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NEWS RELEASE

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Tsumura Announces Revision of Earnings Forecast

TSUMURA & CO. (Headquarters: Tokyo, Japan; President, Representative Director and CEO: Terukazu Kato; hereinafter the “Company”) announces the revision of its earnings forecast announced on May 11, 2021 based on recent performance trends.

Details are as follows.

1. Consolidated business results for the Second quarter of the term ending March 31, 2022 (from April 1, 2021 to September 30, 2021)

	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)	59,400	8,700	9,000	6,900	90.19
Revised forecast (B)	63,400	11,600	13,400	9,900	129.40
Change (B - A)	4,000	2,900	4,400	3,000	
Percentage change (%)	6.7%	33.3%	48.9%	43.5%	
(Reference) Results for previous second quarter (ended September 30, 2020)	56,952	10,920	10,909	8,002	104.59

2. Consolidated business results for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

	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)	122,500	19,500	20,000	14,200	185.60
Revised forecast (B)	127,500	21,100	23,400	16,600	216.97
Change (B - A)	5,000	1,600	3,400	2,400	
Percentage change (%)	4.1%	8.2%	17.0%	16.9%	
(Reference) Results for previous fiscal year (ended March 31, 2021)	116,413	19,382	20,866	15,332	200.40

3. Reason of revision

In the first half of the fiscal year ending March 31, 2022, the Company advanced its information provision activities in response to demand for medical services in the business of pharmaceuticals in Japan. Sales for a wide range of prescription medicines surpassed its initial plan, in addition to sales for *1 “Drug fostering” program formulations and *2 “Growing” formulations. As a result, it is anticipated that sales for the business will surpass the previously announced forecast. Sales for the Chinese business are predicted to rise above the initial plan, too, due to the strong sales of products, including crude drugs and crude drug pieces for decoction.

The Company expects consolidated net sales to reach 63,400 million yen, an increase of 4,000 million yen from the

initial plan.

The Company predicts profits to surpass forecasts announced on the previous occasion, attributable to factors including the transfer of R&D expenses and the like to the second half in selling, general and administrative expenses and the reduction of expenses associated with changes in activities, in addition to the positive effect that increased revenue is expected to have on profits.

As a result, the Company forecasts operating profit of 11,600 million yen, an improvement of 2,900 million yen from the initial plan, ordinary profit of 13,400 million yen, an improvement of 4,400 million yen, and profit attributable to owners of parent of 9,900 million yen, an improvement of 3,000 million yen.

The Company forecasts that net sales for the domestic prescription medicines business will continue to climb on a full-year basis, supported by increased activities for providing information by means including e-promotions and the sustained strength of sales of products centered on crude drugs and crude drug pieces for decoction in the Chinese business.

The Company expects consolidated net sales to total 5,000 million yen more than its initial plan and reach 127,500 million yen.

The Company expects profits to surpass the previously announced forecasts, even though, in selling, general and administrative expenses, the investment amount for the measures leading to the expansion of the Kampo market is expected to increase.

As a result, the Company forecasts operating profit of 21,100 million yen, an improvement of 1,600 million yen from the initial plan, ordinary profit of 23,400 million yen, an improvement of 3,400 million yen, and profit attributable to owners of parent of 16,600 million yen, an improvement of 2,400 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

(Note) The above forecasts are based on information available as of the date of these materials and do not take into consideration the impact of currently unforeseeable risks such as the impact of further coronavirus outbreaks on social and economic activity. Actual financial results may differ materially from these forecasts depending on a number of factors. The Company will make timely and appropriate disclosure should the situation change in the future.