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November 10, 2025

**Consolidated Financial Results
for the Six Months Ended September 30, 2025
(Under Japanese GAAP)**

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 Listing: Tokyo Stock Exchange
 Securities code: 4540
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Scheduled date to file semi-annual securities report: November 11, 2025

Scheduled date to commence dividend payments: December 5, 2025

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 financial results for the six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six-month period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	89,897	0.9	17,119	(18.8)	16,419	(29.8)	12,477	(28.7)
September 30, 2024	89,071	18.3	21,075	106.4	23,402	84.6	17,502	94.4

Note:	Comprehensive income	Six-month period ended September 30, 2025:	¥1,319 million	[(95.9) %]
		Six-month period ended September 30, 2024:	¥32,387 million	[77.0 %]

	Basic earnings per share	Diluted earnings per share
Six-month period ended	Yen	Yen
September 30, 2025	166.65	—
September 30, 2024	230.51	—

(2) Consolidated financial condition

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2025	516,486	326,487	56.9
March 31, 2025	464,380	330,110	64.7

Reference: Equity

As of September 30, 2025: ¥294,072 million

As of March 31, 2025: ¥300,530 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, 2025	—	68.00	—	68.00	136.00
Fiscal year ended March 31, 2026	—	68.00			
Fiscal year ending March 31, 2026 (Forecast)			—	76.0	144.00

Note: Revisions to dividends projection published most recently: Yes

For details on the revision of the dividend forecast, please refer to page 5 of the attached document, "1. Qualitative information regarding the interim financial results (3) Description of projections of consolidated business results."

3. Projections of consolidated business results for the term ending March 31, 2026 (From April 1, 2025 to March 31, 2026)

(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	198,000	9.3	35,000	(12.8)	34,500	(18.7)	24,300	(25.1)	320.08

Note: Revisions to projections of consolidated business results published most recently: Yes

For revisions to the consolidated earnings forecast, please refer to page 5 of the attached document, "1. Qualitative information on this interim financial results (3) Description of projections of consolidated business results."

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

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

Excluded: -

(Note) For details, please refer to page 13 of the attached materials, "2. Semi-annual Consolidated Financial Statements and Key Notes (4) Notes to the semi-annual Consolidated Financial Statements (Changes in significant subsidiaries during the current consolidated accounting period)".

- (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: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

- (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, 2025	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 September 30, 2025	2,422,034 shares
As of March 31, 2025	1,020,752 shares

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

Six-month period ended September 30, 2025	74,876,544 shares
Six-month period ended September 30, 2024	75,929,036 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 5 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 3/2025 2Q	FY 3/2026 2Q	YoY Change Percent Change
Net sales	89,071	89,897	+ 825 + 0.9%
Domestic business	79,973	79,539	(434) (0.5)%
China business	9,097	10,357	+ 1,260 + 13.9%
Cost of sales	43,200	46,418	+ 3,217 + 7.4%
Selling, general and administrative expenses	24,795	26,359	+ 1,563 + 6.3%
Operating profit	21,075	17,119	(3,955) (18.8)%
Domestic business	21,196	17,135	(4,060) (19.2)%
China business	(121)	(15)	+ 105 —
Ordinary profit	23,402	16,419	(6,983) (29.8)%
Profit attributable to owners of parent for the six months	17,502	12,477	(5,024) (28.7)%

Net sales increased 0.9% year on year, to 89,897 million yen.

Net sales of the domestic business decreased 0.5% year on year, to 79,539 million yen. Sales of 129 prescription Kampo preparations, although sales increased by 2.0% in the second quarter (July to September) compared to the same period of the previous year, the sales for the first quarter (April to June) decreased by 4.1% compared to the previous year. This was due to both a high level of distribution inventory at the end of March 2025 and the continued impact of restricted shipments. As a result, sales for the interim consolidated accounting period decreased by 1.1% compared to the same period of the previous year, amounting to 76,273 million yen.

In addition, the actual demand, represented by the actual sales volume (deliveries from pharmaceutical agents and wholesalers to medical institutions), increased 2.6% compared to the same period last year.

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

	Ranking in sales	No. / Product Name	FY 3/2025 2Q	FY 3/2026 2Q	YoY Change/ Percent Change		Reference: Actual sales volume/ YoY Change
Drug-fostering program formulations *1	1	100 Daikenchuto	7,510	7,361	(148)	(2.0) %	+2.6%
	2	54 Yokukansan	5,816	5,600	(215)	(3.7) %	+2.7 %
	5	43 Rikkunshito	3,581	3,600	+18	+0.5%	+1.0 %
	7	107 Goshajinkigan	2,830	2,783	(46)	(1.7) %	+3.0 %
	26	14 Hangeshashinto	726	759	+33	+4.6%	+4.1 %
Total of Drug-fostering Program formulations			20,465	20,105	(359)	(1.8) %	+2.5 %
“Growing” formulations *2	3	17 Goreisan	3,897	4,299	+401	+10.3%	+16.3 %
	4	41 Hochuekkito	3,937	3,866	(71)	(1.8) %	(1.1) %
	9	24 Kamishoyosan	2,441	2,513	+71	+2.9%	+2.3 %
	17	137 Kamikihito	1,125	1,207	+82	+7.3%	+6.7 %
	21	108 Ninjin'yoeito	1,085	1,003	(81)	(7.6) %	(4.1) %
Total of “Growing” formulations			12,487	12,889	+402	+3.2%	+6.7 %
Total of 119 prescriptions excluding Drug-fostering program formulations and “Growing” formulations			44,149	43,277	(871)	(2.0) %	+1.6 %
Total of 129 prescription Kampo products			77,101	76,273	(828)	(1.1) %	+2.6 %

In addition, sales of healthcare products (such as OTC Kampo medicines) in the domestic business increased 22.1% compared to the same period last year, reaching 2,719 million yen, due to the expansion in the number of retail stores carrying the products.

Net sales of the China business increased 13.9% year on year, to 10,357 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 raw material crude drugs increased 16.2% year on year, and drug pieces (chopped crude drugs) rose 3.4% year on year.

The cost of sales increased by 7.4% compared to the same period last year due to rises in the costs of crude drugs and processing expenses, reaching 46,418 million yen, and the cost of sales ratio rose by 3.1 percentage points compared to the same period last year, reaching 51.6%.

Selling, general and administrative expenses increased 6.3% compared to the same period of the previous year to 26,359 million yen, mainly due to the impact of increased costs such as salaries and allowances, expenses related to enhancing information provision activities, and DX-related costs. The SGA ratio rose 1.5 points compared to the same period of the previous year, reaching 29.3%.

As a result of the above, operating profit decreased 18.8% year on year, to 17,119 million yen, while the operating profit margin declined 4.7 percentage points, to 19.0%. Operating profit decreased 29.8% compared to the same period last year to 16,419 million yen, partly due to recording foreign exchange losses related to loans to overseas subsidiaries. Profit attributable to owners of parent for the six months, which included a special gain of approximately 1,976 million yen from the sale of policy-held shares at about the same level as the previous year, decreased by 28.7% compared to the same period last year, amounting to 12,477 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) 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 52,105 million yen from the end of the previous fiscal year, to 516,486 million yen. Current assets increased by 15,365 million yen compared to the end of the previous consolidated fiscal year, mainly due to increases in notes and accounts receivable and merchandise and finished goods. Non-current assets increased by 36,740 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 189,998 million, an increase of 55,727 million yen compared to the end of the previous consolidated fiscal year. Current liabilities increased by 41,455 million yen compared to the end of the previous consolidated fiscal year due to an increase in short-term borrowings, among other factors. Non-current liabilities increased by 14,272 million yen compared to the end of the previous consolidated fiscal year.

Net assets totaled 326,487 million yen, a decrease of 3,622 million yen from the end of the previous fiscal year. Shareholders' equity increased 1,779 million yen compared to the previous consolidated fiscal year-end due to factors such as an increase in retained earnings. Accumulated other comprehensive income decreased 8,237 million yen compared to the end of the previous consolidated fiscal year due to a decrease in the foreign currency translation adjustment account and other factors. Non-controlling interests increased 2,835 million yen from the end of the previous fiscal year.

As a result, the equity ratio decreased 7.8 percentage points to 56.9%.

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 71,680 million yen, an decrease of 1,454 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 9,912 million yen. The main breakdown includes an interim net profit before tax adjustments of 17,848 million yen, depreciation expenses of 5,663 million yen, an increase in inventory of 7,343 million yen, a decrease in accounts payable of 2,472 million yen, and gains from the sale of securities and investment securities of 1,976 million yen. Compared to the same period last year, income has decreased by 7,187 million yen.

Cash used in investing activities was 23,612 million yen. The main breakdown consists of expenditures of 10,582 million yen for the acquisition of tangible fixed assets and 15,016 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, expenditure increased by 15,832 million yen.

Cash used in financing activities was 18,929 million yen. The main breakdown consists of income of 26,368 million yen from short-term borrowings and expenses of 6,130 million yen from the purchase of treasury shares. Compared to the same period of the previous year, income increased by 31,252 million yen.

(3) Description of projections for consolidated business results

As announced in the "Notice on Revision of Earnings Forecast and Dividend Forecast (Dividend Increase)" published in November 10, 2025, we have revised the full-year consolidated earnings forecast and dividend forecast for the fiscal year ending March 2026, which were announced on May 12, 2025, as follows, considering recent business trends.

① Revision of projections of consolidated business results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

	Net sales	Domestic business	China business	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen
Previous forecast (A)	188,000	167,900	20,100	34,200	34,000	23,000	302.95
Revised forecast (B)	198,000	167,900	30,100	35,000	34,500	24,300	320.08
Change (B - A)	10,000	–	10,000	800	500	1,300	
Percentage change (%)	5.3 %	–	49.8 %	2.3%	1.5%	5.7%	
(Reference) Results for previous fiscal year(ended March 31, 2025)	181,093	160,459	20,633	40,125	42,446	32,428	427.15

② Reason for revision

Regarding net sales, due to the consolidation of Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd. (hereinafter, "Hongqiao Traditional Chinese Drug Pieces"), which was acquired through equity participation, the figure is expected to reach 198,000 million yen, exceeding the previously announced forecast of 10,000 million yen.

Regarding operating profit, the impact of consolidating Hongqiao Traditional Chinese Drug Pieces as a subsidiary is expected to be minor due to goodwill amortization and expenses related to acquisition-specific accounting treatments in the first year. Meanwhile, factors such as a reduction in processing costs and control of selling, general, and administrative expenses are projected to result in operating profit exceeding the previously announced forecast 800 million yen, reaching 35,000 million yen.

Regarding ordinary profit and net profit attributable to the parent company's shareholders for the current term, in addition to the upward revision of operating profit, due to the sale of policy-held shares and other factors, ordinary profit is expected to exceed the previous forecast 500 million yen to 34,500 million yen, and net profit attributable to owners of parent is expected to exceed the previous forecast 1,300 million yen to 24,300 million yen.

③ Revision of dividend forecast for the fiscal year ending March 2026

	Dividend per share			
	End of 2nd quarter	Year-end	Total	Consolidated payout ratio
Previous forecast (Announced on May 12, 2025)	Yen 68.00	Yen 68.00	Yen 136.00	% 44.9
Revised forecast		76.00	144.00	45.0
Results for current period	68.00			
Dividend paid for FY ended March 31, 2025	68.00	68.00	136.00	31.8

④ Reason for revision

Since the profit attributable to owners of parent for the fiscal year ending March 31, 2026 is expected to exceed the previously announced forecast, based on our shareholder return policy (target DOE rate of 5% by fiscal 2031), the DOE will be revised from the initially expected 3.4% to 3.6%, the same level as the actual performance of the previous fiscal year. As a result, the annual dividend for the fiscal year ending March 2026 will be increased by 8 yen per share to 144 yen (of which the interim dividend is 68 yen and the year-end dividend is 76 yen).

(Note) The above earnings forecast has been prepared based on information available as of the date of publication of this document, and actual results may differ from the forecast figures due to various factors in the future.

2. Semi-annual Consolidated Financial Statements and Key Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	73,227	72,491
Notes and accounts receivable - trade	68,017	75,704
Securities	-	706
Merchandise and finished goods	14,939	21,565
Work in process	20,197	23,485
Raw materials and supplies	98,647	96,185
Other	21,006	21,382
Allowance for doubtful accounts	(325)	(446)
Total current assets	295,709	311,075
Non-current assets		
Property, plant and equipment		
Buildings and structures	100,818	114,092
Other	149,508	158,784
Accumulated depreciation	(122,080)	(126,263)
Total property, plant and equipment	128,246	146,614
Intangible assets		
Goodwill	8,512	28,257
Other	9,729	9,346
Total intangible assets	18,241	37,603
Investments and other assets		
Investment securities	10,276	7,428
Retirement benefit asset	5,328	5,539
Other	6,577	8,224
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	22,182	21,192
Total non-current assets	168,670	205,411
Total assets	464,380	516,486
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,314	23,922
Short-term borrowings	5,285	33,549
Current portion of long-term borrowings	-	9,377
Income taxes payable	7,577	5,514
Provision for employee stock ownership plan trust	908	908
Provision for share awards for directors (and other officers)	306	306
Other	23,522	29,790
Total current liabilities	61,913	103,368
Non-current liabilities		
Bonds payable	45,000	45,000
Long-term borrowings	20,051	26,972
Long-term income taxes payable	240	-
Retirement benefit liability	597	551
Provision for employee stock ownership plan trust	-	245
Provision for share awards for directors (and other officers)	-	82

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Other	6,468	13,777
Total non-current liabilities	72,357	86,630
Total liabilities	134,270	189,998

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Net assets		
Shareholders' equity		
Share capital	30,142	30,142
Capital surplus	13,749	13,809
Retained earnings	229,202	236,490
Treasury shares	(3,242)	(8,810)
Total shareholders' equity	269,852	271,632
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,690	3,413
Deferred gains or losses on hedges	240	1,224
Revaluation reserve for land	2,638	2,638
Foreign currency translation adjustment	23,533	14,556
Remeasurements of defined benefit plans	574	606
Total accumulated other comprehensive income	30,677	22,439
Non-controlling interests	29,579	32,415
Total net assets	330,110	326,487
Total liabilities and net assets	464,380	516,486

(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, 2024	For the six months ended September 30, 2025
Net sales	89,071	89,897
Cost of sales	43,200	46,418
Gross profit	45,871	43,479
Selling, general and administrative expenses	24,795	26,359
Operating profit	21,075	17,119
Non-operating income		
Interest income	295	224
Dividend income	170	219
Foreign exchange gains	1,752	-
Other	464	194
Total non-operating income	2,682	637
Non-operating expenses		
Interest expenses	250	346
Foreign exchange losses	-	789
Other	104	202
Total non-operating expenses	355	1,338
Ordinary profit	23,402	16,419
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	1,813	1,976
Total extraordinary income	1,813	1,977
Extraordinary losses		
Loss on sale of non-current assets	1	0
Loss on retirement of non-current assets	49	48
Loss on valuation of investment securities	-	499
Total extraordinary losses	50	548
Profit before income taxes	25,165	17,848
Income taxes	6,429	4,912
Profit	18,735	12,935
Profit attributable to non-controlling interests	1,233	457
Profit attributable to owners of parent	17,502	12,477

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Profit	18,735	12,935
Other comprehensive income		
Valuation difference on available-for-sale securities	(956)	(277)
Deferred gains or losses on hedges	(767)	984
Foreign currency translation adjustment	15,354	(12,355)
Remeasurements of defined benefit plans, net of tax	19	32
Total other comprehensive income	13,651	(11,615)
Comprehensive income	32,387	1,319
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,280	4,240
Comprehensive income attributable to non-controlling interests	5,106	(2,920)

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	25,165	17,848
Depreciation	5,329	5,663
Amortization of goodwill	275	267
Increase (decrease) in allowance for doubtful accounts	19	(16)
Interest and dividend income	(465)	(443)
Interest expenses	250	346
Loss (gain) on sale and retirement of property, plant and equipment	50	47
Decrease (increase) in trade receivables	1,454	324
Decrease (increase) in inventories	(6,140)	(7,343)
Increase (decrease) in trade payables	1,090	(2,472)
Loss (gain) on sale of short-term and long-term investment securities	(1,813)	(1,976)
Decrease (increase) in retirement benefit asset	(211)	(164)
Increase (decrease) in retirement benefit liability	3	(10)
Other, net	(5,143)	4,911
Subtotal	19,863	16,981
Interest and dividends received	458	445
Interest paid	(294)	(343)
Income taxes paid	(2,925)	(7,169)
Net cash provided by (used in) operating activities	17,100	9,912
Cash flows from investing activities		
Decrease (increase) in time deposits	1	1
Purchase of property, plant and equipment	(9,652)	(10,582)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(670)	(796)
Purchase of short-term and long-term investment securities	(1,689)	(1,635)
Proceeds from sale and redemption of short-term and long-term investment securities	4,396	5,555
Loan advances	-	(0)
Proceeds from collection of loans receivable	0	68
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(15,016)
Other, net	(166)	(1,207)
Net cash provided by (used in) investing activities	(7,780)	(23,612)
Cash flows from financing activities		
Proceeds from short-term borrowings	15,000	26,368
Repayments of short-term borrowings	(19,000)	(2,000)
Proceeds from long-term borrowings	10,674	3,408
Redemption of bonds	(15,000)	-
Purchase of treasury shares	(1)	(6,130)
Proceeds from share issuance to non-controlling shareholders	-	2,686
Dividends paid	(3,823)	(5,184)
Dividends paid to non-controlling interests	(133)	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(776)
Other, net	(38)	558
Net cash provided by (used in) financing activities	(12,322)	18,929
Effect of exchange rate change on cash and cash equivalents	7,256	(6,684)

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Net increase (decrease) in cash and cash equivalents	4,254	(1,454)
Cash and cash equivalents at beginning of period	78,034	73,135
Cash and cash equivalents at end of period	82,289	71,680

(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 significant subsidiaries during the current consolidated accounting period)

During the current interim 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 wholesale, 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 interim consolidated financial statements

June 30, 2025, is considered the acquisition date, and since only the balance sheet is consolidated for the current interim consolidated accounting period, the performance of the acquired company is not included.

(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

20,590 million yen

The amount of goodwill at the end of the current interim consolidated accounting period is a provisional figure because the allocation of acquisition cost has not been completed.

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: 17,488 million yen

Non-current assets: 9,683 million yen

Total assets: 27,172 million yen

Current liabilities: 8,012 million yen

Long-term liabilities: 12,890 million yen

Total liabilities: 20,902 million yen

(7) Allocation of acquisition cost

Since the allocation of acquisition cost was not completed by the end of the current interim consolidated accounting period, provisional accounting treatment has been carried out based on reasonable information available at that time.

(Notes on Segment Information)

[Segment Information]

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

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

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