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May 9, 2023

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: TSUMURA & CO.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4540  
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 Scheduled date of annual general meeting of shareholders: June 29, 2023  
 Scheduled date to commence dividend payments: June 30, 2023  
 Scheduled date to file annual securities report: June 29, 2023  
 Preparation of supplementary material on 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 fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year 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	%
March 31, 2023	140,043	8.1	20,916	(6.5)	23,453	(9.5)	16,482	(12.5)
March 31, 2022	129,546	11.3	22,376	15.4	25,904	24.1	18,836	22.9

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥19,757 million [(33.9)%]  
 For the fiscal year ended March 31, 2022: ¥29,889 million [72.0%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	215.63	—	6.7	6.3	14.9
March 31, 2022	246.21	—	8.2	7.7	17.3

Reference: equity in earnings of affiliates

For the fiscal year ended March 31, 2023: ¥ — million

For the fiscal year ended March 31, 2022: ¥ — million

## (2) Consolidated financial condition

	Total assets	Net assets	shareholder's equity ratio	shareholders' equity per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	396,813	272,246	63.5	3,299.42
March 31, 2022	350,981	258,109	68.3	3,133.97

Reference: Equity

As of March 31, 2023: ¥252,046 million  
As of March 31, 2022: ¥239,770 million

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	16,452	(15,493)	24,423	94,730
March 31, 2022	21,314	(9,111)	(8,181)	67,536

## 2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2022	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	—	32.00	—	32.00	64.00	4,896	26.0	2.1
March 31, 2023	—	32.00	—	32.00	64.00	4,897	29.7	2.0
March 31, 2024 (Forecast)	—	32.00	—	32.00	64.00		37.4	

## 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 for full-year and from the second quarter of the previous fiscal year for second quarter (aggregate).)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	74,000	5.6	9,500	(18.6)	9,800	(38.6)	6,800	(42.8)	89.46
Full-year	150,500	7.5	18,000	(13.9)	18,600	(20.7)	13,000	(21.1)	171.02

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	76,758,362 shares
As of March 31, 2022	76,758,362 shares

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

As of March 31, 2023	367,332 shares
As of March 31, 2022	251,343 shares

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

Fiscal year ended March 31, 2023	76,437,438 shares
Fiscal year ended March 31, 2022	76,507,513 shares

Note: At the beginning of the consolidated fiscal year under review, the Company introduced the Board Incentive 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. Overview of Operating Results, etc. (4) Future outlook" on page 4 for information regarding the forecast of consolidated financial results.

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## 1. Overview of Operating Results, etc.

### (1) Overview of operating results for the fiscal year ended March 31, 2023

Consolidated business results for the fiscal year under review were as follows:

[Consolidated business results]	(Million yen)		
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	YoY Change Percent Change
Net sales	129,546	140,043	+10,497 +8.1%
Domestic sales	119,567	124,684	+5,116 +4.3%
Overseas sales	9,978	15,359	+5,380 +53.9%
Cost of sales	63,081	71,762	+8,680 +13.8%
Selling, general and administrative expenses	44,088	47,365	+3,277 +7.4%
Operating profit	22,376	20,916	(1,460) (6.5)%
Ordinary profit	25,904	23,453	(2,451) (9.5)%
Profit attributable to owners of parent	18,836	16,482	(2,354) (12.5)%

Net sales increased 8.1% year on year, to 140,043 million yen.

Domestic net sales increased 4.3% year on year, to 124,684 million yen. Sales for 129 prescription Kampo products increased 4.6% year on year. This was attributable to enhanced activities associated with e-promotions as well as growth in prescription for products to treat symptoms (fever, cough, etc.) and aftereffects (cough, sense of fatigue, anxiety, etc.) associated with the COVID-19 infection, and seasonal symptoms due to the extreme heat (loss of appetite, losing weight in the summer, etc.) in July and August. Total sales of drug fostering formulations\*1 grew 0.6% and sales of Daikenchuto, a mainstay item for the Company, increased 1.8% year on year. Total sales of growing formulations\*2 rose 10.3% year on year.

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

	Ranking in sales	No. / Product Name	Fiscal year ended March	Fiscal year ended March	YoY Change/ Percent Change	
			31, 2022	31, 2023		
“Drug fostering” program formulations	1	100 Daikenchuto	9,569	9,739	+169	+1.8%
	3	54 Yokukansan	7,379	7,380	+1	+0.0%
	4	43 Rikkunshito	7,231	7,300	+69	+1.0%
	8	107 Goshajinkigan	3,509	3,421	(87)	(2.5)%
	24	14 Hangeshashinto	1,358	1,390	+32	+2.4%
Total of "Drug Fostering" Program formulations			29,048	29,233	+184	+0.6%
“Growing” formulations:	2	41 Hochuekkito	7,232	7,727	+494	+6.8%
	5	17 Goreisan	5,298	6,208	+910	+17.2%
	6	24 Kamishoyosan	4,833	5,050	+217	+4.5%
	17	108 Ninjin`yoeito	1,936	2,128	+191	+9.9%
	18	137 Kamikihito	1,722	2,067	+344	+20.0%
Total of “Growing” formulations			21,023	23,182	+2,159	+10.3%
Total of 119 prescriptions excluding “Drug fostering” program formulations and “Growing” formulations			64,093	66,946	+2,853	+4.5%
Total of 129 prescription Kampo products			114,165	119,362	+5,197	+4.6%

In addition, sales of OTC Kampo formulations in Japan increased 3.2% year on year, to 3,966 million yen, reflecting a rise in the number of stores handling the products and the growth of formulations related to symptoms of COVID-19.

Overseas net sales were 15,359 million yen. Sales on crude drug platforms (of Ping An Tsumura Pharmaceutical Co., Ltd., Shenzhen Tsumura Medicine Co., Ltd., etc.), primarily sales of crude drugs and crude drug pieces for decoction, grew.

Cost of sales increased 13.8% year on year, to 71,762 million yen, mainly reflecting the growth in net sales and surges in raw and other materials. The cost-to-sales ratio rose 2.5 percentage points year on year, to 51.2%.

Selling, general and administrative expenses increased 7.4% year on year, to 47,365 million yen. The increase mainly reflected the posting of temporary expenses for the operation of the Tianjin Plant. The SGA ratio fell 0.2 percentage points year on year, to 33.8%.

As a result, operating profit decreased 6.5% year on year, to 20,916 million yen. The operating profit margin was 14.9%, falling 2.4 percentage points from a year ago. Ordinary profit declined 9.5% year on year, to 23,453 million yen, mainly due to a decrease in foreign exchange gains. Profit attributable to owners of parent decreased 12.5% year on year, to 16,482 million yen, partly due to the impact of extraordinary losses associated with changes in the construction plan of the Traditional Chinese Medicine Research Center.

\*1 five “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 five “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]

In the fiscal year under review, the Company was limiting shipments for 28 items starting in August 2022 as orders greatly exceeded expectations due to the spread of COVID-19 and seasonal factors such as the extremely hot weather in July and August. The Company is gradually ending limits on shipments by putting in place a system for increasing production increase and adjusting production plans. As of May 9, shipments were limited for 24 items, and the Company plans to gradually cease limiting shipments from June. The Company will bring all employees together in a unified effort to develop and maintain its production system to ensure a stable supply of prescriptions.

## (2) Overview of financial position during the fiscal year ended March 31, 2023

The financial position at the end of the fiscal year under review was as follows.

Total assets at the end of the fiscal year under review increased 45,831 million yen from the end of the previous fiscal year to 396,813 million yen. Current assets increased 38,900 million yen from the end of the previous fiscal year, mainly due to a rise in inventories. Non-current assets increased 6,931 million yen from the end of the previous fiscal year, mainly due to an increase in buildings and structures, offsetting a decrease in investment securities.

Total liabilities were 124,566 million yen, an increase of 31,695 million yen from the end of the previous fiscal year. Current liabilities increased 1,329 million yen from the end of the previous fiscal year, mainly due to an increase in accounts payable - trade. Non-current liabilities grew 30,365 million yen from the end of the previous fiscal year, mainly reflecting an increase in bonds payable. Net assets totaled 272,246 million yen, an increase of 14,136 million yen from the end of the previous fiscal year. Shareholders' equity rose 10,915 million yen from the end of the previous fiscal year, mainly reflecting an increase in retained earnings. Accumulated other comprehensive income climbed 1,360 million yen from the end of the previous fiscal year, chiefly due to an increase in foreign currency translation adjustment. Non-controlling interests increased 1,860 million yen from the end of the previous fiscal year. As a result, the equity ratio fell 4.8 percentage points, to 63.5%.

## (3) Overview of cash flow during the fiscal year ended March 31, 2023

Cash flows in the fiscal year under review were as follows:

For the fiscal year under review, cash provided by operating activities was 16,452 million yen, cash used in investing activities was 15,493 million yen and cash provided in financing activities was 24,423 million yen.

Cash provided by operating activities was 16,452 million yen. Looking at its breakdown, a major cash inflow item was profit before income taxes of 23,018 million yen, while a major cash outflow item was income taxes paid of 6,134 million yen. Compared to the previous fiscal year, cash inflow decreased 4,861 million yen.

Cash used in investing activities was 15,493 million yen. Looking at its breakdown, a major cash outflow item was the purchase of property, plant and equipment of 12,224 million yen. Compared to the previous fiscal year, cash outflow increased 6,382 million yen.

Cash provided in financing activities was 24,423 million yen. The mainly reflected 29,857 million yen provided by the issuance of bonds. Compared to the previous fiscal year, cash provided increased 32,604 million yen.

As a result, cash and cash equivalents increased 27,194 million yen from the end of the previous fiscal year, to 94,730 million yen.

## (4) Future outlook

In view of the growth of prescription Kampo products in Japan as well as China business, the net sales forecast for the fiscal year ending March 31, 2024 is 150,500 million yen. Net sales from overseas business are expected to account for 17,200 million yen of this total. Profit forecasts are operating profit of 18,000 million yen (down 13.9%), ordinary profit of 18,600 million yen (down 20.7%), and profit attributable to owners of parent of 13,000 million yen (down 21.1%), due to the impact of exchange rates (depreciation of the yen), surges in energy costs and raw and other materials and rising procurement prices of certain crude drugs.

In Japan, the Company will move forward with a hybrid promotion that combines MR activities and e-promotion, aiming to realize a medical setting where the majority of physicians prescribe 10 or more prescriptions of ethical Kampo formulation based on Kampo medicine. The Company will strive to continue expanding the Kampo market by pursuing initiatives to enable each healthcare professional to obtain and use the information they seek from the most suitable channels and at the most appropriate times.

In China business, the Company concluded an equity transfer agreement in April 2023 to acquire 100% of the equity interests of Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd. for the purpose of expanding the traditional Chinese medicinal product business in the formulation platforms alongside the expansion of sales of crude drugs and crude drug pieces for decoction using its crude drug platforms. Unisplendour has 147 licenses for traditional Chinese medicinal products, including a number of classic prescriptions. These classic prescriptions are similar to Tsumura's Kampo products. Tsumura will further improve the quality of classic prescriptions held by Unisplendour, the acquired company, by leveraging its expertise and experience in quality control, evidence development, manufacturing technologies, etc. to establish Tsumura's brand as a traditional Chinese medicinal product company and business expansion.

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ended March 31, 2024	150,500	18,000	18,600	13,000
[Year-on-year change after adjustment]	7.5%	(13.9%)	(20.7%)	(21.1%)

## 2. Basic idea of the selection of accounting standards

Tsumura and its group companies plan to prepare consolidated financial statements based on the Japanese standards for the time being. The companies will consider adopting the IFRS in an appropriate manner, taking into account conditions in Japan and overseas.



### 3. Consolidated Financial Statements and Key Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	67,552	94,752
Notes and accounts receivable - trade	54,879	58,087
Merchandise and finished goods	10,247	11,257
Work in process	13,614	14,430
Raw materials and supplies	68,889	76,038
Other	14,360	13,933
Allowance for doubtful accounts	(123)	(178)
Total current assets	229,420	268,320
Non-current assets		
Property, plant and equipment		
Buildings and structures	89,563	91,197
Machinery, equipment and vehicles	70,189	71,810
Tools, furniture and fixtures	13,288	14,349
Land	9,051	9,051
Construction in progress	3,488	11,323
Other	602	725
Accumulated depreciation	(96,143)	(105,042)
Total property, plant and equipment	90,040	93,415
Intangible assets		
Goodwill	8,513	8,480
Other	3,814	6,166
Total intangible assets	12,328	14,647
Investments and other assets		
Investment securities	10,184	11,160
Retirement benefit asset	2,842	2,518
Deferred tax assets	660	1,844
Other	5,504	4,905
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	19,192	20,429
Total non-current assets	121,561	128,492
Total assets	350,981	396,813

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	13,676	16,443
Short-term borrowings	10,313	10,313
Accounts payable - other	7,222	7,585
Income taxes payable	3,271	3,233
Other	11,392	9,628
Total current liabilities	45,875	47,205
Non-current liabilities		
Bonds payable	30,000	60,000
Long-term borrowings	9,377	9,377
Deferred tax liabilities	287	11
Deferred tax liabilities for land revaluation	1,179	1,179
Retirement benefit liability	55	59
Provision for share awards for directors (and other officers)	—	111
Other	6,096	6,623
Total non-current liabilities	46,996	77,361
Total liabilities	92,871	124,566
<b>Net assets</b>		
Shareholders' equity		
Share capital	30,142	30,142
Capital surplus	13,732	13,739
Retained earnings	182,929	194,224
Treasury shares	(682)	(1,068)
Total shareholders' equity	226,121	237,037
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,324	2,647
Deferred gains or losses on hedges	2,020	29
Revaluation reserve for land	2,673	2,673
Foreign currency translation adjustment	6,911	10,455
Remeasurements of defined benefit plans	(280)	(796)
Total accumulated other comprehensive income	13,648	15,008
Non-controlling interests	18,339	20,199
Total net assets	258,109	272,246
<b>Total liabilities and net assets</b>	<b>350,981</b>	<b>396,813</b>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
Consolidated Statements of Income

(Millions of yen)

	FY 3/2022 (From April 1, 2021 to March 31, 2022)	FY 3/2023 (From April 1, 2022 to March 31, 2023)
Net sales	129,546	140,043
Cost of sales	63,081	71,762
Gross profit	66,465	68,281
Selling, general and administrative expenses	44,088	47,365
Operating profit	22,376	20,916
Non-operating income		
Interest income	443	531
Dividend income	248	265
Foreign exchange gains	2,474	1,508
Other	579	642
Total non-operating income	3,745	2,949
Non-operating expenses		
Interest expenses	173	256
Bond issuance costs	—	142
Other	44	13
Total non-operating expenses	218	412
Ordinary profit	25,904	23,453
Extraordinary income		
Gain on sale of non-current assets	26	5
Gain on capital reduction with compensation of subsidiaries and affiliates	—	463
Gain on sale of investment securities	114	—
Total extraordinary income	140	469
Extraordinary losses		
Loss on sale of non-current assets	24	5
Loss on retirement of non-current assets	457	40
Impairment losses	—	597
Loss on COVID19	—	259
Total extraordinary losses	481	903
Profit before income taxes	25,563	23,018
Income taxes - current	6,268	6,121
Income taxes - deferred	(101)	(489)
Total income taxes	6,167	5,632
Profit	19,395	17,386
Profit attributable to non-controlling interests	559	904
Profit attributable to owners of parent	18,836	16,482

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY 3/2022 (From April 1, 2021 to March 31, 2022)	FY 3/2023 (From April 1, 2022 to March 31, 2023)
Profit	19,395	17,386
Other comprehensive income		
Valuation difference on available-for-sale securities	(856)	322
Deferred gains or losses on hedges	786	(1,990)
Foreign currency translation adjustment	10,366	4,623
Remeasurements of defined benefit plans, net of tax	131	(516)
Share of other comprehensive income of entities accounted for using equity method	64	(69)
Total other comprehensive income	10,494	2,370
Comprehensive income	29,889	19,757
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26,940	17,842
Comprehensive income attributable to non-controlling interests	2,949	1,914

(3) Consolidated Statements of Changes in Equity  
 FY 3/2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,142	13,789	168,989	(679)	212,241
Changes during period					
Dividends of surplus			(4,896)		(4,896)
Profit attributable to owners of parent			18,836		18,836
Purchase of treasury shares				(3)	(3)
Change in ownership interest of parent due to transactions with non-controlling interests		(56)			(56)
Net changes in items other than shareholders' equity					
Total changes during period	—	(56)	13,940	(3)	13,880
Balance at end of period	30,142	13,732	182,929	(682)	226,121

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,180	1,233	2,673	(1,130)	(412)	5,544	15,382	233,169
Changes during period								
Dividends of surplus								(4,896)
Profit attributable to owners of parent								18,836
Purchase of treasury shares								(3)
Change in ownership interest of parent due to transactions with non-controlling interests								(56)
Net changes in items other than shareholders' equity	(856)	786	—	8,041	131	8,103	2,956	11,060
Total changes during period	(856)	786	—	8,041	131	8,103	2,956	24,940
Balance at end of period	2,324	2,020	2,673	6,911	(280)	13,648	18,339	258,109

FY 3/2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,142	13,732	182,929	(682)	226,121
Changes during period					
Dividends of surplus			(4,897)		(4,897)
Profit attributable to owners of parent			16,482		16,482
Change in scope of consolidation			(290)		(290)
Purchase of treasury shares				(446)	(446)
Disposal of treasury shares		6		60	67
Net changes in items other than shareholders' equity					
Total changes during period	—	6	11,294	(385)	10,915
Balance at end of period	30,142	13,739	194,224	(1,068)	237,037

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,324	2,020	2,673	6,911	(280)	13,648	18,339	258,109
Changes during period								
Dividends of surplus								(4,897)
Profit attributable to owners of parent								16,482
Change in scope of consolidation								(290)
Purchase of treasury shares								(446)
Disposal of treasury shares								67
Net changes in items other than shareholders' equity	322	(1,990)	—	3,544	(516)	1,360	1,860	3,220
Total changes during period	322	(1,990)	—	3,544	(516)	1,360	1,860	14,136
Balance at end of period	2,647	29	2,673	10,455	(796)	15,008	20,199	272,246

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 3/2022 (From April 1, 2021 to March 31, 2022)	FY 3/2023 (From April 1, 2022 to March 31, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	25,563	23,018
Depreciation	8,743	10,101
Impairment losses	—	597
Amortization of goodwill	446	511
Increase (decrease) in allowance for doubtful accounts	60	49
Interest and dividend income	(692)	(797)
Interest expenses	173	256
Bond issuance costs	—	142
Loss (gain) on sale and retirement of property, plant and equipment	455	39
Gain on capital reduction with compensation of subsidiaries and affiliates	—	(463)
Decrease (increase) in trade receivables	(5,515)	(2,939)
Decrease (increase) in inventories	(5,496)	(5,960)
Increase (decrease) in trade payables	3,789	2,147
Loss (gain) on sale of short-term and long-term investment securities	(114)	—
Decrease (increase) in retirement benefit asset	(411)	(430)
Increase (decrease) in retirement benefit liability	5	15
Other, net	909	(4,245)
<b>Subtotal</b>	<b>27,915</b>	<b>22,047</b>
Interest and dividends received	682	772
Interest paid	(209)	(232)
Income taxes paid	(7,074)	(6,134)
<b>Net cash provided by (used in) operating activities</b>	<b>21,314</b>	<b>16,452</b>
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	1,748	1
Purchase of property, plant and equipment	(10,174)	(12,224)
Proceeds from sale of property, plant and equipment	66	22
Purchase of intangible assets	(413)	(2,484)
Purchase of short-term and long-term investment securities	(15,516)	(10,285)
Proceeds from sale and redemption of short-term and long-term investment securities	15,657	9,775
Proceeds capital reduction with compensation of subsidiaries and affiliates	—	380
Purchase of investments in capital of subsidiaries	—	(391)
Loan advances	(0)	(177)
Proceeds from collection of loans receivable	1	177
Other, net	(479)	(287)
<b>Net cash provided by (used in) investing activities</b>	<b>(9,111)</b>	<b>(15,493)</b>
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	(171)	—
Proceeds from long-term borrowings	9,377	—
Repayments of long-term borrowings	(12,337)	—
Proceeds from issuance of bonds	—	29,857
Purchase of treasury shares	(3)	(446)
Dividends paid	(4,896)	(4,896)
Dividends paid to non-controlling interests	(87)	(70)
Other, net	(61)	(19)
<b>Net cash provided by (used in) financing activities</b>	<b>(8,181)</b>	<b>24,423</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>3,845</b>	<b>1,811</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7,867</b>	<b>27,194</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>59,668</b>	<b>67,536</b>
<b>Cash and cash equivalents at end of period</b>	<b>67,536</b>	<b>94,730</b>

(5) Notes to the Consolidated Financial Statements

(Notes on premise of a going concern)

There are no applicable matters.

(Notes to consolidated statements of income)

Impairment losses

Previous fiscal year (From April 1, 2021 to March 31, 2022)

No relevant items.

Fiscal year under review (From April 1, 2022 to March 31, 2023)

The Group posted an impairment loss in the asset groups below.

Location	Use	Type
Shenzhen, Guangdong, China	Analysis and research	Construction in progress

The Group groups its business assets in consideration of the nature of products and similarity of markets, and individually groups idle assets not directly used for business and assets to be disposed of.

Shenzhen Tsumura Medicine Co., Ltd. took the lead in constructing the Traditional Chinese Medicine Research Center and was preparing to start construction, but due to a change in the plan as a result of a reexamination to build an efficient research system, its book value was reduced to the recoverable amount, and impairment losses were posted as extraordinary losses in the fiscal year under review.

Impairment losses for the fiscal year under review were 597 million yen, which consisted of 597 million yen for construction in progress.

The recoverable amount is measured by value in use, which is evaluated as zero because no future cash flows are expected.

(Segment information)

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



(Per share information)

	FY 3/2022 (From April 1, 2021 to March 31, 2022)	FY 3/2023 (From April 1, 2022 to March 31, 2023)
Shareholders' equity per share	3,133.97yen	3,299.42yen
Basic earnings per share	246.21yen	215.63yen

(Notes) 1. Diluted earnings per share is not stated because there are no residual securities.

2. Basis of calculation

(1) The basis of calculation for shareholders' equity per share is as follows.

	As of March 31, 2022	As of March 31, 2023
Total net assets (million yen)	258,109	272,246
Deduction from total net assets (million yen)	18,339	20,199
[Non-controlling interests]	[18,339]	[20,199]
Net assets related to common stock at the end of the fiscal year (million yen)	239,770	252,046
Number of shares of common stock at the end of the fiscal year used for calculation of shareholders' equity per share (thousand shares)	76,507	76,391

(2) The basis of calculation for basic earnings per share per share is as follows.

	FY 3/2022 (From April 1, 2021 to March 31, 2022)	FY 3/2023 (From April 1, 2022 to March 31, 2023)
Profit attributable to owners of parent (million yen)	18,836	16,482
Amount not attributable to common stockholders (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	18,836	16,482
Average number of shares of common stock during the fiscal year under review (thousand shares)	76,507	76,437

3. In calculating net assets per share, the shares of the Company's stock held by the Board Incentive Plan (BIP) Trust are included in treasury shares that are deducted from the total number of shares outstanding at the end of the period (137,800 shares for the current consolidated fiscal year, none for the previous fiscal year). Also, in calculating basic earnings per share, the shares of the Company's stock held by the BIP Trust are included in treasury shares that are deducted in the calculation of the average number of shares outstanding during the period (84,800 shares for the current consolidated fiscal year, none for the previous fiscal year).

(Significant subsequent events)

At a Board meeting held on March 24, 2023, the Board of Directors passed a resolution to conclude an equity interest transfer agreement for the acquisition of a 100% equity interest in Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd. (hereinafter "Unisplendour") by Ping An Tsumura Inc. (hereinafter, "Ping An Tsumura"), a group company of Tsumura in China, and the Company concluded the agreement on April 13, 2023.

1. Outline of the business combination

(1) Name of the acquired company and its business

Name of the acquired company Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd. and its two subsidiaries

Business description Production and contract production of pharmaceuticals, sale of pharmaceuticals, and other businesses related to such fields of operation

(2) Main reason for the business combination

Unisplendour Chenji has 147 licenses for traditional Chinese medicinal products, including a number of classic prescriptions. These classic prescriptions are similar to Tsumura's Kampo products. Tsumura will further improve the quality of classic prescriptions held by Ziguang Chenji, the acquired company, by leveraging its expertise and experience in quality control, evidence development, manufacturing technologies, etc., with the aim of establishing Tsumura's brand as a traditional Chinese medicinal product company and expanding business.

(3) Date of acquisition of equity interests

April 23, 2023

(4) Legal form of the business combination

Acquisition of equity interests in consideration for cash

(5) Name of the combined entity

No change

(6) Ratio of equity interests acquired

100%

(7) Main reason for the decision to acquire the company

Acquisition of equity interests in consideration for cash and deposits

2. Costs of the acquisition of acquired company and breakdown by type of consideration

Consideration for acquisition cash and deposits 254 RMB million (approximately 4,854 million yen)

Acquisition cost 254 RMB million (approximately 4,854 million yen)

(Note) Foreign currency-denominated amounts are converted into yen at the rate of 1 RMB = 19.05 yen.

3. Details and amount of major acquisition-related costs

They are not determined yet at this point.

4. Goodwill arising from the business combination, reason for the goodwill, and method and period of amortization

They are not determined yet at this point.

5. Amounts and breakdown of assets and liabilities acquired on the business combination date

They are not determined yet at this point.