiscal year, 459,059 shares for the previous fiscal year).

(Significant subsequent events)

There are no applicable matters.