



## 2. Dividends

	Annual dividends per share				
	First quarter-end	Third quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	32.00	—	32.00	64.00
Fiscal year ending March 31, 2024	—	35.00			
Fiscal year ending March 31, 2024 (Forecast)			—	35.00	70.00

Note: Revisions to dividends projection published most recently: No

## 3. Projections of consolidated business results for the term ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(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	152,000	8.5	19,500	(6.8)	22,400	(4.5)	16,200	(1.7)	213.15

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

Regarding the revision to the consolidated business performance forecast, please refer to “1. Qualitative information on quarterly results, (3) Forward-looking statements such as consolidated business performance forecasts” on page 5 of the attachment.

**\* 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 quarterly consolidated financial statements: Yes

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

(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 December 31, 2023	76,758,362 shares
As of March 31, 2023	76,758,362 shares

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

As of December 31, 2023	830,841 shares
As of March 31, 2023	367,332 shares

(iii) Average number of shares outstanding during the period

Nine-month period ended December 31, 2023	76,024,654 shares
Nine-month period ended December 31, 2022	76,451,360 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. Qualitative information on quarterly 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 quarterly results

### (1) Description of operating results

Consolidated business results for the third quarter under review were as follows:

[Consolidated business results]

(Million yen)

	FY 3/2023 3Q	FY 3/2024 3Q	YoY Change Percent Change
Net sales	107,076	115,826	+8,749 +8.2%
Domestic business	96,355	101,929	+5,574 +5.8%
China business	10,721	13,896	+3,175 +29.6%
Cost of sales	54,517	60,767	+6,249 +11.5%
Selling, general and administrative expenses	34,836	35,915	+1,079 +3.1%
Operating profit	17,723	19,143	+1,420 +8.0%
Domestic business	17,882	19,427	+1,544 +8.6%
China business	(159)	(283)	(124) —
Ordinary profit	21,410	22,400	+990 +4.6%
Profit attributable to owners of parent	15,875	16,151	+275 +1.7%

Net sales increased 8.2% year on year, to 115,826 million yen.

Net sales of domestic business increased 5.8% year on year, to 101,929 million yen. Sales of 129 prescription Kampo preparations increased 6.2% year on year due to continuous growth of prescriptions in the cardiovascular area and ones for symptoms such as anxiety/insomnia and dizziness. Total sales of drug fostering formulations\*1 grew 2.1% year on year while total sales of growing formulations\*2 rose 6.2% year on year.

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

	Ranking in sales	No. / Product Name	FY 3/2023 3Q	FY 3/2024 3Q	YoY Change/ Percent Change	
“Drug fostering” program formulations	1	100 Daikenchuto	7,482	7,590	+107	+1.4%
	3	54 Yokukansan	5,687	5,826	+138	+2.4%
	4	43 Rikkunshito	5,644	5,661	+16	+0.3%
	9	107 Goshajinkigan	2,633	2,827	+194	+7.4%
	24	14 Hangeshashinto	1,078	1,097	+18	+1.8%
Total of "Drug Fostering" Program formulations			22,527	23,003	+475	+2.1%
Growing formulations:	2	41 Hochuekkito	6,096	6,185	+88	+1.5%
	5	17 Goreisan	4,821	5,528	+706	+14.6%
	6	24 Kamishoyosan	3,935	3,935	+0	+0.0%
	17	137 Kamikihito	1,600	1,782	+182	+11.4%
	18	108 Ninjin'yoeito	1,624	1,761	+137	+8.4%
Total of Growing formulations			18,078	19,193	+1,114	+6.2%
Total of 119 prescriptions excluding “Drug fostering” program formulations and Growing formulations			51,335	55,438	+4,102	+8.0%
Total of 129 prescription Kampo products			91,941	97,635	+5,693	+6.2%

Sales of OTC Kampo formulations in the domestic business decreased 1.7% year on year to 3,302 million yen because formulations related to cold symptoms and other products have remained in short supply. The stock shortages are being eliminated.

Net sales of business in China increased 29.6% year on year, to 13,896 million yen, due to significant growth in sales on crude drug platforms (of Ping An Tsumura Pharmaceutical Co., Ltd., Shenzhen Tsumura Medicine Co., Ltd., etc.), which primarily include sales of crude drugs and crude drug pieces for decoction.

Cost of sales increased 11.5% year on year, to 60,767 million yen, mainly reflecting the growth in net sales, rising crude drug procurement costs, high prices of raw and other materials and the weaker yen. The cost-to-sales ratio rose 1.6 percentage points year on year, to 52.5%. Selling, general and administrative expenses increased 3.1% year on year, to 35,915 million yen. The increase mainly reflected increases in R&D expenses and system expenses related to systems for the DX of the Kampo value chain. The SGA ratio fell 1.5 percentage points year on year, to 31.0%.

As a result, operating profit increased 8.0% year on year, to 19,143 million yen. The operating profit margin was 16.5%, falling 0.1 percentage points from a year ago. Ordinary profit rose 4.6% year on year, to 22,400 million yen, and profit attributable to owners of parent increased 1.7% year on year, to 16,151 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]

All limits to shipments of 129 prescription Kampo products were removed by July 31, 2023. Subsequently, however, the demand for Kampo products increased more than expected due to increases in COVID-19 cases and flue cases and antitussives supply instability, and shipments of certain prescription Kampo products were limited. The impact of this matter on the Group’s consolidated results will be minor. The Company will gradually end limits on shipments by putting in place a system for increasing production increase and adjusting production plans.

## (2) Description of financial condition

The financial position at the end of the third quarter under review was as follows:

Total assets at the end of the third quarter increased 21,459 million yen from the end of the previous fiscal year, to 418,272 million yen. Current assets increased 10,404 million yen from the end of the previous fiscal year, mainly due to a rise in notes and accounts receivable-trade. Non-current assets increased 11,055 million yen from the end of the previous fiscal year, mainly due to increases in property, plant and equipment, intangible assets and investment securities.

Total liabilities were 121,144 million yen, down 3,422 million yen from the end of the previous fiscal year, primary owing to a decrease in notes and accounts payable - trade. Of the bonds included in non-current liabilities, those that became redeemable within one year, amounting to 15,000 million yen, was reclassified under current liabilities.

Net assets totaled 297,127 million yen, an increase of 24,881 million yen from the end of the previous fiscal year. Shareholders' equity rose 9,710 million yen from the end of the previous fiscal year, mainly reflecting an increase in retained earnings. Accumulated other comprehensive income climbed 9,265 million yen from the end of the previous fiscal year, chiefly due to an increase in foreign currency translation adjustment. Non-controlling interests increased 5,905 million yen from the end of the previous fiscal year.

As a result, the equity ratio rose 1.3 percentage points, to 64.8%.

Cash flows in the first three quarters under review were as follows:

Cash and cash equivalents as of the end of the third quarter under review was 80,496 million yen, a decrease of 14,233 million yen from the end of the previous fiscal year. Cash flows in the first nine months under review and year-on-year changes in cash flows were as follows.

Cash used in operating activities was 798 million yen. Looking at a breakdown, a major cash inflow item was profit before income taxes of 22,821 million yen, while major cash outflow items were an increase in trade receivables of 10,691 million yen and an increase in inventories of 8,601 million yen. Compared to a year ago, cash outflow rose 9,728 million yen.

Cash used in investing activities was 12,373 million yen. Looking at its breakdown, a major cash outflow item was the purchase of property, plant and equipment of 11,060 million yen. Compared to a year ago, cash outflow decreased 51 million yen.

Cash used in financing activities was 4,388 million yen. Looking at its breakdown, major cash flow items were proceeds from payments from non-controlling interests of 2,158 million yen, purchase of treasury shares of 1,316 million yen and dividends paid of 5,117 million yen. Compared to a year ago, cash outflow rose 28,844 million yen.

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

As announced in “Tsumura Announces Revision of Earnings Forecast” dated February 6, 2024, the Company revised its projections of full-year consolidated business performance for the fiscal year ending March 31, 2024 released on May 9, 2023 in light of recent performance trends. Details are as follows.

#### (i) Revision of projections of consolidated business results

Revision of projections of consolidated business results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	150,500	18,000	18,600	13,000	171.02
Revised forecast (B)	152,000	19,500	22,400	16,200	213.15
Change (B - A)	1,500	1,500	3,800	3,200	
Percentage change (%)	1.0%	8.3%	20.4%	24.6%	
(Reference) Results for previous fiscal year (ended March 31, 2023)	140,043	20,916	23,453	16,482	215.63

#### (ii) Reason of revision

Operating profit is expected to exceed the previously announced forecast by 1.5 billion yen, reaching 19.5 billion yen. This reflects lower-than-expected processing costs in Japan and selling, general and administrative expenses, etc. Moreover, thanks to the upward revision of operating profit and the impact of the weaker yen, both ordinary profit and profit attributable to owners of parent are expected to exceed the previously announced figures by 3.8 billion yen, with 22.4 billion yen, and by 3.2 billion yen, with 16.2 billion yen, respectively. As a result, the Company has revised its business performance forecasts.

#### (iii) Dividend forecast

There is no change in the dividend forecast accompanying this revision of business performance forecasts. The Company plans to pay dividends for the fiscal year ending March 31, 2024 in accordance with the shareholder return policy released on November 7, 2023.

(Note) The above business performance forecasts were prepared based on information available as of the date of this announcement, and actual performance may differ from the forecasts due to a variety of factors.



## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	94,752	80,541
Notes and accounts receivable - trade	58,087	69,844
Merchandise and finished goods	11,257	12,638
Work in process	14,430	15,341
Raw materials and supplies	76,038	83,918
Other	13,933	16,691
Allowance for doubtful accounts	(178)	(252)
Total current assets	268,320	278,724
Non-current assets		
Property, plant and equipment		
Buildings and structures	91,197	95,161
Other	107,260	116,825
Accumulated depreciation	(105,042)	(112,707)
Total property, plant and equipment	93,415	99,279
Intangible assets		
Goodwill	8,480	8,706
Other	6,166	8,091
Total intangible assets	14,647	16,797
Investments and other assets		
Investment securities	11,160	14,288
Retirement benefit asset	2,518	2,841
Other	6,750	6,340
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	20,429	23,470
Total non-current assets	128,492	139,547
Total assets	396,813	418,272
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,443	13,566
Short-term borrowings	10,313	10,313
Current portion of bonds payable	—	15,000
Income taxes payable	3,233	1,473
Other	17,214	17,255
Total current liabilities	47,205	57,608
Non-current liabilities		
Bonds payable	60,000	45,000
Long-term borrowings	9,377	9,377
Retirement benefit liability	59	49
Allowance for employee share benefits	—	314
Provision for share awards for directors (and other officers)	111	193
Other	7,814	8,601
Total non-current liabilities	77,361	63,535
Total liabilities	124,566	121,144

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	30,142	30,142
Capital surplus	13,739	13,739
Retained earnings	194,224	205,247
Treasury shares	(1,068)	(2,381)
Total shareholders' equity	237,037	246,748
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,647	5,249
Deferred gains or losses on hedges	29	314
Revaluation reserve for land	2,673	2,673
Foreign currency translation adjustment	10,455	16,807
Remeasurements of defined benefit plans	(796)	(769)
Total accumulated other comprehensive income	15,008	24,274
Non-controlling interests	20,199	26,105
Total net assets	272,246	297,127
Total liabilities and net assets	396,813	418,272

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
 Quarterly Consolidated Statements of Income / For the Third Quarter Consolidated Accumulative Term

(Millions of yen)

	Nine-month ended December 31, 2022	Nine-month ended December 31, 2023
Net sales	107,076	115,826
Cost of sales	54,517	60,767
Gross profit	52,559	55,059
Selling, general and administrative expenses	34,836	35,915
Operating profit	17,723	19,143
Non-operating income		
Interest income	398	522
Dividend income	264	300
Foreign exchange gains	2,906	2,201
Other	439	540
Total non-operating income	4,009	3,565
Non-operating expenses		
Interest expenses	169	278
Bond issuance costs	142	—
Other	10	29
Total non-operating expenses	323	308
Ordinary profit	21,410	22,400
Extraordinary income		
Gain on sale of non-current assets	5	1
Gain on capital reduction with compensation of subsidiaries and affiliates	463	—
Gain on sale of investment securities	—	446
Total extraordinary income	469	447
Extraordinary losses		
Loss on sale of non-current assets	3	—
Loss on retirement of non-current assets	35	26
Loss on COVID19	257	—
Total extraordinary losses	296	26
Profit before income taxes	21,582	22,821
Income taxes	5,060	5,034
Profit	16,521	17,786
Profit attributable to non-controlling interests	646	1,635
Profit attributable to owners of parent	15,875	16,151

Quarterly Consolidated Statements of Comprehensive Income / For the Third Quarter Consolidated Accumulative Term  
(Millions of yen)

	Nine-month ended December 31, 2022	Nine-month ended December 31, 2023
Profit	16,521	17,786
Other comprehensive income		
Valuation difference on available-for-sale securities	165	2,602
Deferred gains or losses on hedges	(2,150)	284
Foreign currency translation adjustment	12,691	8,466
Remeasurements of defined benefit plans, net of tax	2	26
Share of other comprehensive income of entities accounted for using equity method	(69)	—
Total other comprehensive income	10,639	11,380
Comprehensive income	27,161	29,166
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,569	25,417
Comprehensive income attributable to non-controlling interests	3,591	3,749

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine-month ended December 31, 2022	Nine-month ended December 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	21,582	22,821
Depreciation	7,578	7,583
Amortization of goodwill	381	385
Increase (decrease) in allowance for doubtful accounts	17	58
Interest and dividend income	(663)	(823)
Interest expenses	169	278
Bond issuance costs	142	—
Loss (gain) on sale and retirement of property, plant and equipment	32	25
Gain on capital reduction with compensation of subsidiaries and affiliates	(463)	—
Decrease (increase) in trade receivables	(5,810)	(10,691)
Decrease (increase) in inventories	(773)	(8,601)
Increase (decrease) in trade payables	(1,759)	(660)
Loss (gain) on sale of short-term and long-term investment securities	—	(446)
Decrease (increase) in retirement benefit asset	(324)	(292)
Increase (decrease) in retirement benefit liability	12	(2)
Other, net	(5,542)	(4,813)
Subtotal	14,581	4,821
Interest and dividends received	671	860
Interest paid	(148)	(148)
Income taxes paid	(6,174)	(6,332)
Net cash provided by (used in) operating activities	8,930	(798)
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	7	7
Purchase of property, plant and equipment	(9,724)	(11,060)
Proceeds from sale of property, plant and equipment	22	19
Purchase of intangible assets	(2,135)	(2,087)
Purchase of short-term and long-term investment securities	(9,713)	(5,541)
Proceeds from sale and redemption of short-term and long-term investment securities	9,705	6,610
Purchase of investments in capital of subsidiaries	(388)	—
Loan advances	(174)	—
Proceeds from collection of loans receivable	175	0
Other, net	(199)	(322)
Net cash provided by (used in) investing activities	(12,425)	(12,373)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of bonds	29,857	—
Purchase of treasury shares	(446)	(1,316)
Proceeds from share issuance to non-controlling shareholders	—	2,158
Dividends paid	(4,889)	(5,117)
Dividends paid to non-controlling interests	(70)	(40)
Other, net	6	(72)
Net cash provided by (used in) financing activities	24,456	(4,388)
Effect of exchange rate change on cash and cash equivalents	5,213	3,326
Net increase (decrease) in cash and cash equivalents	26,175	(14,233)
Cash and cash equivalents at beginning of period	67,536	94,730
Cash and cash equivalents at end of period	93,711	80,496

(4) Notes to the Quarterly 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.

(Application of specific accounting treatment to the preparation of quarterly financial statements)

(Deferment of cost variance)

Cost variance caused by seasonal changes in operation rates, etc. is expected to be eliminated for the most part by the end of the cost accounting period, which is, therefore, deferred as “current assets (other) or current liabilities (other).”