



Consolidated Financial Results for the Second Quarter of Fiscal Year 2025 (IFRS)

October 27, 2025

Name of Listed Company: **SHIONOGI & CO., LTD.**

Listed Exchanges: Tokyo

Code: 4507

URL: <https://www.shionogi.com>

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Scheduled date of quarterly securities report submission: November 7, 2025

Scheduled date of dividend payments: December 1, 2025

Preparation of supplemental material for the quarterly financial results: Yes

Holding of presentation for the quarterly financial results: Yes (for investment analysts)

(Note: All amounts are rounded down to the nearest million yen.)

1. Consolidated results for the period from April 1, 2025 to September 30, 2025

(1) Consolidated operating results

(% shows changes from the same period of the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2025	212,965	(0.5)	74,771	(1.4)	98,384	4.9	83,532	0.8	83,542	0.5	98,557	19.8
Six months ended September 30, 2024	213,970	(7.2)	75,869	(22.7)	93,833	(18.8)	82,872	(8.1)	83,133	(8.2)	82,244	(45.6)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2025	98.19	98.16
Six months ended September 30, 2024	97.74	97.70

Note: The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024. Basic earnings per share and diluted earnings per share were calculated under the assumption that the stock split had been conducted at the beginning of the year ended March 31, 2024.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2025	1,616,703	1,440,358	1,432,875	88.6
As of March 31, 2025	1,535,349	1,362,497	1,361,924	88.7

2. Dividends

(Date of record)	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2025	—	85.00	—	33.00	—
Year ending March 31, 2026	—	33.00			
Year ending March 31, 2026 (forecast)			—	33.00	66.00

Note: Revisions of the most recent dividend forecast: None

The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024. The amount of the end of second quarter dividend per share for fiscal year ended March 31, 2025 does not take into consideration the impact of this stock split, and the total annual dividend is not state.

3. Consolidated financial forecast for the year ending March 31, 2026

(% shows changes from the same period of the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
Year ending March 31, 2026	500,000	14.1	185,000	18.1	232,000	15.6	188,000	10.3
								220.94

Note: Revisions of the most recent consolidated financial forecast: Yes

※ Notes

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries involving changes in scope of consolidation) : YES

Newly included: 1 companies (TORII PHARMACEUTICAL CO., LTD.)

- (2) Changes in accounting policies, changes/restatements of accounting estimates

a) Changes in accounting policies required by IFRS : None

b) Changes in accounting policies other than a) above : None

c) Changes in accounting estimates : None

- (3) Number of shares issued (common stock)

- a) Number of shares issued (including treasury stock)

As of September 30, 2025: 889,632,195 shares

As of March 31, 2025: 889,632,195 shares

- b) Number of treasury stock

As of September 30, 2025: 38,655,226 shares

As of March 31, 2025: 38,944,777 shares

- c) Average number of shares issued during the period

Six months ended September 30, 2025: 850,850,157 shares

Six months ended September 30, 2024: 850,583,325 shares

Note: 1. The number of treasury shares at the end of the fiscal year includes the Company's shares held by Sumitomo Mitsui Trust Bank, Limited's trust account with respect to the Shionogi Infectious Disease Research Promotion Foundation (sub-trustee: Custody Bank of Japan, Ltd. (Trust Account)) (Q2 ended September 30, 2025 and Year ended March 31 2025: 9 million shares). In addition, these shares are included in the treasury shares, which are deducted in the calculation of the average number of shares outstanding (Q2 ended September 30, 2025 and Q2 ended September 30, 2024: 9 million shares).

2. The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024. Number of shares issued (common stock) was calculated under the assumption that the stock split had been conducted at the beginning of the year ended March 31, 2024.

※ This report of financial results is unaudited.

※ Explanation Concerning the Appropriate Use of Financial Results Forecasts and Other Special Instructions

(Cautionary note concerning forward-looking statements)

The forecast of financial results and forward-looking statements contained in this report are based on information currently available to the Company as well as certain assumptions that it judges to be reasonable. Actual results may differ materially due to a variety of factors.

For the assumptions used in forecasts and precautionary statements regarding the use of the forecasts, please refer to "1. Overview of Operating Results and Financial Position (4) Outlook" on page 3 of the accompanying materials.

(Method of Obtaining Financial Results Supplementary Materials and Details of Results Briefing Meeting)

Financial results supplementary materials are posted via TDnet on the date of disclosure. The Company plans to hold a results briefing meeting for analysts on Tuesday, October 28, 2025. Plans are also in place to post explanatory details (Transcript) together with financial results explanatory materials distributed to analysts on October 28, 2025 on the Company's website in a timely manner after the results briefing.

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1. Overview of Operating Results and Financial Position

(1) Operating Results for the Second Quarter of the Fiscal Year Ending March 31, 2026

For the Six months ended September 30, 2025 (April 1, 2025 to September 30, 2025), operating results were as follows. Starting from this interim consolidated fiscal period, Torii Pharmaceutical Co., Ltd. has been included in the scope of consolidation.

Millions of yen

	Six months ended September 30, 2025	Six months ended September 30, 2024	Change	Percentage change (%)
Revenue	212,965	213,970	(1,004)	(0.5)
Operating profit	74,771	75,869	(1,098)	(1.4)
Core operating profit *1	75,667	76,374	(706)	(0.9)
Profit before tax	98,384	93,833	4,551	4.9
Profit attributable to owners of parent	83,542	83,133	409	0.5
EBITDA *2	85,838	86,665	(827)	(1.0)

*1 Core operating profit: An adjusted profit in which non-recurring items (impairment, gain on sales of property, plant, and equipment, etc.) are deducted from operating profit.

*2 Earnings Before Interest, Taxes, Depreciation, and Amortization: Core operating profit added depreciation and amortization.

Revenue was 213.0 billion yen. In terms of the breakdown of revenue, domestic sales of prescription drugs decreased 22.8 percent year on year to 36.8 billion yen. This was mainly due to a decline in sales of Xocova as the COVID-19 pandemic subsided compared to the same period of the previous year. On the other hand, revenue from overseas subsidiary sales and exports increased 8.1 percent year on year to 30.6 billion yen. Sales of Cefiderocol (product name in U.S.: Fetroja, product name in Europe: Fetcroja) were strong both in the U.S. and Europe, offsetting the lower sales in China. Royalty income increased 6.4 percent year on year to 129.3 billion yen due to the expansion of sales of ViiV's long-acting injectable formulations (LAI formulations) and oral two-drug combinations, as well as an increase in royalty income from Roche due to the spread of influenza in China and the U.S. As a result, overall revenue decreased 0.5 percent year on year.

In terms of profits, although research and development expenses decreased, operating profit declined 1.4 percent year on year to 74.8 billion yen due to a decrease in revenue, as well as an increase in selling, general and administrative expenses due to the recording of sales-related expenses in the U.S. business and expenses associated with making Torii Pharmaceutical a consolidated subsidiary. In addition, due to an increase in finance income resulting from higher dividends from ViiV, both profit before tax and profit attributable to owners of parent increased to 98.4 billion yen (a 4.9 percent increase year on year) and 83.5 billion yen (a 0.5 percent increase year on year), respectively.

(2) Financial Position for the Second Quarter of the Fiscal Year Ending March 31, 2026

As of September 30, 2025, total assets were 1,616,703 million yen, an increase of 81,353 million yen from the end of the previous fiscal year.

Non-current assets were 766,872 million yen, an increase of 90,027 million yen from the end of the previous fiscal year, due to increases in goodwill, intangible assets, other financial assets, etc. following the consolidation of Torii Pharmaceutical Co., Ltd. as a subsidiary. Please note that the amounts of goodwill, etc. are the provisionally calculated amounts as the allocation of the acquisition cost has not yet been completed. Current assets were 849,831 million yen, a decrease of 8,673 million yen from the end of the previous fiscal year, due to an increase in fixed-term deposits of more than three months and bonds (included in other financial assets under current assets) and a decrease in cash and cash equivalents following the consolidation of Torii Pharmaceutical Co., Ltd. as a subsidiary.

Equity was 1,440,358 million yen, an increase of 77,861 million yen from the end of the previous fiscal year, due to recording of interim profits despite a decrease due to payment of cash dividends.

Liabilities totaled 176,344 million yen, an increase of 3,492 million yen from the end of the previous fiscal year.

Non-current liabilities were 44,450 million yen, an increase of 991 million yen from the end of the previous fiscal year.

Current liabilities were 131,893 million yen, an increase of 2,501 million yen from the end of the previous fiscal year, mainly due to an increase in trade payables and a decrease in income taxes payable.

(3) Cash Flows for the Second Quarter of the Fiscal Year Ending March 31, 2026

Net cash provided by operating activities during the six months ended September 30, 2025 was 91,491 million yen, an increase of 12,693 million yen year on year, mainly due to an increase in profit before tax and impact of changes in trade receivables.

Net cash used in investing activities was 202,988 million yen, an increase of 94,508 million yen year on year, due to expenses for the acquisition of shares of equity-method affiliates and securities, etc. in connection with the consolidation of Torii Pharmaceutical Co., Ltd. as a subsidiary.

Net cash used in financing activities was 30,360 million yen, a increase of 4,412 million yen year on year, mainly due to an increase in cash dividends paid.

As a result, cash and cash equivalents on September 30, 2025 totaled 233,864 million yen, a decrease of 140,930 million yen during the six-month period ended on September 30, 2025.

(4) Outlook

Based on recent performance trends, the Shionogi Group has revised its financial forecast for the fiscal year ending March 31, 2026, released on May 12, 2025, as follows.

1) Revisions of Financial Forecast

Revised forecasts for the year ending March 31, 2026 (April 1, 2025 - March 31, 2026)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Yen</i>
Previous forecast (A)	530,000	175,000	222,000	180,000	211.59
New forecast (B)	500,000	185,000	232,000	188,000	220.94
Change (B-A)	(30,000)	10,000	10,000	8,000	—
Percentage Change (%)	(5.7)	5.7	4.5	4.4	—
(Reference) For the year ended March 31, 2025	438,268	156,603	200,750	170,435	200.36
(Reference) Y on Y change (%)	14.1	18.1	15.6	10.3	—

2) Reasons for revisions to consolidated earnings forecasts

Regarding revenue, while we anticipate an increase due to steady progress in the overseas and HIV businesses, full-year results are expected to fall short of the previous forecast due to delays in the progress of domestic prescription drugs, including acute respiratory infection drugs, during the interim consolidated fiscal period ended September 30, 2025. On the profit side, we expect operating profit, profit before tax, and profit attributable to owners of parent to all be higher than the previous forecasts. This is because cost reduction through thorough company-wide cost management is likely to offset the decrease in revenue and an increase in other income is expected to drive profit expansion. Reflecting the above outlook, we have revised our earnings forecast upward.

2. Consolidated Financial Statements and Notes

(1) Consolidated statement of profit or loss and Consolidated statement of comprehensive income

Consolidated statement of profit or loss

Millions of yen

	Six months ended September 30, 2024	Six months ended September 30, 2025
Revenue	213,970	212,965
Cost of sales	(30,137)	(29,257)
Gross profit	183,832	183,708
Selling, general and administrative expenses	(47,734)	(53,378)
Research and development expenses	(56,826)	(52,437)
Amortization of intangible assets associated with products	(2,165)	(970)
Other income	485	451
Other expenses	(1,721)	(2,603)
Operating profit	75,869	74,771
Finance income	23,571	27,770
Finance costs	(5,607)	(4,156)
Profit before tax	93,833	98,384
Income tax expense	(10,961)	(14,852)
Profit	82,872	83,532
Profit attributable to		
Owners of parent	83,133	83,542
Non-controlling interests	(261)	(10)
Profit	82,872	83,532
Earnings per share		
Basic earnings per share	97.74	98.19
Diluted earnings per share	97.70	98.16

Consolidated statement of comprehensive income

Millions of yen

	Six months ended September 30, 2024	Six months ended September 30, 2025
Profit	82,872	83,532
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	1,326	3,811
Remeasurements of defined benefit plans	(613)	(78)
Total of items that will not be reclassified to profit or loss	712	3,733
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(3,103)	12,767
Effective portion of cash flow hedges	2,067	(1,584)
Share of other comprehensive income of investments accounted for using equity method	(304)	108
Total of items that may be reclassified to profit or loss	(1,340)	11,292
Total other comprehensive income, net of tax	(627)	15,025
Comprehensive income	82,244	98,557
Comprehensive income attributable to		
Owners of parent	81,374	98,568
Non-controlling interests	869	(10)
Comprehensive income	82,244	98,557

(2) Consolidated statement of financial position

Millions of yen

	As of March 31, 2025	As of September 30, 2025
Assets		
Non-current assets		
Property, plant and equipment	115,412	118,537
Goodwill	15,748	39,309
Intangible assets	143,652	154,837
Right-of-use assets	19,395	19,680
Investment property	27,722	27,837
Other financial assets	299,799	348,308
Deferred tax assets	13,244	8,806
Other non-current assets	41,869	49,554
Total non-current assets	676,844	766,872
Current assets		
Inventories	65,477	92,656
Trade receivables	120,553	146,955
Other financial assets	270,024	350,118
Other current assets	27,653	26,235
Cash and cash equivalents	374,795	233,864
Total current assets	858,504	849,831
Total assets	1,535,349	1,616,703

Millions of yen

	As of March 31, 2025	As of September 30, 2025
Equity and liabilities		
Equity		
Share capital	21,279	21,279
Capital surplus	17,845	17,824
Treasury shares	(65,855)	(65,187)
Retained earnings	1,115,729	1,167,480
Other components of equity	272,924	291,477
Equity attributable to owners of parent	1,361,924	1,432,875
Non-controlling interests	572	7,482
Total equity	1,362,497	1,440,358
Liabilities		
Non-current liabilities		
Lease liabilities	18,418	18,166
Other financial liabilities	8,258	7,901
Retirement benefit liability	8,018	8,281
Deferred tax liabilities	4,401	4,374
Other non-current liabilities	4,363	5,727
Total non-current liabilities	43,459	44,450
Current liabilities		
Lease liabilities	3,464	4,533
Trade payables	13,579	22,197
Other financial liabilities	18,091	21,724
Income taxes payable	22,399	18,088
Other current liabilities	71,857	65,349
Total current liabilities	129,392	131,893
Total liabilities	172,852	176,344
Total equity and liabilities	1,535,349	1,616,703

(3) Consolidated statement of changes in equity
Six months ended September 30, 2024

Millions of yen

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2024	21,279	14,242	(137,889)	1,065,913	271,778	1,235,325	17,236	1,252,562
Profit				83,133		83,133	(261)	82,872
Total other comprehensive income, net of tax					(1,758)	(1,758)	1,130	(627)
Comprehensive income	—	—	—	83,133	(1,758)	81,374	869	82,244
Purchase of treasury shares			(6)			(6)		(6)
Disposal of treasury shares		(44)	494			449		449
Cancellation of treasury shares		(71,550)	71,550			—		—
Dividends				(24,351)		(24,351)	(98)	(24,449)
Transfer from other components of equity to retained earnings				(611)	611	—		—
Transfer from retained earnings to capital surplus		71,590		(71,590)		—		—
Balance as of September 30, 2024	21,279	14,238	(65,851)	1,052,493	270,631	1,292,792	18,007	1,310,800

Six months ended September 30, 2025

Millions of yen

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2025	21,279	17,845	(65,855)	1,115,729	272,924	1,361,924	572	1,362,497
Profit				83,542		83,542	(10)	83,532
Total other comprehensive income, net of tax					15,025	15,025	—	15,025
Comprehensive income	—	—	—	83,542	15,025	98,568	(10)	98,557
Purchase of treasury shares			(3)			(3)		(3)
Disposal of treasury shares		(171)	671			500		500
Dividends				(28,114)		(28,114)	(337)	(28,452)
Increase (decrease) by business combination						—	7,259	7,259
Transfer from other components of equity to retained earnings				(3,527)	3,527	—		—
Transfer from retained earnings to capital surplus		150		(150)		—		—
Balance as of September 30, 2025	21,279	17,824	(65,187)	1,167,480	291,477	1,432,875	7,482	1,440,358

(4) Consolidated statement of cash flows

Millions of yen

	Six months ended September 30, 2024	Six months ended September 30, 2025
Cash flows from operating activities		
Profit before tax	93,833	98,384
Depreciation and amortization	10,291	10,170
Impairment losses (reversal of impairment losses)	254	—
Finance income and finance costs	(22,352)	(27,048)
Decrease (increase) in trade and other receivables	(8,418)	6,051
Decrease (increase) in inventories	(1,091)	(10,200)
Increase (decrease) in trade and other payables	(6,390)	(8,395)
Other	(4,194)	3,449
Subtotal	61,931	72,412
Interest and dividends received	29,454	34,483
Interest paid	(145)	(148)
Income taxes refund (paid)	(12,441)	(15,255)
Net cash provided by (used in) operating activities	78,797	91,491
Cash flows from investing activities		
Payments into time deposits	(214,131)	(103,772)
Proceeds from withdrawal of time deposits	144,939	71,919
Purchase of property, plant and equipment	(8,066)	(7,282)
Purchase of intangible assets	(30,115)	(5,709)
Purchase of investments	(33,288)	(70,370)
Proceeds from sale and redemption of investments	33,211	31,005
Proceeds (payments) for acquisition of subsidiaries	(200)	4,414
Payment for acquisition of shares of equity-method affiliates	(125)	(76,656)
Payments for loans receivable	—	(45,000)
Other	(703)	(1,535)
Net cash provided by (used in) investing activities	(108,479)	(202,988)

Millions of yen

	Six months ended September 30, 2024	Six months ended September 30, 2025
Cash flows from financing activities		
Repayments of lease liabilities	(1,495)	(1,915)
Purchase of treasury shares	(6)	(3)
Dividends paid	(24,346)	(28,104)
Dividends paid to non-controlling interests	(98)	(337)
Net cash provided by (used in) financing activities	(25,947)	(30,360)
Effect of exchange rate changes on cash and cash equivalents	944	926
Net increase (decrease) in cash and cash equivalents	(54,684)	(140,930)
Cash and cash equivalents at beginning of period	358,090	374,795
Cash and cash equivalents at end of period	303,405	233,864

(5) Notes

Consolidated statement of cash flows

The 45,000 million yen recognized as “Payments for loans receivable” represents funds loaned to Torii Pharmaceutical Co., Ltd. for its share repurchase.

Going concern assumption

None

Segment information

The SHIONOGI Group has a single business segment related to prescription drugs. We operate research, development, purchase, manufacturing, and distributing prescription drugs and related businesses. While analysis of each product sales and profits or expenses of each subsidiary are made, decision of business strategy and allocation of the management resources, especially allocation of R&D expenses, are made on a company-wide basis. Therefore disclosure of segment information is omitted.

Business combination

For the interim consolidated fiscal period ended September 30, 2025 (April 1, 2025 to September 30, 2025)

The Company implement a tender offer for common shares of Torii Pharmaceutical started on May 8, 2025. As a result of the Tender Offer, Torii Pharmaceutical became an equity-method affiliate of the Company as of June 25, 2025 that is the commencement date of settlement of the Tender Offer.

Torii Pharmaceutical resolved at its extraordinary general meeting of shareholders held on September 1, 2025 to acquire all of Torii Pharmaceutical's common shares held by Japan Tobacco Inc. (“Share Repurchase”), and the Share Repurchase became effective on the same day. As a result, Torii Pharmaceutical became a subsidiary of the Company on September 1, 2025, the effective date of the Share Repurchase.

1. Outline of business combination

(1) Name and the line of business of the acquired company

Name	Torii Pharmaceutical Co., Ltd.
Line of business	Manufacture and sale of pharmaceutical products
Date of acquisition	September 1, 2025

(2) Main reasons for the business combination

The SHIONOGI Group had been considering a collaboration with the pharmaceutical business of Japan Tobacco (“JT Pharmaceutical Business”) since the beginning of 2024 to realize its vision “Building Innovation Platforms to Shape the Future of Healthcare” in its efforts relating to the STS2030 Revision, its medium-term business plan. As a result of the consideration, it has concluded that acquiring the JT Pharmaceutical Business and making Akros Pharma Inc. (Japan Tobacco’ s wholly owned second-tier subsidiary) and Torii Pharmaceutical wholly owned subsidiaries were highly significant to realizing the vision.

While the JT Pharmaceutical Business is responsible for research and development, Torii Pharmaceutical is responsible for manufacturing, sales, and promotional activities. By establishing an integrated value chain between the two companies, we have created an efficient collaborative framework. Torii Pharmaceutical is a pharmaceutical company with strengths in the areas of skin diseases, allergens, and kidney/dialysis. To achieve its medium- to long-term business vision “VISION2030” and ensure sustainable growth beyond 2030, it has been focusing on “maximizing the value of existing products and development products” and “acquiring new in-licensed products.”

After this transaction, synergies can be anticipated, such as the following: (1) the distinct strengths of the Company and Torii Pharmaceutical with regard to medical departments and facilities will be integrated, expanding the scope of information provision and also enabling the provision of information that meets the needs of doctors; (2) the potential for global expansion of future development pipelines will increase, leading to strengthened sales through the accumulation of R&D and sales data collected and evaluated both in Japan and overseas; and (3) by utilizing the Company’ s manufacturing facilities, a flexible in-house production system can be established, including the ability to increase production. Therefore, Torii Pharmaceutical became a subsidiary of the SHIONOGI Group by repurchasing its shares from Japan Tobacco, the former parent company of Torii Pharmaceutical.

(3) Ratio of equity interest acquired

	Voting Rights Ratio	Equity Ownership Ratio
Percentage immediately prior to acquisition	38.46%	38.46%
Percentage on the acquisition date	61.54%	47.88%
Percentage after acquisition	100.00%	86.34%

2. Fair value of the consideration for the acquired company

Fair Value of Equity Interes	69,754 million yen
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3. Fair values of assets acquired, liabilities assumed and consideration paid as of the acquisition date

	(Million yen)
	Provisional fair value
Fair value of acquisition consideration	69,754
Fair values of assets acquired and liabilities assumed	
Intangible assets (Note 2)	9,077
Other financial assets (non-current)	34,351
Other non-current assets	4,065
Inventories	17,036
Trade receivables	31,879
Other financial assets (current)	12,132
Cash and cash equivalents	4,414
Other current assets	1,917
Other non-current liabilities	(1,261)
Trade payables	(9,008)
Other financial liabilities (current)	(48,557)
Other current liabilities	(2,899)
Fair values of assets acquired and liabilities assumed (net)	53,148
Goodwill (Note 3)	23,865
Non-controlling interests (Note 4)	(7,259)
Total	69,754

(Notes) 1. The fair values of assets and liabilities have been reviewed as of September 30, 2025, and the allocation of the acquisition cost has not been completed. Therefore, provisional accounting treatment has been applied based on reasonable information available at that time.

2. Intangible assets are primarily sales rights.

3. Goodwill is primarily generated in relation to expected future profitability. None of the recognized goodwill is expected to be deductible for tax purposes.

4. Non-controlling interests are measured by multiplying the percentage of non-controlling interests by the identifiable net assets of the acquired company on the date control was acquired.

4. Acquisition-related expenses

1,263 million yen

Acquisition-related expenses are included in "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

5. Cash flows associated with the acquisition

Acquisition consideration in cash	-
Cash and cash equivalents received on acquisition date	4,414 million yen
Proceeds for acquisition of the subsidiary	4,414 million yen

6. Business combinations achieved in stages

The loss on the step acquisition is not material.

7. Impact on business performance

The revenue and profit arising on and after the acquisition date in relation to this business combination are 5,519 million yen and 516 million yen, respectively. The revenue and profit as if the business combination had taken place at the beginning of the consolidated fiscal year ending March 31, 2026 are 33,608 million yen and 1,565 million yen (pro forma information), respectively.

Please note that this pro forma information has not been reviewed by an auditing firm.