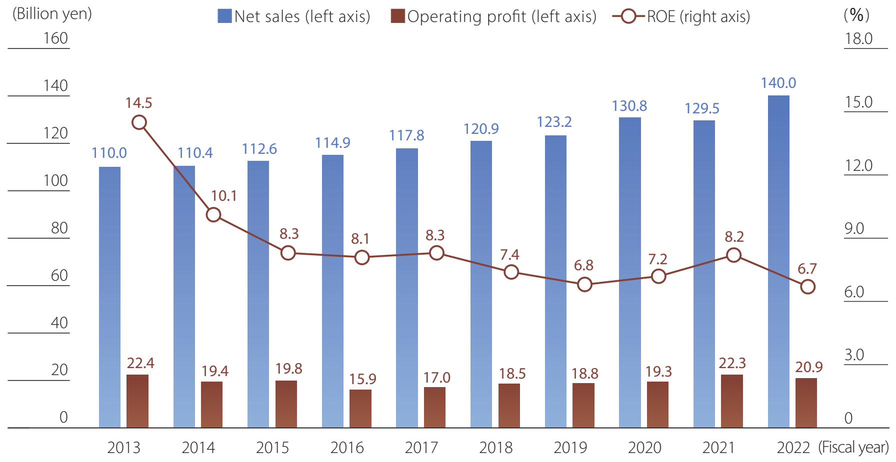
Management indicators

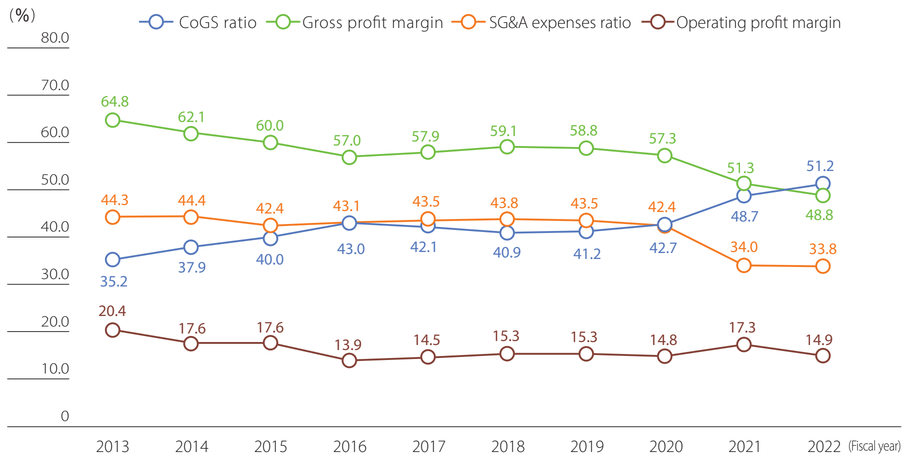


Net sales: Sales of prescription Kampo formulations in the domestic business increased by 4.6% year on year, reflecting the effects of e-promotions and growth in demand for prescriptions related to the symptoms and after-effects of COVID-19 infection. In the China business, sales increased by 54.6% year on year, mainly due to expansion in sales of raw material crude drugs in the crude drug platform.

Operating profit: Profit decreased due to impacts such as high prices for raw materials and energy coupled with the yen's depreciation and temporary expenses related to the start of operations at the Tianjin Plant.

Note: From fiscal 2021, the Accounting Standard for Revenue Recognition has been applied.

Indicators for net sales



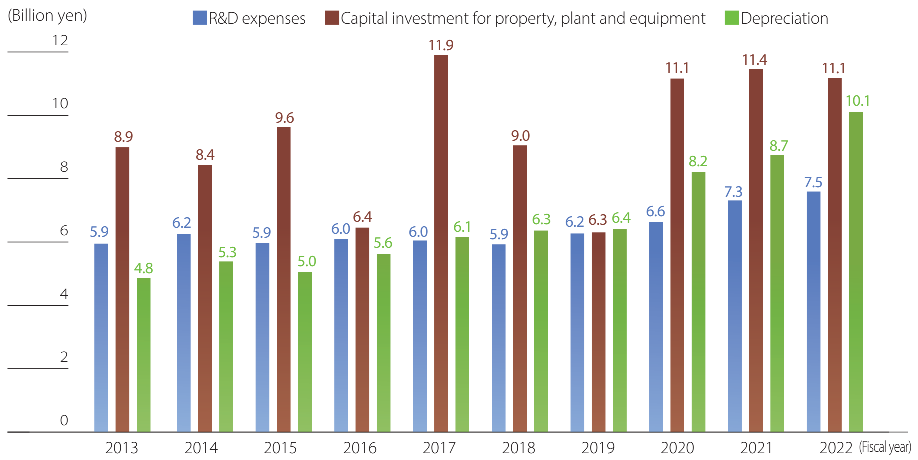
Gross profit margin: The CoGS ratio rose as the impacts of NHI drug price revisions, high prices for raw materials and energy, and the yen's depreciation exceeded that of higher productivity associated with an increase in production.

SG&A expenses ratio: The ratio declined, mainly reflecting increased efficiency in sales promotion expenses, despite temporary expenses incurred for the start of operations at the Tianjin Plant.

Operating profit margin: The margin decreased as an increase in the CoGS ratio exceeded the decrease in the SG&A expenses ratio.

Note: From fiscal 2021, the Accounting Standard for Revenue Recognition has been applied.

R&D expenses, capital investment for property, plant and equipment, and depreciation

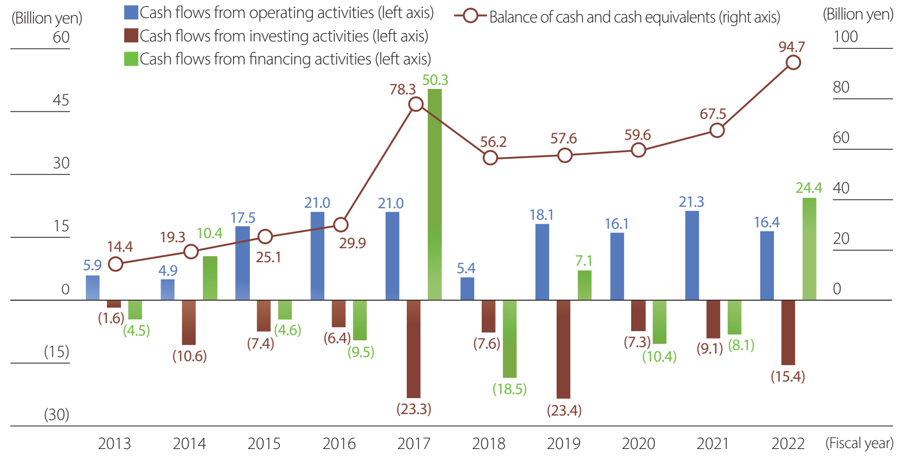


R&D expenses: Expenses increased, mainly for building evidence for Kampo formulations and the market launch of Daikenchuto in the United States.

Capital investment for property, plant and equipment: Investments were made mainly for the new construction of the Tianjin Plant, renewal of the Shanghai Plant, and expansion of other manufacturing processes.

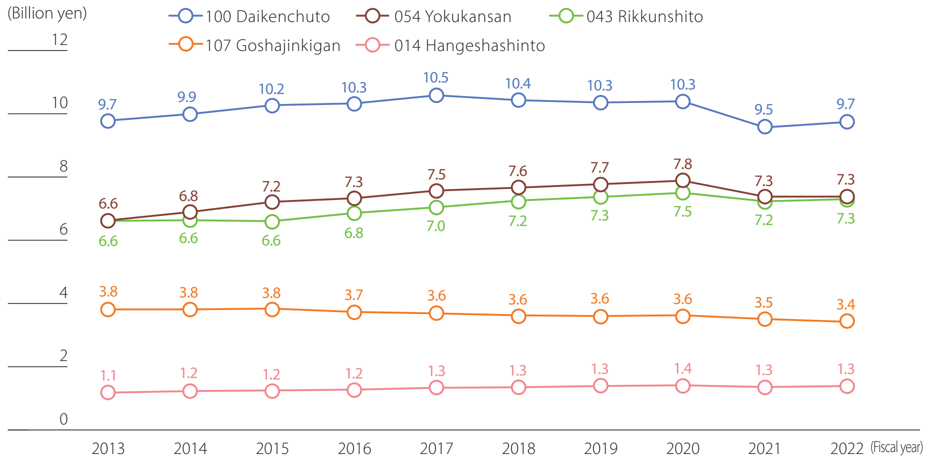
Depreciation: Depreciation increased, mainly in conjunction with the operation of the Tianjin Plant.

Cash flows



Cash flows from operating activities mainly reflected income from profit before income taxes and expenditures for income taxes paid. Cash flows from investing activities mainly reflected expenditures for purchase of property, plant and equipment, while cash flows from financing activities mainly reflected income from the issuance of bonds of 30.0 billion yen. As a result, the balance of cash and cash equivalents at fiscal year-end increased.

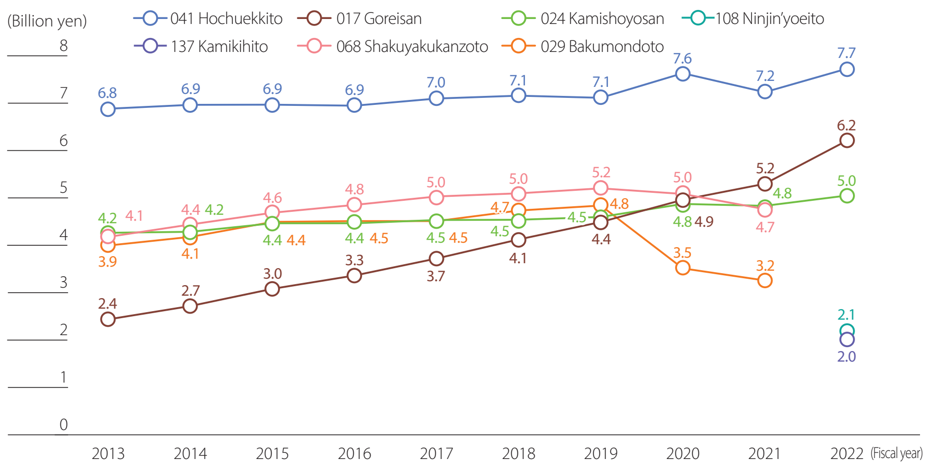
Drug-fostering program formulation net sales



Drug-fostering program formulation net sales rose 0.6% year on year to 29.2 billion yen, mainly reflecting the impacts of a limitation on shipments imposed from August 2022 due to a surge in demand due to the spread of COVID-19 and extremely hot weather, as well as a partial restriction on information provision activities.

Notes:
1 Daikenchuto, Yokukansan, and Rikkunshito were designated as drug-fostering program formulations in fiscal 2004.
2 Goshajinkigan and Hangeshashinto were designated as drug-fostering program formulations in fiscal 2009.
3 From fiscal 2021, the Accounting Standard for Revenue Recognition has been applied.

"Growing" formulation net sales



Notes: 1 From fiscal 2021, the Accounting Standard for Revenue Recognition has been applied.
2 From fiscal 2022, Ninjin'yoeito and Kamikihito were added in place of Shakuyakukanzoto and Bakumondoto.

"Growing" formulation net sales grew 10.3% year on year to 23.1 billion yen due to significant growth in sales of Hochuekkito, Goreisan, and Kamikihito.

Goreisan grew due to measures such as holding seminars in the cardiovascular field, while Hochuekkito and Kamikihito grew through information provision activities aligned with needs such as fatigue, anxiety, and insomnia related to the after-effects of COVID-19.