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November 7, 2024

## Consolidated Financial Results for the Six Months Ended March 31, 2025 (Under Japanese GAAP)

Company name: TSUMURA & CO.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4540  
 URL: <https://www.tsumura.co.jp>  
 Representative: Terukazu Kato, President Representative Director and CEO  
 Inquiries: Makoto Kitamura, Head of Corporate Communications Dept.  
 Telephone: +81-3-6361-7100  
 Scheduled date to file semi-annual securities report: November 8, 2024  
 Scheduled date to commence dividend payments: December 5, 2024  
 Preparation of supplementary material on semi-annual 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 six months ended March 31, 2025 (from April 1, 2024 to September 30, 2024)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Six-month period 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	%
September 30, 2024	89,071	18.3	21,075	106.4	23,402	84.6	17,502	94.4
September 30, 2023	75,302	7.4	10,211	(12.6)	12,675	(20.6)	9,005	(24.3)

Note: Comprehensive income Six-month period ended September 30, 2024: ¥32,387 million [77.0 %]  
 Six-month period ended September 30, 2023: ¥18,297 million [(20.6) %]

Six-month period ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2024	230.51	—
September 30, 2023	118.38	—

#### (2) Consolidated financial condition

Six-month period ended	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
September 30, 2024	453,462	323,873	64.9
March 31, 2024	428,254	295,364	63.2

Reference: Equity  
 As of September 30, 2024: ¥294,275 million  
 As of March 31, 2024: ¥270,802 million

## 2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	35.00	—	50.00	85.00
Fiscal year ended March 31, 2025	—	68.00			
Fiscal year ending March 31, 2025 (Forecast)			—	68.00	136.00

Note: Revisions to dividends projection published most recently: No

## 3. Projections of consolidated business results for the term ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Figures in percentage show the rate of increase or decrease from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	185,000	22.6	39,500	97.3	39,500	68.1	28,500	70.6	375.35

Note: Revisions to projections of consolidated business results published most recently: No

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

Note: For details, see “2. Semi-annual Consolidated Financial Statements and Key Notes (4) Notes to the Semi-annual Consolidated Financial Statements (application of specific accounting treatment to the preparation of semi-annual financial statements)” on page 10 of the material attached hereto.

(4) Number of issued shares (common shares)

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

As of September 30, 2024	76,758,362 shares
As of March 31, 2024	76,758,362 shares

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

As of September 30, 2024	825,345 shares
As of March 31, 2024	829,871 shares

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

Six-month period ended September 30, 2024	75,929,036 shares
Six-month period ended September 30, 2023	76,066,527 shares

Note: The Company has introduced the BIP (Board Incentive Plan) trust for directors' compensation 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.

\* Semi-annual financial result 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. Qualitative information on semi-annual results (3) Description of projections of consolidated business results” on page 4 for information regarding the forecast of consolidated financial results.

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## 1. Qualitative information on semi-annual results

### (1) Description of operating results

Consolidated business results for the six months under review were as follows:

[Consolidated business results]

(Million yen)

	FY 3/2024 2Q	FY 3/2025 2Q	YoY Change Percent Change
Net sales	75,302	89,071	+13,768 +18.3%
Domestic business	66,131	79,973	+13,842 +20.9%
China business	9,171	9,097	(74) (0.8)%
Cost of sales	40,877	43,200	+2,322 +5.7%
Selling, general and administrative expenses	24,213	24,795	+581 +2.4%
Operating profit	10,211	21,075	+10,863 +106.4%
Domestic business	10,426	21,196	+10,770 +103.3%
China business	(214)	(121)	+93 —
Ordinary profit	12,675	23,402	+10,727 +84.6%
Profit attributable to owners of parent	9,005	17,502	+8,497 +94.4%

Net sales increased 18.3% year on year, to 89,071 million yen.

Net sales of the domestic business increased 20.9% year on year, to 79,973 million yen. Sales of 129 prescription Kampo preparations increased 21.0% year on year, to 77,101 million yen, attributable to price rises of 66 prescriptions as a result of the application of price revisions for unprofitable products. Sales of Daikenchuto, Yokukansan and Goshajinkigan rose significantly, partly owing to the impact of price rises as a result of the application of price revisions for unprofitable products. Sales of Goreisan increased, attributable to activities to provide information according to needs related to headaches and dizziness. Sales of Rikkunshito, Hochuekkito, Kamishoyosan, Kamikihito and Ninjin'yoeito decreased compared to a year ago, given the absence of the front-loaded orders that occurred in March in association with price revisions.

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

	Ranking in sales	No. / Product Name		FY 3/2024 2Q	FY 3/2025 2Q	YoY Change/ Percent Change		
Drug-fostering program formulations *1	1	100	Daikenchuto	*3	4,937	7,510	+2,573	+52.1%
	2	54	Yokukansan	*3	3,819	5,816	+1,996	+52.3%
	5	43	Rikkunshito		3,685	3,581	(104)	(2.8) %
	8	107	Goshajinkigan	*3	1,836	2,830	+993	+54.1%
	26	14	Hangeshashinto		716	726	+9	+1.3%
Total of Drug-fostering Program formulations					14,996	20,465	+5,468	+36.5%
“Growing” formulations *2	3	41	Hochuekkito		4,109	3,937	(171)	(4.2) %
	4	17	Goreisan		3,674	3,897	+223	+6.1%
	9	24	Kamishoyosan		2,578	2,441	(136)	(5.3) %
	18	137	Kamihito		1,161	1,125	(35)	(3.1) %
	19	108	Ninjin`yoeito		1,127	1,085	(42)	(3.8) %
Total of “Growing” formulations					12,650	12,487	(162)	(1.3) %
Total of 119 prescriptions excluding Drug-fostering program formulations and “Growing” formulations				*3	36,074	44,149	+8,074	+22.4%
Total of 129 prescription Kampo products					63,720	77,101	+13,381	+21.0%

In addition, sales of OTC Kampo formulations in the domestic business increased 27.1% year on year, to 2,226 million yen, reflecting a rise in the number of stores handling the products.

Net sales of the China business decreased 0.8% year on year, to 9,097 million yen. In the crude drug platforms (Ping An Tsumura Pharma Inc., Shenzhen Tsumura Medicine Co., Ltd. and others) that mainly sell crude drugs and crude drug pieces for decoction, sales of crude drugs fell 5.7% year on year, mainly due to the impact of certain suppliers’ restrained purchases occurred temporarily in the first quarter of the fiscal year, although sales of crude drug pieces rose 40.2% year on year.

The cost of sales increased 5.7% year on year, to 43,200 million yen, due to a rise in the cost of procuring crude drugs caused mainly by growth in sales and the weaker yen. The cost-to-sales ratio dropped 5.8 percentage points, to 48.5%, attributable to increases in the prices of 66 prescription Kampo preparations as a result of the application of price revisions for unprofitable products, offsetting the rise in processing cost and other factors.

Selling, general and administrative expenses increased 2.4% year on year, to 24,795 million yen. The increase was mainly due to an increase in depreciation costs associated with the operation of the integrated trunk system and the impact of the depreciation of the yen. The SGA ratio fell 4.4 percentage points year on year, to 27.8%, attributable to the increase in net sales.

As a result of the above, operating profit increased 106.4% year on year, to 21,075 million yen, while the operating profit margin rose 10.1 percentage points, to 23.7%. Ordinary profit increased 84.6% year on year, to 23,402 million yen. Profit attributable to owners of parent increased 94.4% year on year, to 17,502 million yen, owing to the posting of extraordinary income associated with sales of shares in cross-shareholding, in addition to the foregoing.

\*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

\*3 The number of Kampo preparations to which price revisions for unprofitable products were applied: 66 (3 prescriptions falling under drug-fostering and evolution of Kampo + 63 other prescriptions, Revision rate: +36.2% - +50.7%)

[Situation of limited shipments]

Shipments of 129 prescription Kampo products had been restricted limited number of 21 prescription at end of FY2023 because demand for prescription Kampo preparations was greater than expected, reflecting increases in the number of COVID-19 and influenza cases and instability in the supply of antitussives. Restrictions on shipments were gradually lifted by boosting production and adjusting production plans. As a result, the number of products under restricted shipment was one as of November 7, 2024. The Company works to lift restrictions on shipments as soon as possible.

## (2) Description of financial condition

The financial position in the first half under review was as follows:

Total assets at the end of the second quarter increased 25,208 million yen from the end of the previous fiscal year, to 453,462 million yen. Current assets increased 19,491 million yen from the end of the previous fiscal year, mainly due to a rise in cash and deposits, raw materials and supplies. Non-current assets increased 5,716 million yen from the end of the previous fiscal year, mainly due to increases in property, plant and equipment.

Total liabilities were 129,588 million yen, a decrease of 3,300 million yen from the end of the previous fiscal year. Current liabilities decreased 12,841 million yen from the end of the previous fiscal year mainly due to a decrease in short-term borrowings. Non-current liabilities increased 9,540 million yen from the end of the previous fiscal year mainly due to a rise in long-term borrowings.

Net assets totaled 323,873 million yen, an increase of 28,509 million yen from the end of the previous fiscal year. Shareholders' equity rose 13,695 million yen from the end of the previous fiscal year, mainly reflecting an increase in retained earnings. Accumulated other comprehensive income climbed 9,778 million yen from the end of the previous fiscal year, chiefly due to an increase in foreign currency translation adjustment. Non-controlling interests increased 5,035 million yen from the end of the previous fiscal year. As a result, the equity ratio increased by 1.7 percentage points to 64.9%.

Cash flows in the first half under review was as follows:

Cash and cash equivalents as of the end of the second quarter under review were 82,289 million yen, an increase of 4,254 million yen from the end of the previous fiscal year. Cash flows in the first half under review and year-on-year changes in cash flows were as follows.

Cash provided by operating activities was 17,100 million yen. Looking at its breakdown, a major cash inflow items were profit before income taxes of 25,165 million yen and decrease in trade receivables of 1,454 million yen, while major cash outflow items were an increase in inventories of 6,140 million yen, and gain on sale of short-term and long-term investment securities of 1,813 million yen. Compared to the previous fiscal year, cash income increased 16,499 million yen.

Cash used in investing activities was 7,780 million yen. Looking at its breakdown, a major cash outflow item was the purchase of property, plant and equipment of 9,652 million yen, and proceeds from sale and redemption of short-term and long-term investment securities of 4,396 million yen. Compared to a year ago, cash outflow decreased 6,300 million yen.

Cash used in financing activities was 12,322 million yen. Looking at its breakdown, major cash flow items were repayments of short-term borrowings of 19,000 million yen and proceeds from long-term borrowings of 10,674 million yen. Compared to a year ago, cash outflow rose 10,627 million yen.

## (3) Description of projections of consolidated business results

The projections of consolidated business results for the fiscal year ending March 31, 2025, which were published on May 9, 2024, remain unchanged.

## 2. Semi-annual Consolidated Financial Statements and Key Notes

### (1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	78,075	82,371
Notes and accounts receivable - trade	67,149	67,211
Merchandise and finished goods	12,139	14,080
Work in process	18,309	19,554
Raw materials and supplies	87,168	97,857
Other	18,761	20,073
Allowance for doubtful accounts	(311)	(363)
Total current assets	281,292	300,784
Non-current assets		
Property, plant and equipment		
Buildings and structures	95,434	100,090
Other	121,118	130,167
Accumulated depreciation	(112,493)	(118,859)
Total property, plant and equipment	104,058	111,398
Intangible assets		
Goodwill	8,350	8,946
Other	8,902	9,264
Total intangible assets	17,253	18,210
Investments and other assets		
Investment securities	15,241	12,970
Retirement benefit asset	3,626	3,864
Other	6,781	6,234
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	25,650	23,068
Total non-current assets	146,961	152,678
Total assets	428,254	453,462
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	19,828	22,728
Short-term borrowings	10,313	6,313
Current portion of bonds payable	15,000	-
Income taxes payable	2,979	6,756
Other	20,435	19,918
Total current liabilities	68,557	55,715
Non-current liabilities		
Bonds payable	45,000	45,000
Long-term borrowings	9,377	20,051
Retirement benefit liability	49	50
Provision for employee stock ownership plan trust	414	673
Provision for share awards for directors (and other officers)	220	276
Other	9,270	7,821
Total non-current liabilities	64,332	73,872
Total liabilities	132,889	129,588



(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	30,142	30,142
Capital surplus	13,739	13,744
Retained earnings	205,804	219,480
Treasury shares	(2,378)	(2,365)
Total shareholders' equity	247,307	261,002
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,910	4,954
Deferred gains or losses on hedges	1,328	561
Revaluation reserve for land	2,673	2,673
Foreign currency translation adjustment	13,870	25,352
Remeasurements of defined benefit plans	(287)	(267)
Total accumulated other comprehensive income	23,494	33,273
Non-controlling interests	24,562	29,597
Total net assets	295,364	323,873
Total liabilities and net assets	428,254	453,462

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

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	75,302	89,071
Cost of sales	40,877	43,200
Gross profit	34,425	45,871
Selling, general and administrative expenses	24,213	24,795
Operating profit	10,211	21,075
Non-operating income		
Interest income	391	295
Dividend income	144	170
Foreign exchange gains	1,980	1,752
Other	166	464
Total non-operating income	2,683	2,682
Non-operating expenses		
Interest expenses	195	250
Other	23	104
Total non-operating expenses	219	355
Ordinary profit	12,675	23,402
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	-	1,813
Total extraordinary income	0	1,813
Extraordinary losses		
Loss on sale of non-current assets	-	1
Loss on retirement of non-current assets	20	49
Total extraordinary losses	20	50
Profit before income taxes	12,655	25,165
Income taxes	3,002	6,429
Profit	9,652	18,735
Profit attributable to non-controlling interests	647	1,233
Profit attributable to owners of parent	9,005	17,502

## Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	9,652	18,735
Other comprehensive income		
Valuation difference on available-for-sale securities	2,827	(956)
Deferred gains or losses on hedges	957	(767)
Foreign currency translation adjustment	4,841	15,354
Remeasurements of defined benefit plans, net of tax	17	19
Total other comprehensive income	8,644	13,651
Comprehensive income	18,297	32,387
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,539	27,280
Comprehensive income attributable to non-controlling interests	1,758	5,106

## (3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	12,655	25,165
Depreciation	4,928	5,329
Amortization of goodwill	254	275
Increase (decrease) in allowance for doubtful accounts	35	19
Interest and dividend income	(536)	(465)
Interest expenses	195	250
Loss (gain) on sale and retirement of property, plant and equipment	19	50
Decrease (increase) in trade receivables	(7,141)	1,454
Decrease (increase) in inventories	(7,641)	(6,140)
Increase (decrease) in trade payables	451	1,090
Loss (gain) on sale of short-term and long-term investment securities	-	(1,813)
Decrease (increase) in retirement benefit asset	(198)	(211)
Increase (decrease) in retirement benefit liability	2	3
Other, net	281	(5,143)
Subtotal	3,307	19,863
Interest and dividends received	555	458
Interest paid	(160)	(294)
Income taxes paid	(3,101)	(2,925)
Net cash provided by (used in) operating activities	601	17,100
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	-	1
Purchase of property, plant and equipment	(7,572)	(9,652)
Proceeds from sale of property, plant and equipment	5	0
Purchase of intangible assets	(1,514)	(670)
Purchase of short-term and long-term investment securities	(5,495)	(1,689)
Proceeds from sale and redemption of short-term and long-term investment securities	778	4,396
Proceeds from collection of loans receivable	0	0
Other, net	(281)	(166)
Net cash provided by (used in) investing activities	(14,080)	(7,780)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	-	15,000
Repayments of short-term borrowings	-	(19,000)
Proceeds from long-term borrowings	-	10,674
Redemption of bonds	-	(15,000)
Purchase of treasury shares	(1,316)	(1)
Proceeds from share issuance to non-controlling shareholders	2,158	-
Dividends paid	(2,449)	(3,823)
Dividends paid to non-controlling interests	(40)	(133)
Other, net	(47)	(38)
Net cash provided by (used in) financing activities	(1,694)	(12,322)
Effect of exchange rate change on cash and cash equivalents	1,729	7,256
Net increase (decrease) in cash and cash equivalents	(13,444)	4,254
Cash and cash equivalents at beginning of period	94,730	78,034
Cash and cash equivalents at end of period	81,285	82,289

(4) Notes to the semi-annual Consolidated Financial Statements

(Notes on premise of a going concern)

No relevant items.

(Notes on case of extreme change in shareholder's equity amount)

No relevant items.

(Changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

At the beginning of the fiscal quarter under review, the Company started to adopt the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27 of October 28, 2022; hereinafter, "Revised Accounting Standard 2022"), etc.

Regarding revisions to the accounting classification for corporate taxes, etc. (taxation on other comprehensive income), the Company conformed to the specific transitional provisions prescribed in the provisory clause under Paragraph 20-3 of the Revised Accounting Standard 2022 and the specific transitional provisions prescribed in the provisory clause under Paragraph 65-2(2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 of October 28, 2022). This does not affect the quarterly consolidated financial statements.

(Notes on Segment Information)

[Segment Information]

1. Six-months ended November 30, 2023 (From April 1, 2023 to November 30, 2023)

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

2. Six-months ended November 30, 2024 (From April 1, 2024 to November 30, 2024)

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