

Sustainability Vision & Long-Term Management Vision Presentation

March 29, 2022
TSUMURA & CO.

1. Long-Term Management Vision

TSUMURA VISION “Cho-WA” 2031

2. Research & Development Vision

3. China Business Vision

4. Q&A



President & Representative
Director, CEO
Terukazu Kato



Director, Co-COO
Susumu Adachi



Director, CFO
Muneki Handa



Co-COO, Chief
Representative in China
Koin Toda



Ping An Tsumura
Pharmaceutical Co.,Ltd.
CEO
Gang Li



China Ping An Insurance
Overseas (HD), Ltd.
Assistant General Manager
Kaipin Kui



Executive Officer, Head
of Sales & Marketing
Division
Yukinori Sorada



Executive Officer, Head of
Kampo Research &
Development Division
International Pharmaceutical
Research & Development
Division
Akihito Konda

Long-Term Management Vision

—TSUMURA VISION “Cho-WA” 2031 —

March 29, 2022

TSUMURA Group Purpose

Lively Living for Everyone



Tsumura aims to be

Close-knit during various stages of people's lives;

Scientifically study the wisdom of nature; and

Be the power behind everyone's healthy lives

Origin of Founding



Chujoto, a “good” medicine for women

Chujoto was passed down from ancestors in the Nara Period and provides excellent benefits. To rescue the sick in the world,

This is a significant business that is a part of society's public interest

Founded in 1893



Jusha Tsumura, founder



Jusha Tsumura, the second president



Dr. Keisetsu Otsuka

First director of the Kitasato University Oriental Medicine Research Center
In 1957, established the Chujoto Building Clinic (Present-day Kinkikai Clinic)

Kampo is not “unscientific.” It has “yet to be scientifically verified”

Progress in the scientific understanding of Kampo will definitely be made, along with advances in medicine and science and technology

Corporate Value: The Best of Nature and Science

Aim to achieve “harmony” (cho-wa) by leveraging the characteristics of Kampo and Western medicine, respectively

Corporate Mission: To contribute to the unparalleled medical therapeutic power of the combination of Kampo medicine and Western medicine

TSUMURA Group Sustainability Vision



Living with nature for tomorrow.
自然と生きる力を、未来へ。



TSUMURA Group Long-term Vision

TSUMURA VISION “Cho-WA” 2031

Cho-WA: Creating a Future of Harmony

Our goal is to create a future that achieves “Cho-WA” (harmony) between mind and body, and individuals and society by implementing the 3 Ps

PHC : **P**ersonalized **H**ealth **C**are

PDS : **P**re-symptomatic **D**isease and **S**cience

PAD : **P**otential-**A**bilities **D**evelopment

- 1. Review of Vision 2021
(FY2012 - FY2021)**
- 2. Sustainability Vision**
- 3. Long-Term Management
Vision 2031
(FY2022 - FY2031)
TSUMURA VISION
“Cho-WA” 2031**



Tsumura Kampo
Memorial
Museum

1. Review of Vision 2021 (FY2012 - FY2021)

2. Sustainability Vision

3. Long-Term Management Vision 2031 (FY2022 - FY2031) TSUMURA VISION “Cho-WA” 2031



Tsumura Kampo
Memorial
Museum

Long-Term Business Vision for 2021

We aim to be a value-creation company that contributes to people's health through its Kampo business.

A “Kampo,” “People,” and “Global Niche” company

Philosophy, Vision and ESG management

Create an environment where patient can receive Kampo treatment in daily clinical practices

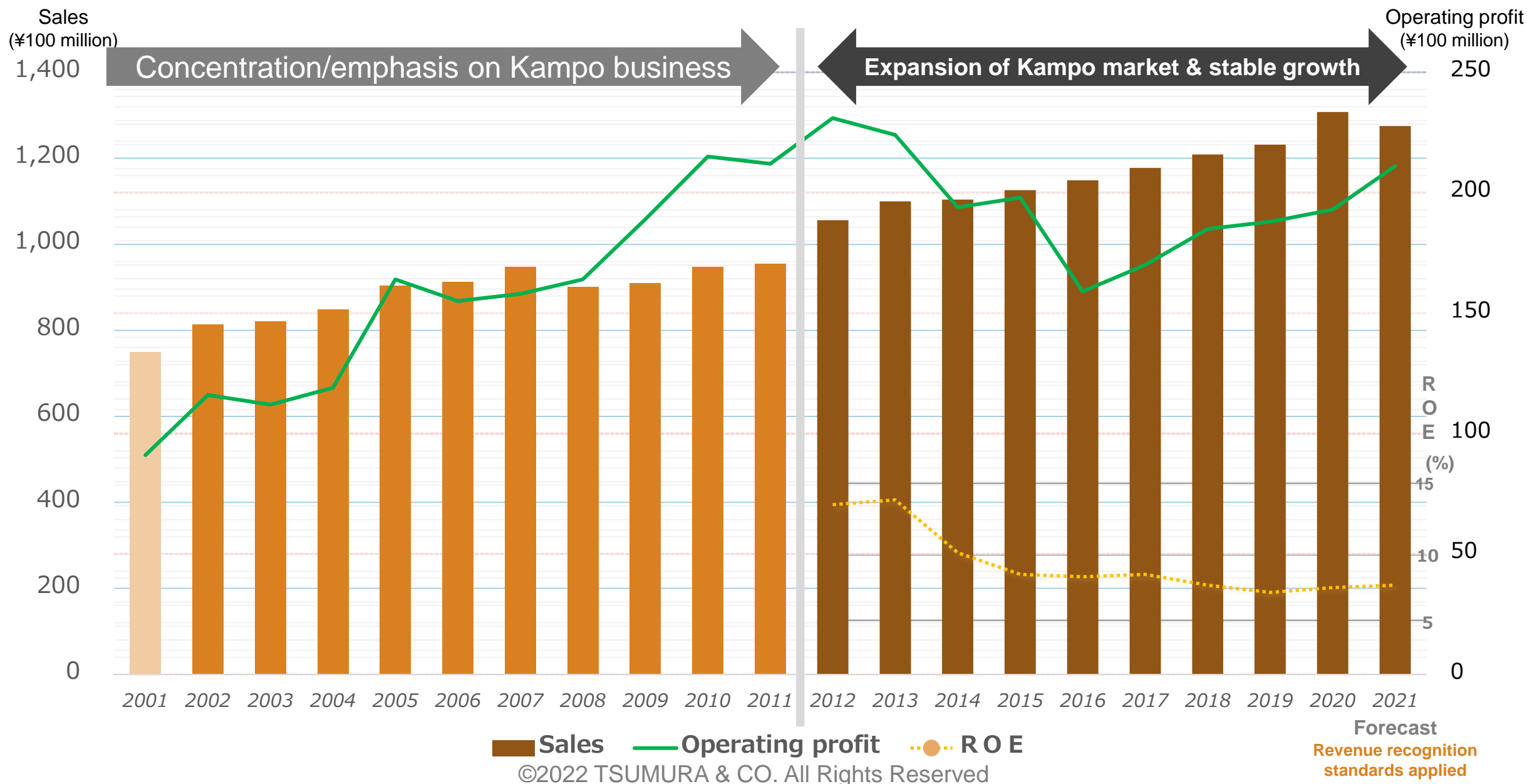
Corporate group comprised of trusted people that independently develop new paths

Take on the development and launches in the U.S. and tackle the creation of new businesses in China

Results & Issues

- 1. Expansion of the Kampo market and stable growth**
- 2. Enhance earnings power—Cost structure reforms—**
- 3. U.S. development of TU-100 and tackling new business creation in China**
- 4. Implementation of philosophy and vision management**
- 5. Implementation of ESG management**

Vision 2021 Management Indicators (FY2012 - FY2021)



Setting/environment to be realized

Contributing to the realization of a medical setting where patients in Japan can receive treatments that incorporate “Kampo” medicine should it be necessary, regardless of the medical institution or clinic

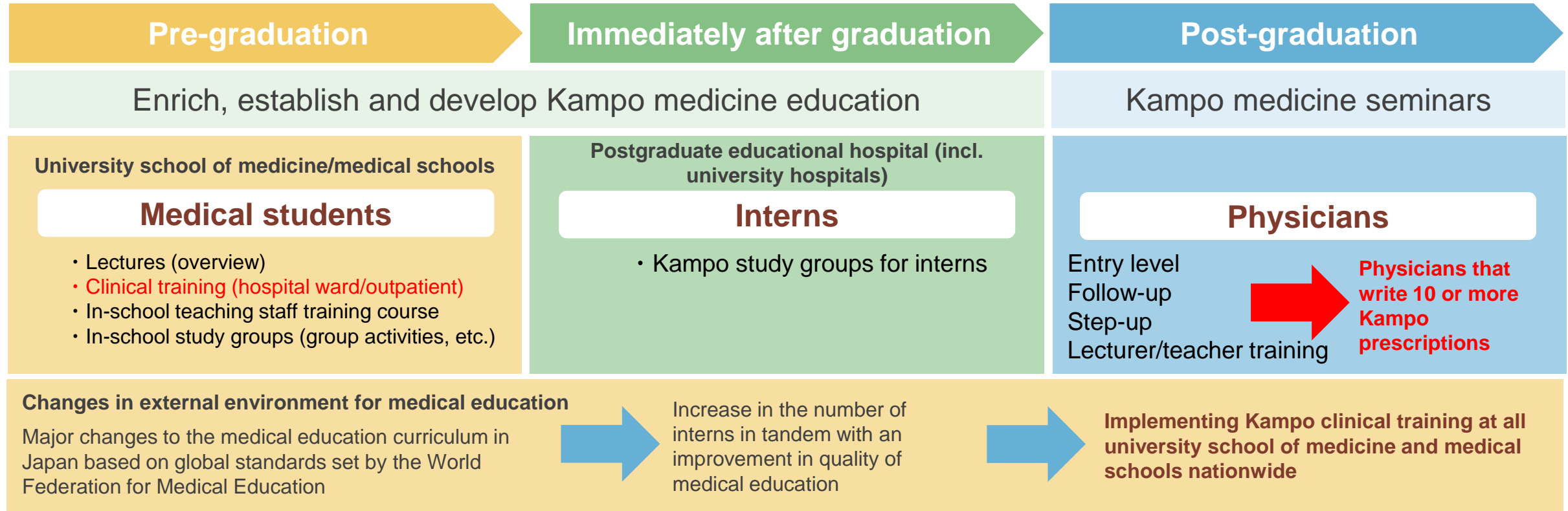
Strategic issues

- ① Consistent support to enrich, establish and develop Kampo medicine education prior to, immediately after and post graduation
- ② Development of basic/clinical evidence, mainly centering on drug-fostering program
- ③ Achievement of a one-in-two ratio of “physicians prescribing 10 or more Kampo formulations

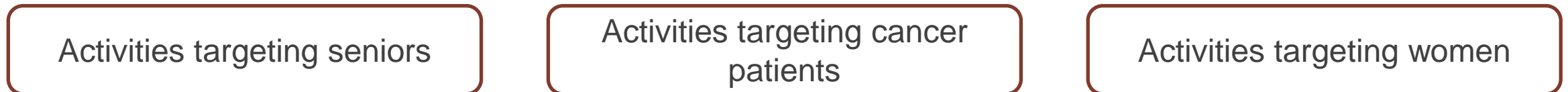
1.-①-1 Consistent Support to Enrich, Establish and Develop Kampo Medicine Education Prior to, Immediately after and Post Graduation

Provide support for Kampo medicine education, including to physicians, and disseminate information to general consumers

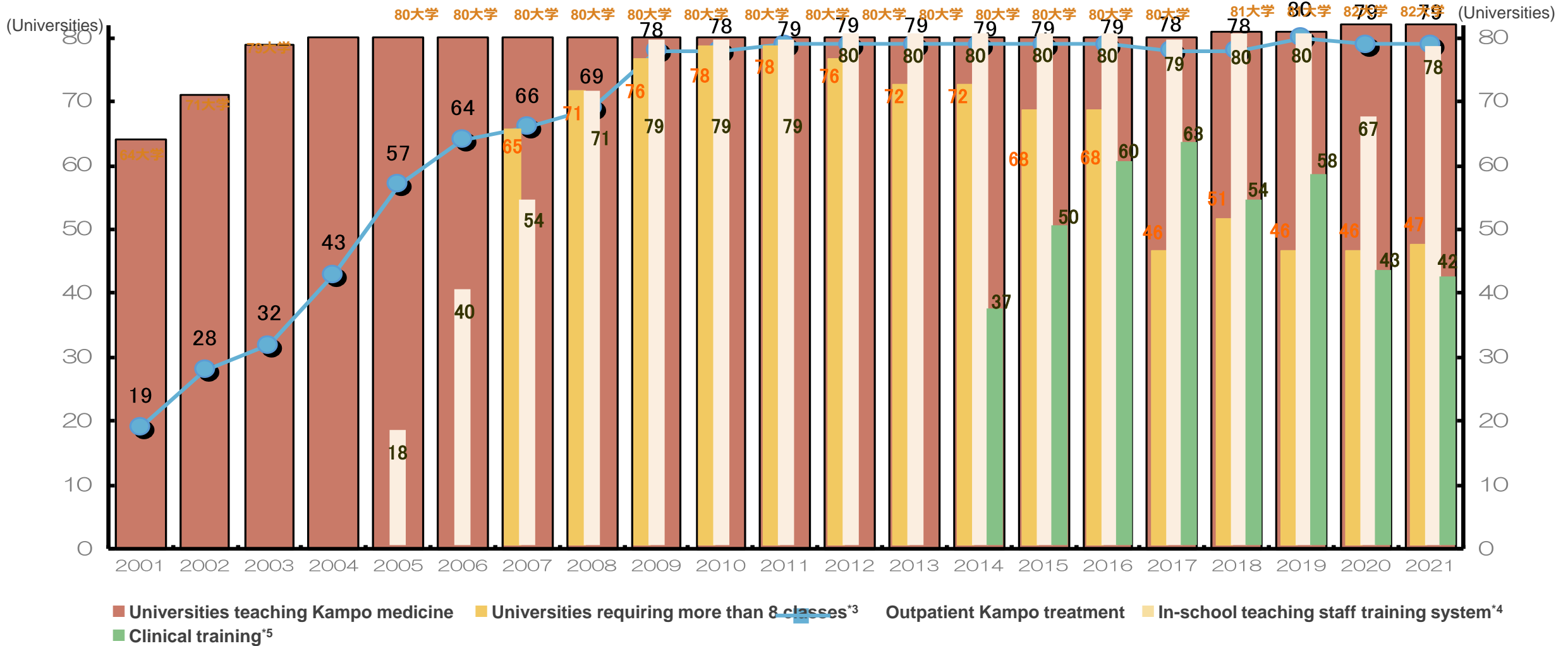
Consistent support to enrich, establish and develop Kampo medicine education prior to, immediately after and post graduation



Disseminate information to general consumers



1.-①-2 Trends in Kampo Medicine Training at University School of Medicine



Tsumura survey

2001-2017 Kampo Medical Symposium (co-sponsored by Tsumura) 2010 ECFMG^{*1} notification 2015 JACME^{*2} established/certified (2017 onward)
 2016 Japan Kampo Medicine Education Foundation (JKME) established

^{*1} US Educational Commission for Foreign Medical Graduates ^{*2} Japan Accreditation Council for Medical Education (JACME) ^{*3} Surveys in and after FY2007 ^{*4} Surveys in and after FY2005 ^{*5} Surveys in and after FY2014

1.-①-3 Current Trends in FY2021 for Kampo Medicine Education at University School of Medicine

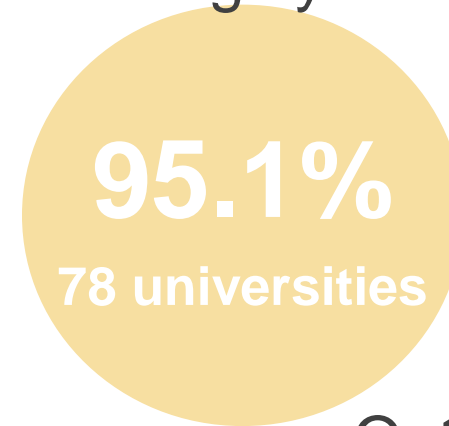
Offering education on Kampo



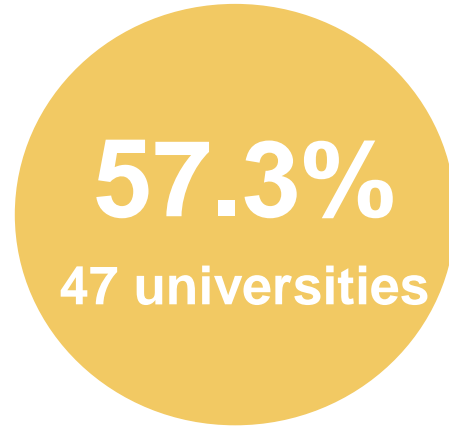
4 or more classes



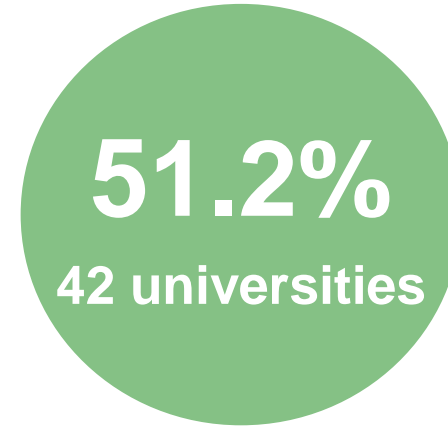
In-school teaching staff training system



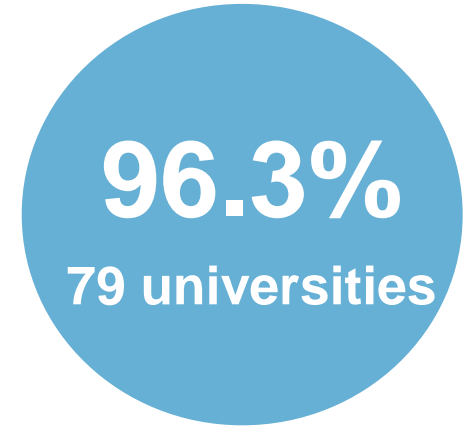
8 or more classes



Clinical training



Outpatient Kampo treatment



Tsumura survey

1.-②-1 Switch from EBM to Standardization of Kampo Treatments

Drug-fostering/ Growing formulations

育 Drug-fostering G Growing formulations

EBM Kampo treatment

Write-ups in dissertations,
presentations at
conferences, evidence-
building

Standardization of Kampo treatments

Write-ups in treatment
guidelines

3 important domains

Geriatric health			Cancer (Supportive care)	Women's health
Psychiatric and neurological disorders	Digestive system diseases	Respiratory diseases	Mitigation of side effects, etc.	Diseases specific to women
育 Yokukansan + Associated formulations	育 Rikkunshito 育 Daikenchuto G Hochuekkito + Associated formulations	G Bakumondoto + Associated formulations	育 Rikkunshito 育 Hangeshashinto 育 Goshajinkigan + Associated formulations	G Kamishoyosan + Associated formulations
Peripheral symptoms in patients with cardiovascular diseases	Symptoms associated with frailty			Other diseases and symptoms
G Goreisan + Associated formulations	育 Goshajinkigan G Hochuekkito + Associated formulations			育 Daikenchuto G Goreisan + Associated formulations

1997~ Support enrichment of Kampo medicine education (prior to graduation, immediately after graduation and post graduation)
/ 2001 establish MCC*1 / 2011 MCC revision ① / 2017 MCC revision ②

2004~ 3 drug-fostering formulations / 2009~ 5 drug-fostering formulations (evidence-building) / 2016~ 5 Growing 5
formulations Write-ups in treatment GL

2005~ Establish Kampo medicine*2 / Vision 2021: 1 in 2 physicians write 10 or more prescriptions (50%-plus)

FY2001

FY2011

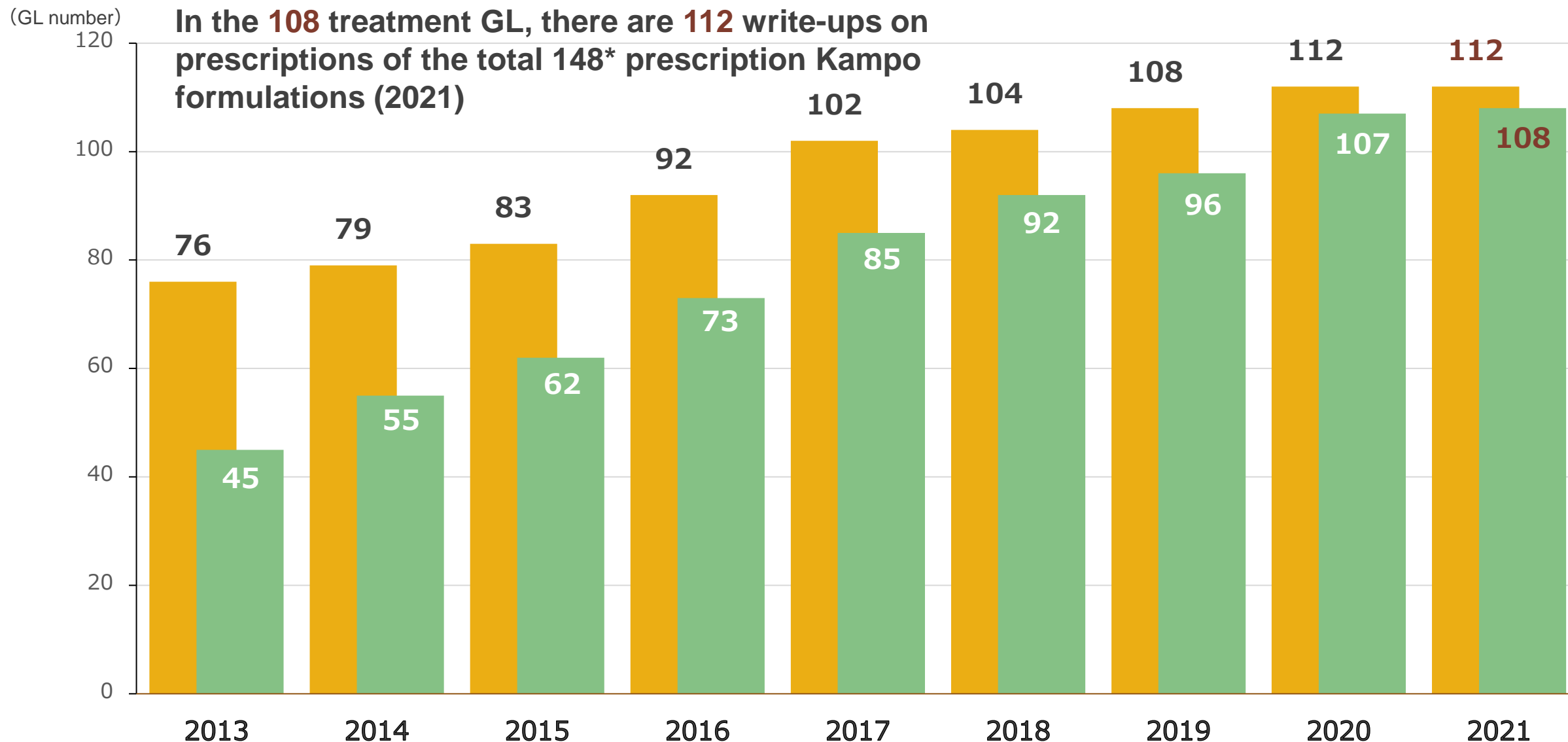
*1 MCC: Medical education model core curriculum*3 (MEXT)

*2 Establish Kampo medicine: 1 in 2 physicians writing 10 or more prescriptions (50%-plus)

*3 At time of establishment: Can provide an overview of Japanese Kampo Revision ①: Can provide an overview of properties of Japanese Kampo (Kampo medicine) and usage trends

Revision ②: Can provide an overview of the properties of Kampo medicine, application of key Japanese Kampo medicines (Kampo), and their pharmacological actions

1.-②-2 Trends in Write-ups in Treatment Guidelines (GL)



*148 NHI drug price listing formulations
Tsumura: 129 formulations out of 148

■ No. of Kampo write-ups in the treatment GL

■ No. of treatment GL with Kampo name write-ups

Source: Prepared by Tsumura based on surveys by the Japan Society for Oriental Medicine (JSOM) and Japan Kampo Medicines Manufacturers Association (JKMA)

1.-③-1 One in Two Physicians Writing 10 or More Kampo Prescriptions

Long-term business vision for 2021

Contributing to the realization of a medical setting where patients in Japan can receive treatments that incorporate “Kampo” medicine should it be necessary, regardless of the medical institution or clinic

Clinical physicians:
260,000
5.9%*
FY2004

Clinical physicians:
290,000
7.5%*
FY2011

Clinical physicians:
320,000
25.2%*
FY2021

*Tsumura survey

Establishing Kampo medicine (2005 onwards): Aiming to get one in two physicians to prescribe 10 or more Kampo prescriptions (50% or higher)

FY2001

FY2011

FY2021

Source: <No. of clinical physicians> Prepared by Tsumura based on estimated demand among physicians, 19th meeting on physician demand of the subcommittee of the Investigative Committee on Demand among Medical Practitioners, Ministry of Health, Labour and Welfare

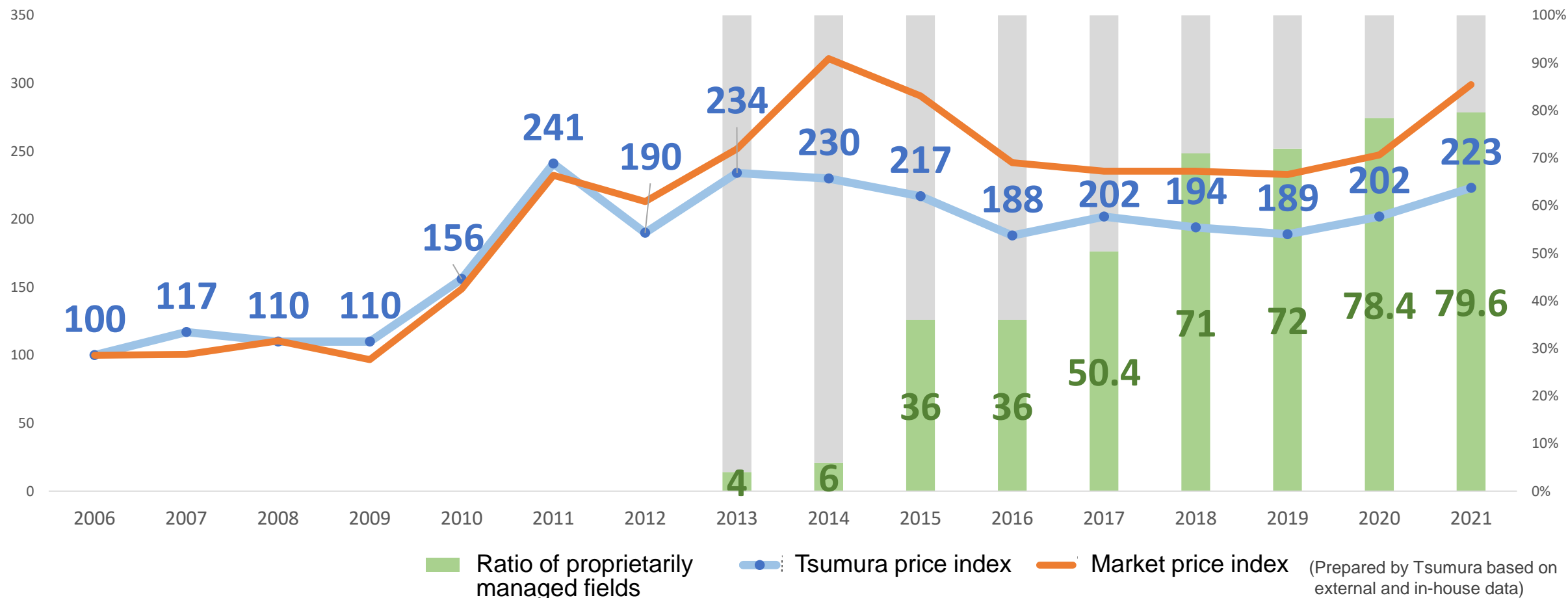
Setting/environment to be realized

Conditions that facilitate the realization of cost structure reforms in the Kampo value chain and the maximization of cash flows

Strategic issues

- ① Procurement: Rectify soaring crude drug prices, impact from foreign currency exchange rates, crude drug inventories and turnover rates
- ② Production: Automation/robotization by increasing production capacity and introducing new production technologies
- ③ Sales: Impact of NHI drug price revisions

2.-① Expansion of Proprietarily Managed Fields



*1 Tsumura price index: Average weighted price based on the amount used by the Tsumura Group (2006 indexed at 100)

*2 Propertarily managed fields: Direct guidance by the Tsumura Group on cultivation can be performed, making it possible to grasp costs incurred during cultivation and set prices based on this. In the medium and long term, in comparison with the market, it will be possible to realize superior and stable procurement of high quality and high value crude drugs.

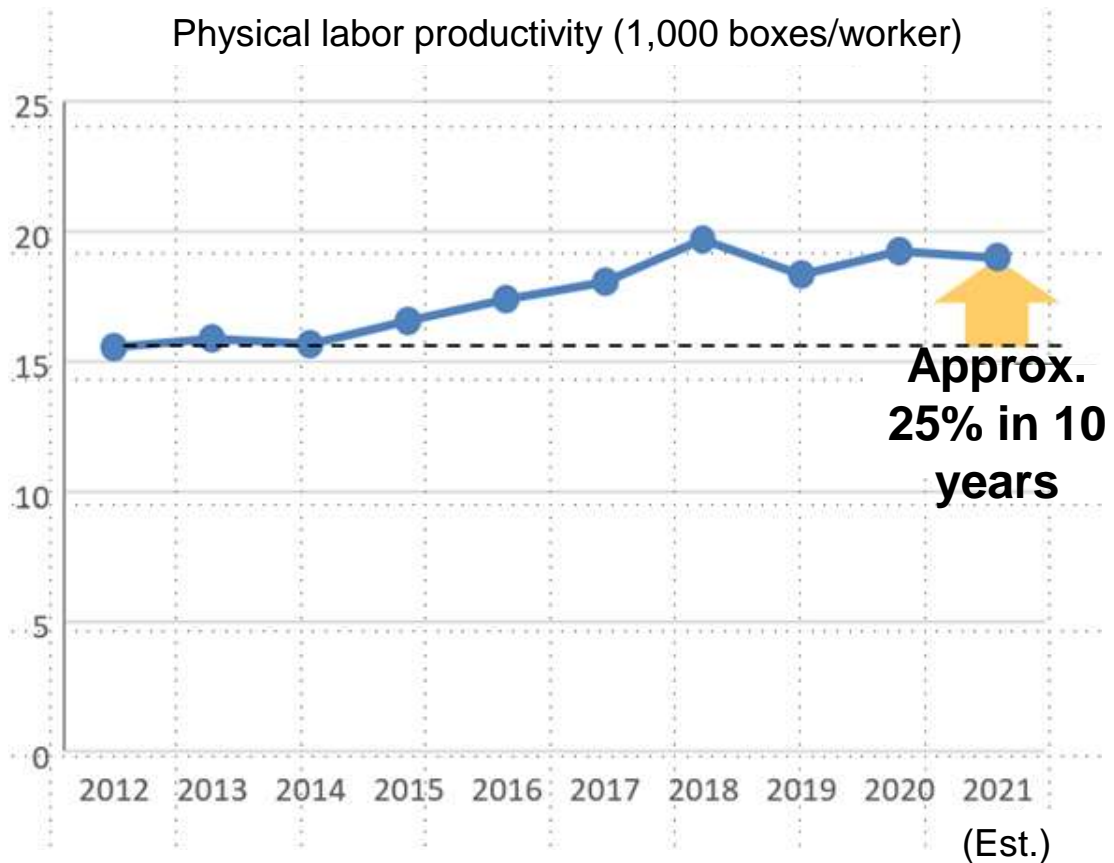
*3 Tsumura crude drug GACP: Targeting stable acquisition of raw material crude drugs that are safe and secure, this standard is Tsumura's proprietary standard related to crude drug production management. Its key pillars are GACP guidelines, crude drug traceability, crude drug production SOP manual, and education/training, oversight and certification.

*4 Crude drug production SOP manual: Specifies rules, including cultivation and processing methods and use of agrochemicals in accordance with the Tsumura crude drug GACP

2.-② Increase Production Capacity and Introduce New Production Technologies

Reforms in production frontlines

Improve physical labor productivity to roughly 25% (versus FY2011)



Automation/robotization of total production processes

Expand to all production sites

Robotization of manual operations



Automation of transport between processes



Automation of quality management



3. Development of TU-100 in the US and Tackling New Businesses in China

Long-Term Management Vision 2021

We are maximizing the use of the Tsumura Group's technology and knowhow to develop and launch TU-100 Daikenchuto in the US, and we are tackling new businesses in China, including improving the quality of raw material crude drugs.



Establish Ping An Tsumura Inc.
 Created a capital and business alliance with China's Ping An Insurance
 Implemented an M&A with Tianjin China Medico Technology

FDA Botanical Guidance

TU-100 tolerability test

Developed test method/built a crude drug RDB
 Exploratory testing for IBS-C*1 / CD*2 / POI*3

Set up a POI development team

Late PII trial

2004 2005 2008 FY2012 2017 2018 2019 2020 FY2021

*1 IBS-C: Irritable bowel syndrome (constipation) *2 CD: Crohn's Disease *3 POI: Postoperative ileus

Setting/environment to be realized

Continuous implementation the following: philosophy/vision management, nurturing of a coaching culture, and training of candidates to take on management

Strategic issues

- ① **Management:** Implement backcasting management to embody our philosophy and realize our vision
- ② **Education/training:** Establish the “Tsumura Academy,” an in-house human resources development institution, and enrich and implement various programs
- ③ **Human resources:** Employees that complete the basic management courses (3-year program) are appointed to the position of executive

Setting/environment to be realized

Planning the medium/long-term improvement of corporate value by continually co-creating shared value with society

Strategic issues

- ① Environment: Preservation and domestication of wild crude drugs, and preservation of the natural environment**
- ② Society: Expand access to Kampo medicine, a traditional form of Japanese medicine, and to Kampo, which is a plant-derived pharmaceutical**
- ③ Governance: Actions to improve the effectiveness of the Board of Directors (comprised of a majority of outside directors)**

Sales

JPY120.0
billion-plus

Operating profit

JPY19.0
billion-plus

ROE

6
%-plus

After applying revenue recognition
accounting standards
(Disclosed initial plan: JPY135.0 billion-plus)



Revised earnings forecast released on Oct. 29, 2021

JPY127.5
billion forecast

JPY21.1
billion forecast

7.4
% forecast

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Living with nature for tomorrow.

Continue to be a company that is extremely sensitive to changes in and crises facing the natural environment. To continue to supply, as a shared value with society, naturally-derived, traditional pharmaceuticals using a scientific approach, we will implement actions, including preservation of nature and the environment, human rights, our procurement policy, diversity and inclusion, and health management, in accordance with the Tsumura Code of Conduct.

Domestication of crude drugs and automation of processing

- Domestication research and commercialization of wild crude drugs
- Alleviate workload using AI-driven automated crude drug selection

Human rights policy Procurement policy

- Tackle the respect for human rights, with the support of the UNGP^{*1}
- Build SCM for the sustainable procurement of crude drugs

Diversity & Inclusion

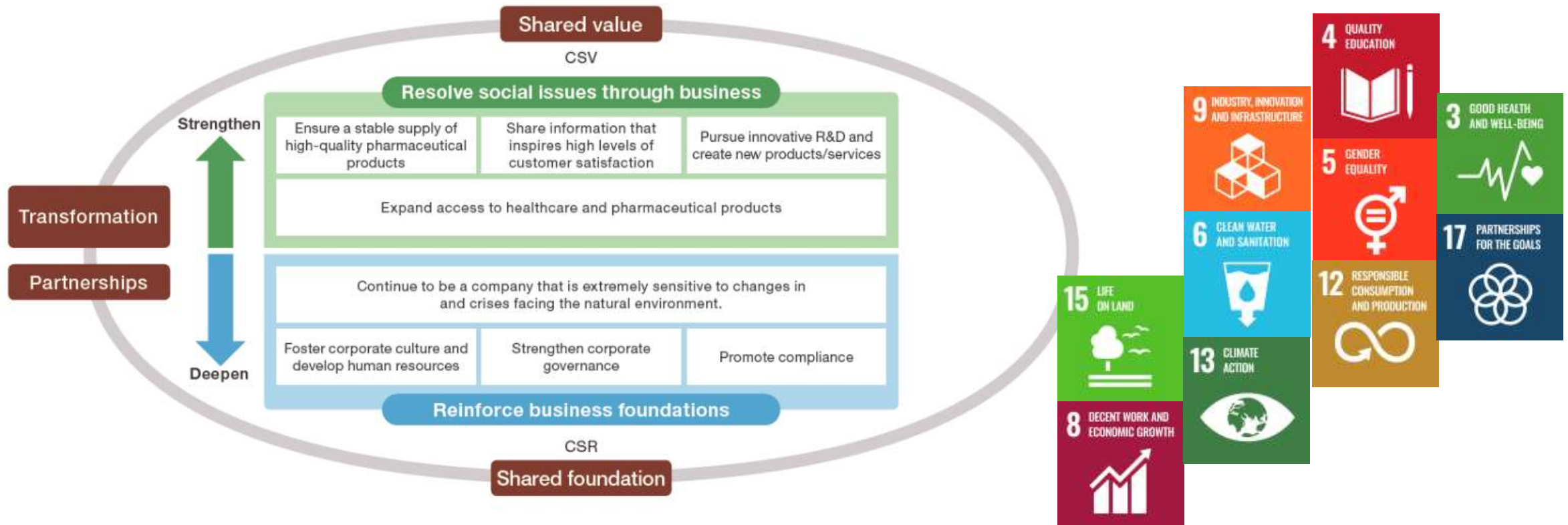
- Realize the diversity of group management personnel
- Instill the #OneMoreChoice project^{*2} in house

*1 United Nations Guiding Principles on Business and Human Rights

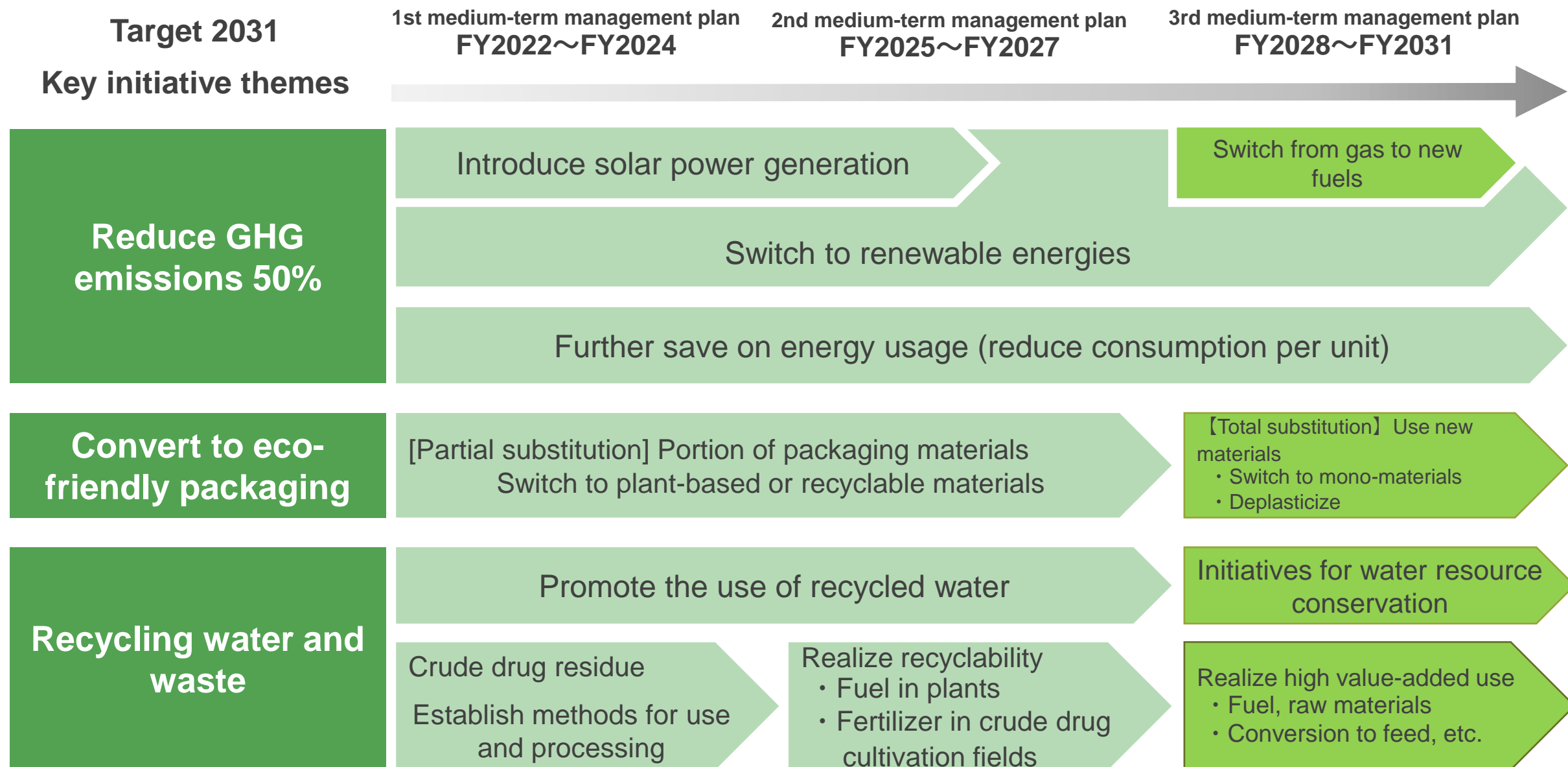
*2 This projects aims to contribute to the creation of a heathy society by reducing people's "hidden tolerance" of physical and mental stress (disorders) so that anyone can enjoy a more comfortable life.

Materiality of Implementing Sustainability

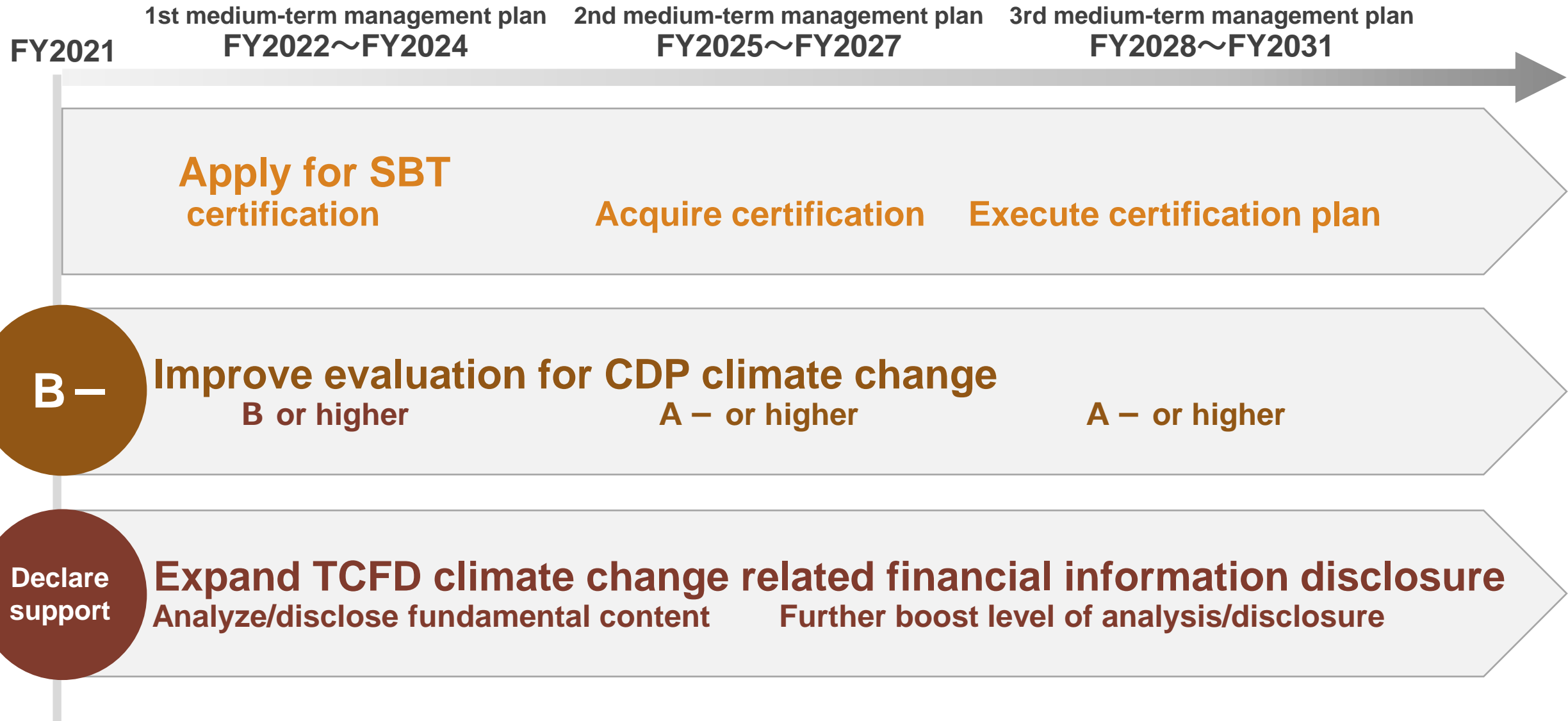
We aim to contribute to solving social issues through our businesses through the fortification of Creating Shared Value (CSV) with society and plan to enhance our business foundations by implementing more in-depth Corporate Social Responsibility (CSR), which is a common foundation with society.



Sustainability Targets for 2031



Improve Evaluations from Environment-related Rating Agency and Aim to Acquire Certification



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Lively Living for Everyone TSUMURA VISION “Cho-WA” 2031

We aim to create conditions in which the Tsumura Group is contributing to the well-being of all by supplying evidence-based products and services, including Kampo and traditional Chinese medicines, that suits factors including the life stage, symptoms, genetic makeup and daily life environment of each individual



Goals to be realized under VISION 2031

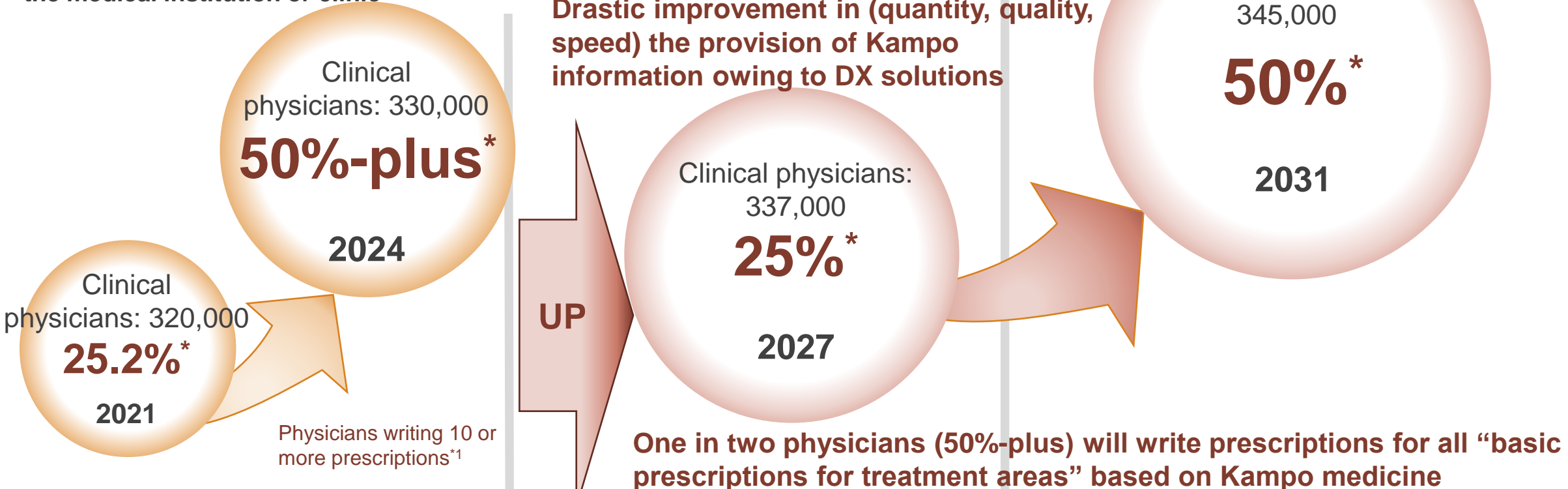
- 1. 50% of physicians will write basic prescriptions in all treatment areas**
- 2. Expand standard Kampo treatments and personalize Kampo treatments**
- 3. Scientific study of pre-symptomatic diseases**
Three preventive measures for pre-symptomatic diseases (treat disease before symptoms appear, prevent change in existing disease and post-healing recovery)
- 4. Build foundation for the China Business (China Business to account for 50%-plus of sales)**
- 5. Digital transformation of the Kampo value chain**
- 6. Implement purpose management, philosophy management and vision management**

1.- 1 50% of Physicians Will Write Basic Prescriptions in All Treatment Areas

FY2021 1st medium-term management plan FY2022~FY2024 2nd medium-term management plan FY2025~FY2027 3rd medium-term management plan FY2028~FY2031

TSUMURA VISION “Cho-WA” 2031

Contributing to the realization of a medical setting where patients in Japan can receive treatments suited for them individually, regardless of the medical institution or clinic



*1 Prescriptions for 10 formulations from among Tsumura's 129 prescription Kampo formulations

*2 Refer to the key “basic prescriptions in treatment areas” on the next slide

*Tsumura survey

Source: <No. of clinical physicians> Prepared by Tsumura based on estimated demand among physicians, 19th meeting on physician demand of the subcommittee of the Investigative Committee on Demand among Medical Practitioners, Ministry of Health, Labour and Welfare

1.- 2 Key “Basic Prescriptions in Treatment Areas”

処方 = formulations



総合診療

Comprehensive medical care

25処方



消化器内科

Gastroenterology

15処方



産婦人科

Obstetrics/gynecology

16処方



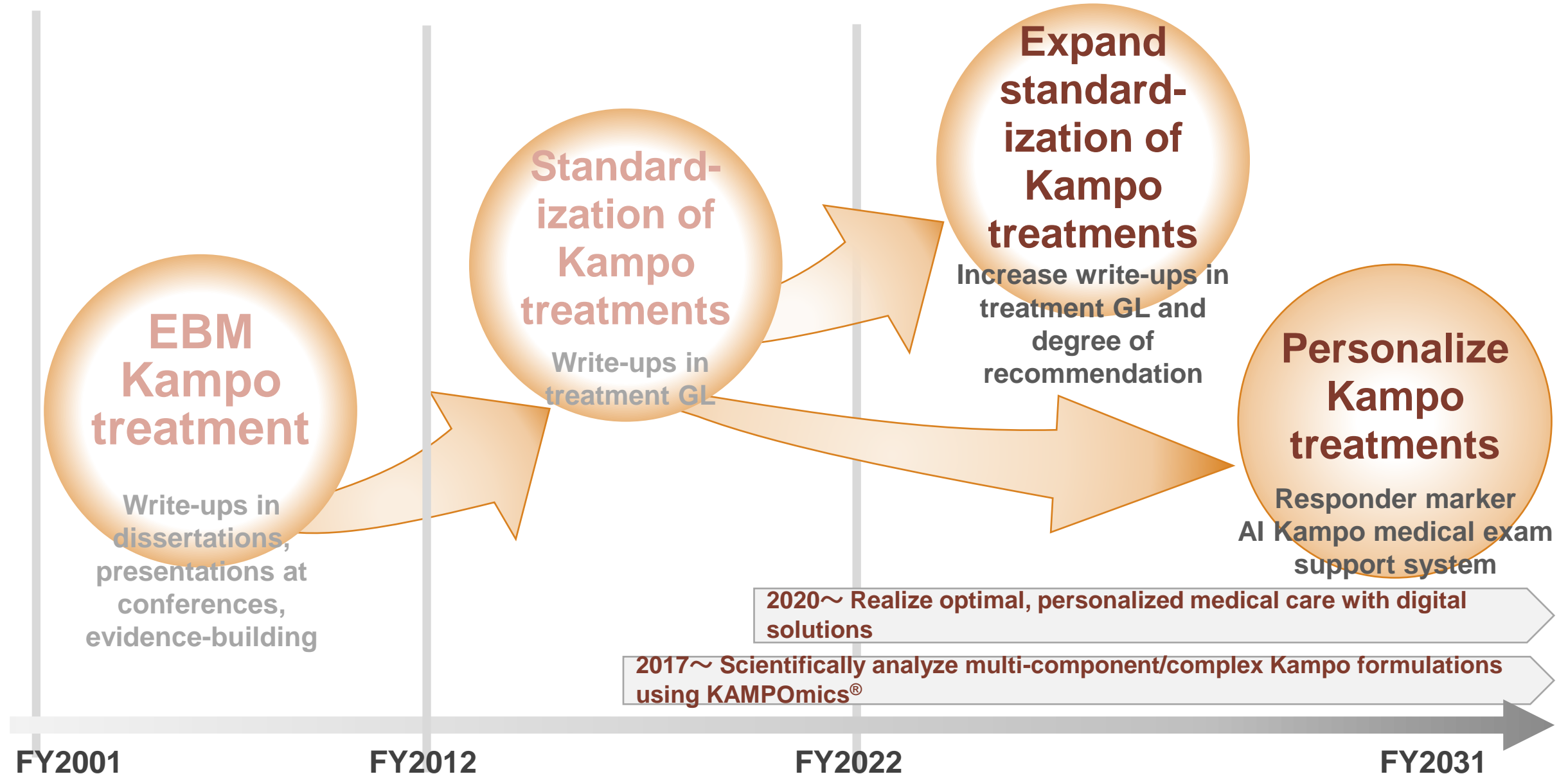
脳神経外科

Neurosurgery

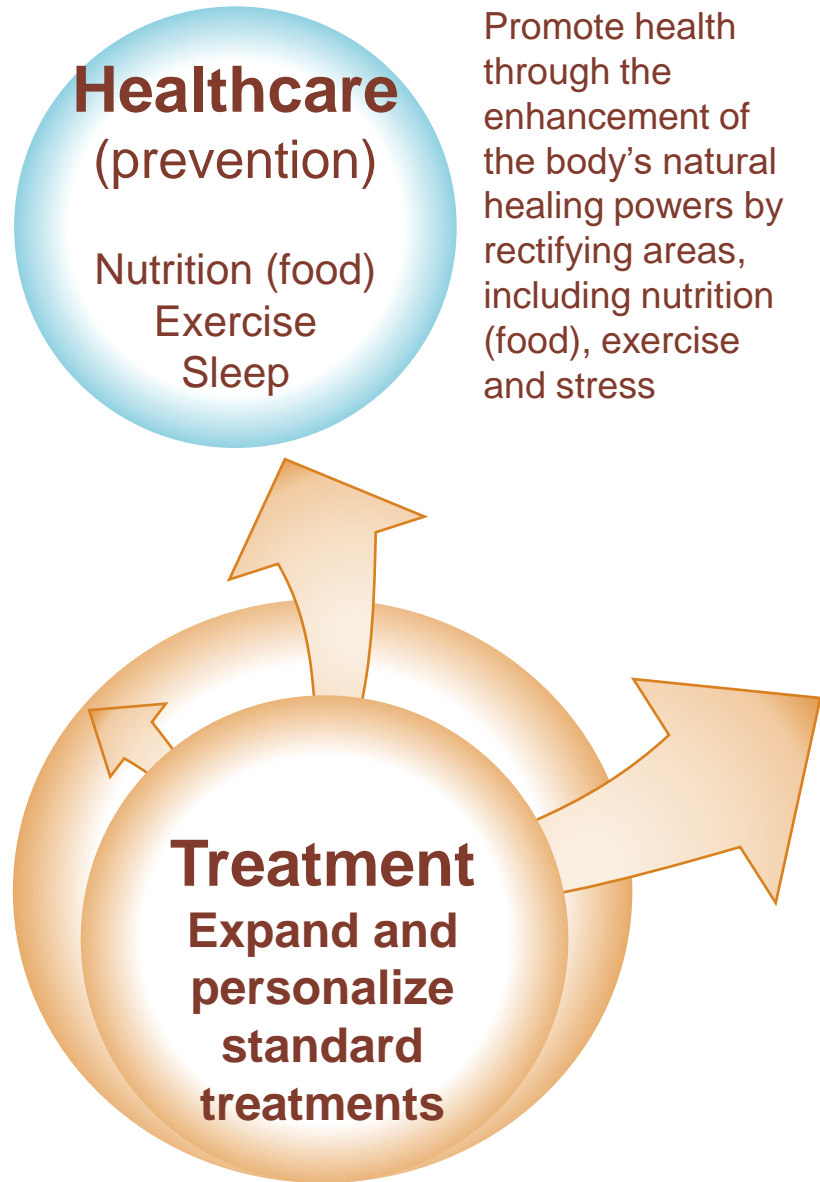
15処方



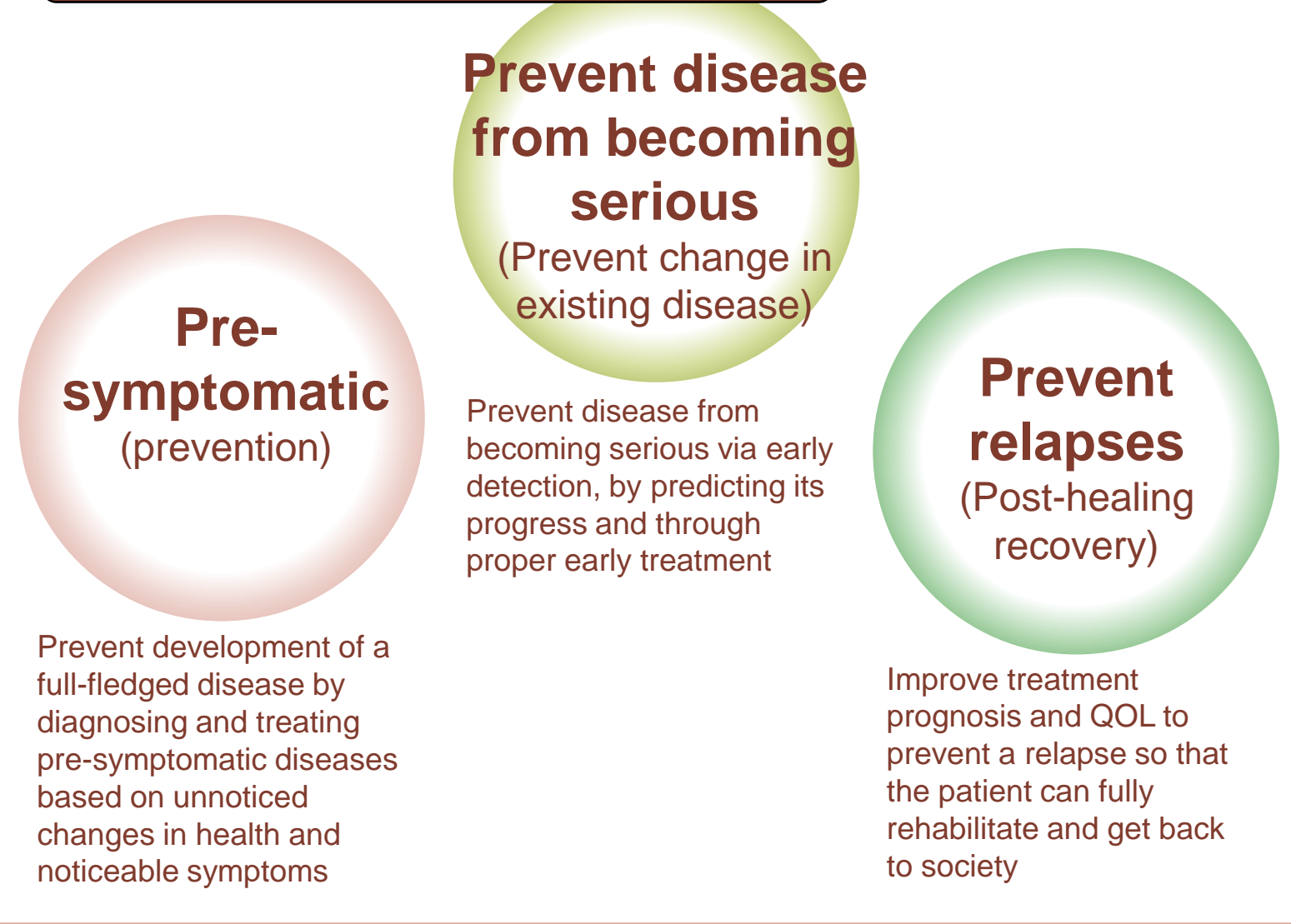
2. Expand Standard Kampo Treatments and Personalize Kampo Treatments



3.-1 Shift from “Treatment” to “Three Preventive Measures” and “Healthcare (prevention)”



Three Preventive Measures



3.-2 Scientific Study of Pre-symptomatic Diseases

1st medium-term management plan
FY2021 FY2022~FY2024

Research phase

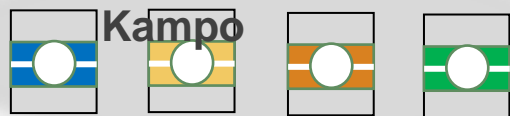
Gather/analyze information



Elderly Cancer Women

Administer

Kampo



KAMPOmics®*

Scientifically study and define pre-symptomatic diseases

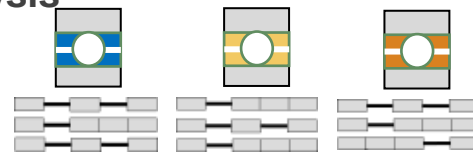
2nd medium-term management plan
FY2025~FY2027

Development phase

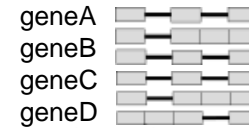
Research to verify efficacy



Comprehensive analysis



Propose biomarker hypothesis



Pharmaceutical efficacy category

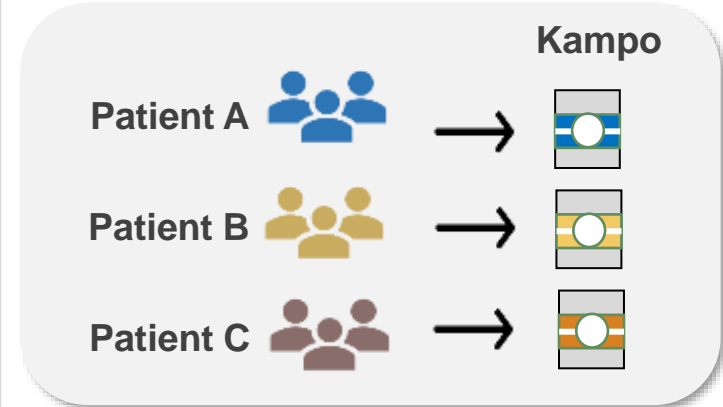
Investigate the body's makeup and type of disease by running test, mainly on genetics and intestinal flora to evaluate the efficacy of Kampo

Develop a system to detect pre-symptomatic diseases

3rd medium-term management plan
FY2028~FY2031

Social implementation phase

Apply to exams and administration of medicine

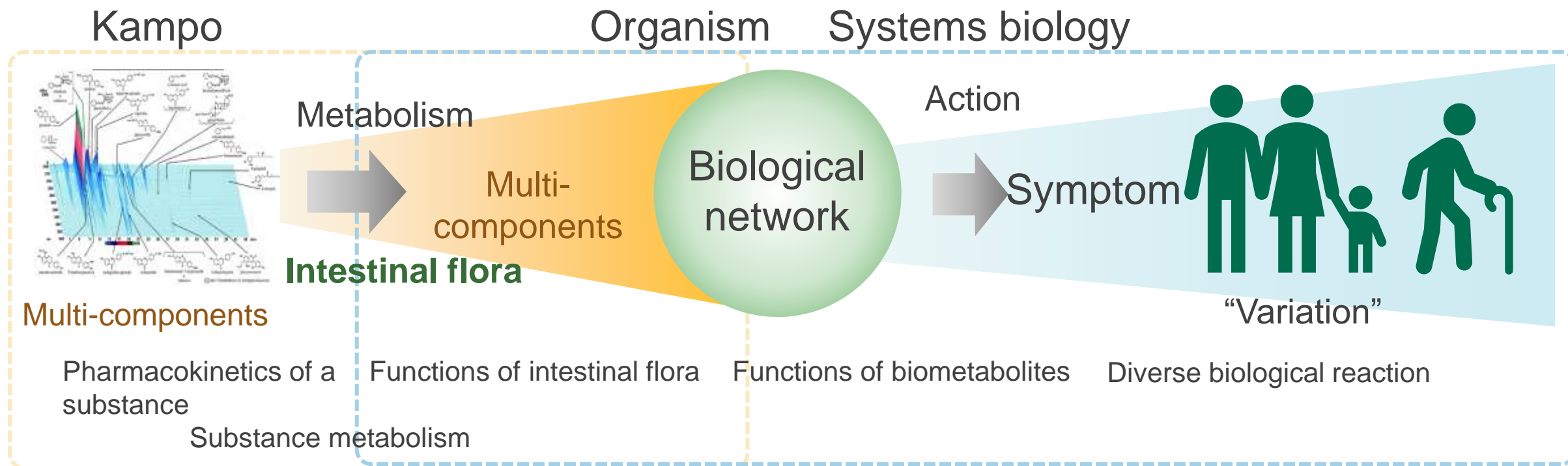


Establish an exam method for pre-symptomatic prevention, prevent a disease from becoming serious, and preventing a relapse
Recommend methods for Kampo treatment

Establish a method for diagnosing pre-symptomatic diseases and treatment recommendations

*Refer to next slide

KAMPOmics® combines research on cutting-edge technologies (metabolome, genetics, intestinal flora, systems biology, etc.), a strength of Tsumura, to form a proprietary research package (registered trademark) to gain a comprehensive understanding of Kampo medicine, a traditional Japan medicine, and multi-component, complex Kampo medicines



3.-4 Personalized Kampo Treatment

1st medium-term management plan
FY2022~FY2024

Research phase

Kampo exam (Four exams)



Visual exam



Listening/smelling exam

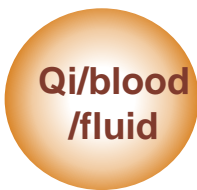
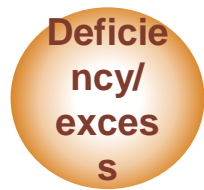


Questionnaire



Pulse exam

Kampo exam support system research, using AI and machine learning



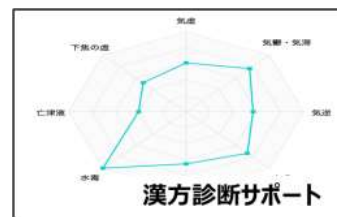
2nd medium-term management plan
FY2025~FY2027

Development phase

Trial implementation of Kampo exam support system (education, etc.)



漢方自動問診



漢方診断サポート

KAMPOmics®

Consider applying to Kampo formulation recommendation support system



3rd medium-term management plan
FY2028~FY2031

Social implementation phase

Issues that need to be overcome to socially implement personalized Kampo treatments

- ✓ Physician's proficiency in Kampo medicine
- ✓ Shortening of exam times
- ✓ Compatibility with online exams
- ✓ Compatibility with regional medical collaborations between hospitals and clinics

Develop and socially implement a Kampo exam comprehensive support system that includes RWD DB analysis, scientific study of "proof," and Kampo responders.

4. Yakushokudogen in Healthcare (Prevention)



Raw material crude drugs

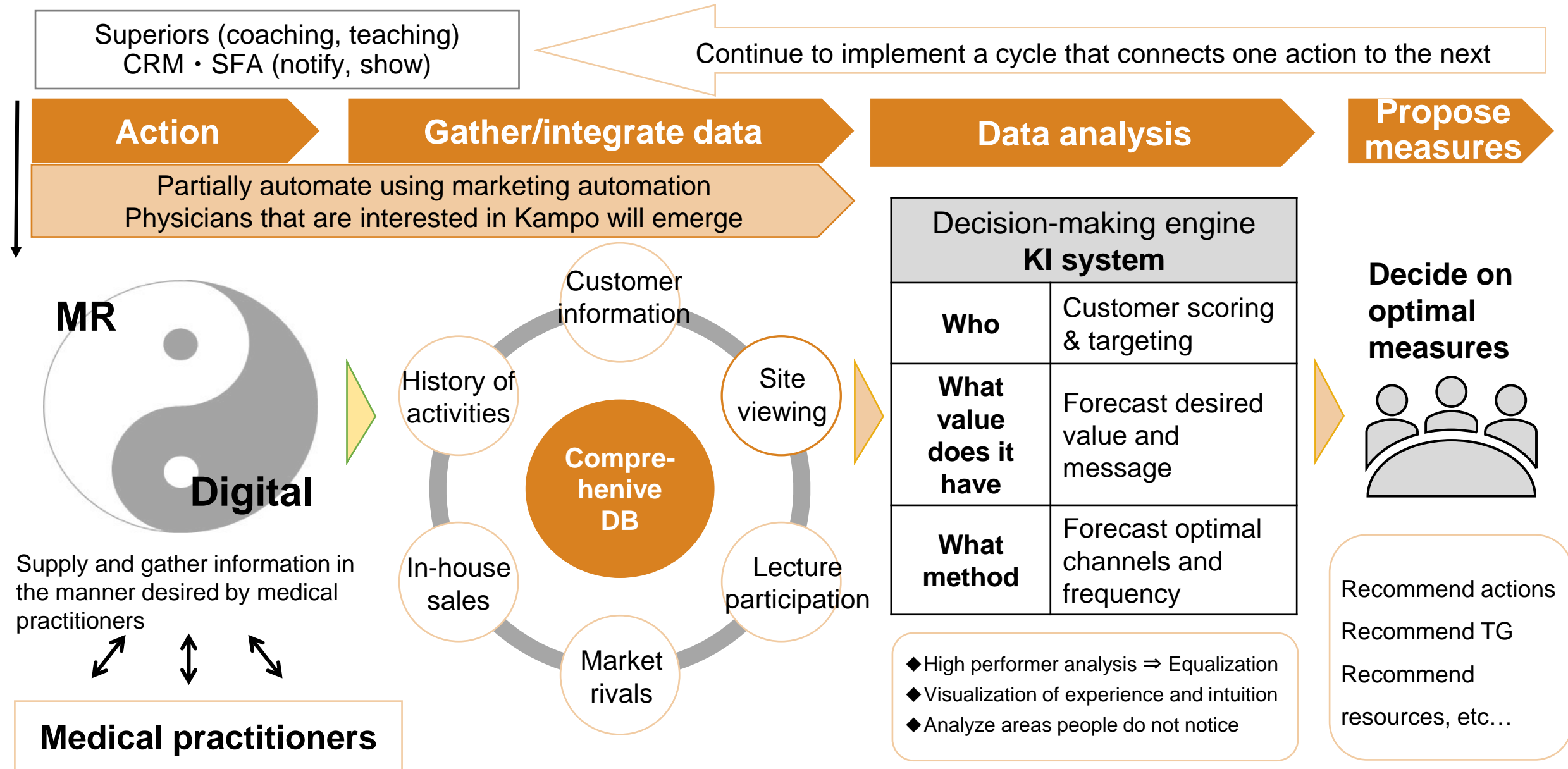
Drug pieces

China
Yakushokudogen
concept
Japan

Ginseng

Yakushokudogen products

5.-1 Supply Information using DX Solutions



5.- 2 Shift from Improving the Capital Intensity of Labor to the Smartification of Factories

1st medium-term management plan
FY2022~FY2024

2nd medium-term management plan
FY2025~FY2027

3rd medium-term management plan
FY2028~FY2031

People

Improve operations

- Development of workers with multi-skills
- Improve preparations
- Shorten process learning period
- Reset worker positioning criteria
- Reallocate workers

Shift to oversight/ management

- Improve efficiency of oversight and management operations
- Mitigate troubles with preventive actions

Enhancements using BigData

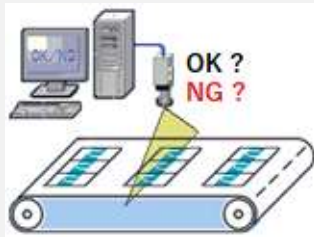
- Accumulate production data using IoT
- Effective production that meets targeted quality
- Use digital twins

Equipment/
facilities



Cross-development of existing technologies

- Introduce robots to handle manual operations
- Automate transport



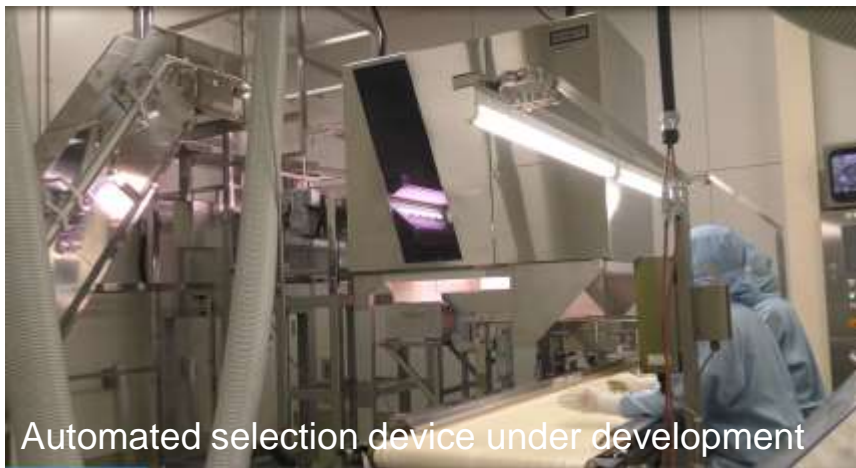
Solve issues with new technologies

- Automation using AI for manual operations
 - Realize inline full-scale inspections
 - Automate peripheral operations
- (containers with detachable lids, materials supply, etc.)

Implement additional measures using cutting- edge technologies

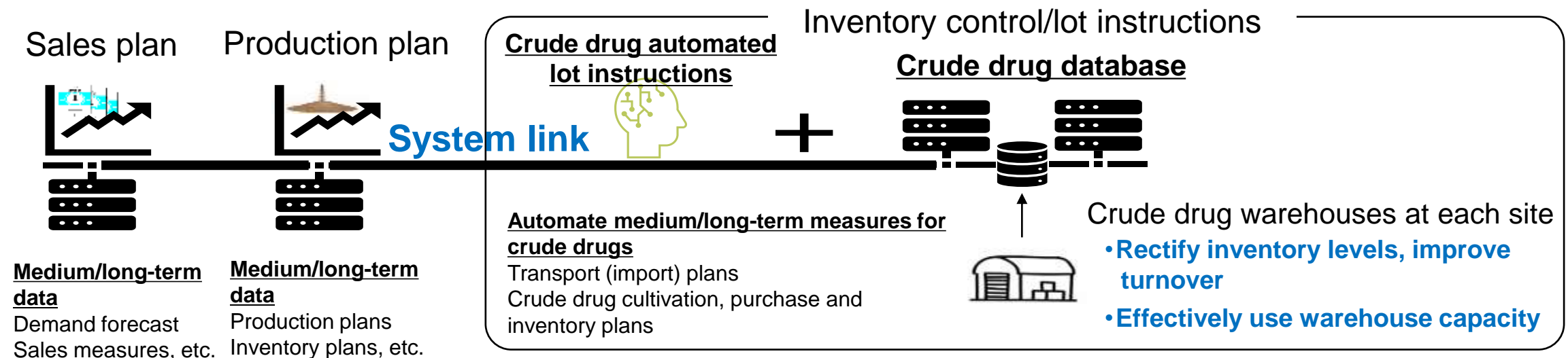
Smartification of factories

Realize AI automated crude drug selection



- Automatically remove defective product with the AI automated crude drug selection device
- Improve efficiency of selection operations and reduction the number of workers

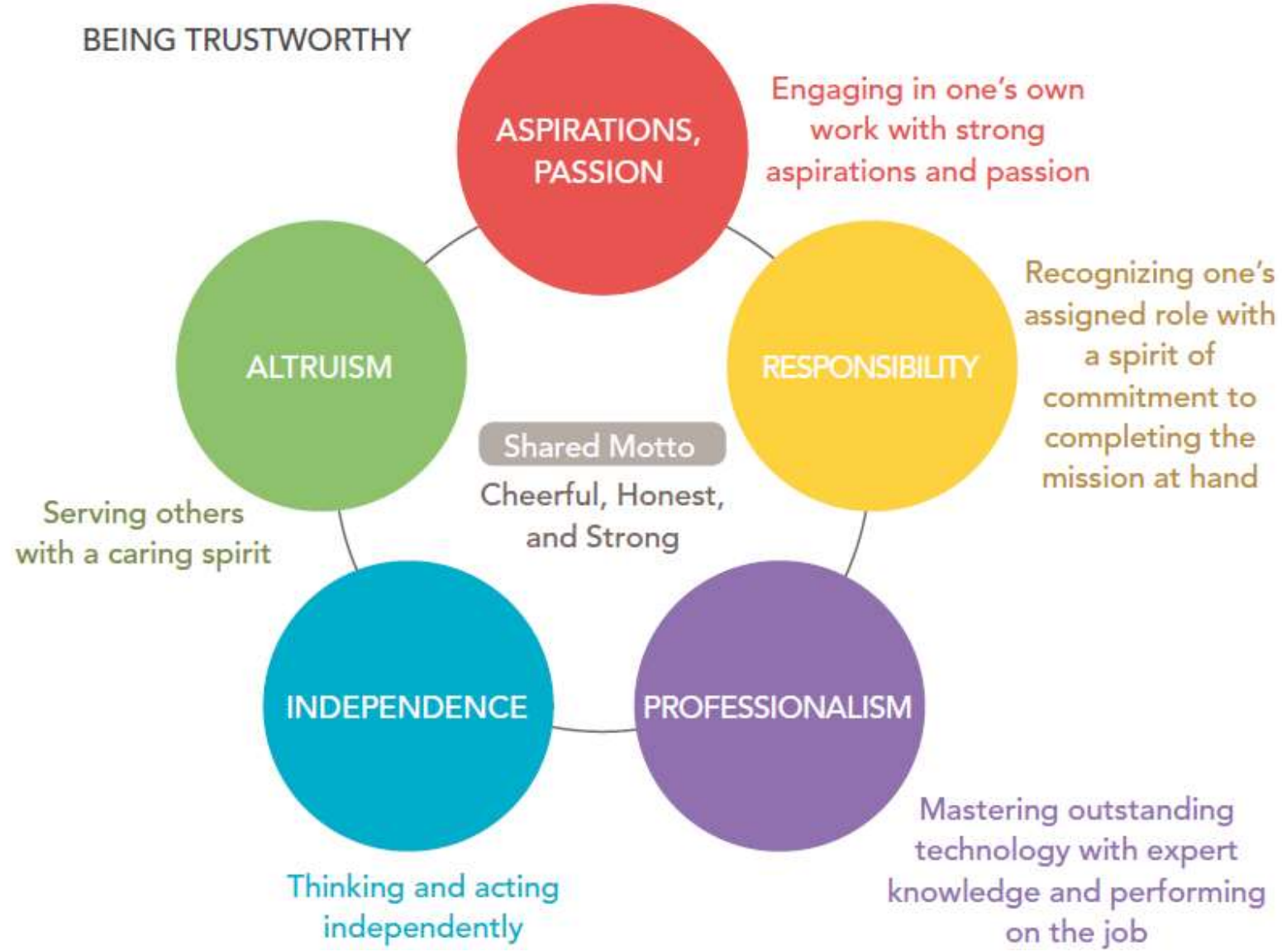
SCM using a crude drug automated lot instruction system



6.- 1 TSUMURA Group DNA Pyramid



6.- 2 Ideal Personnel Being Sought



Research & Development Vision

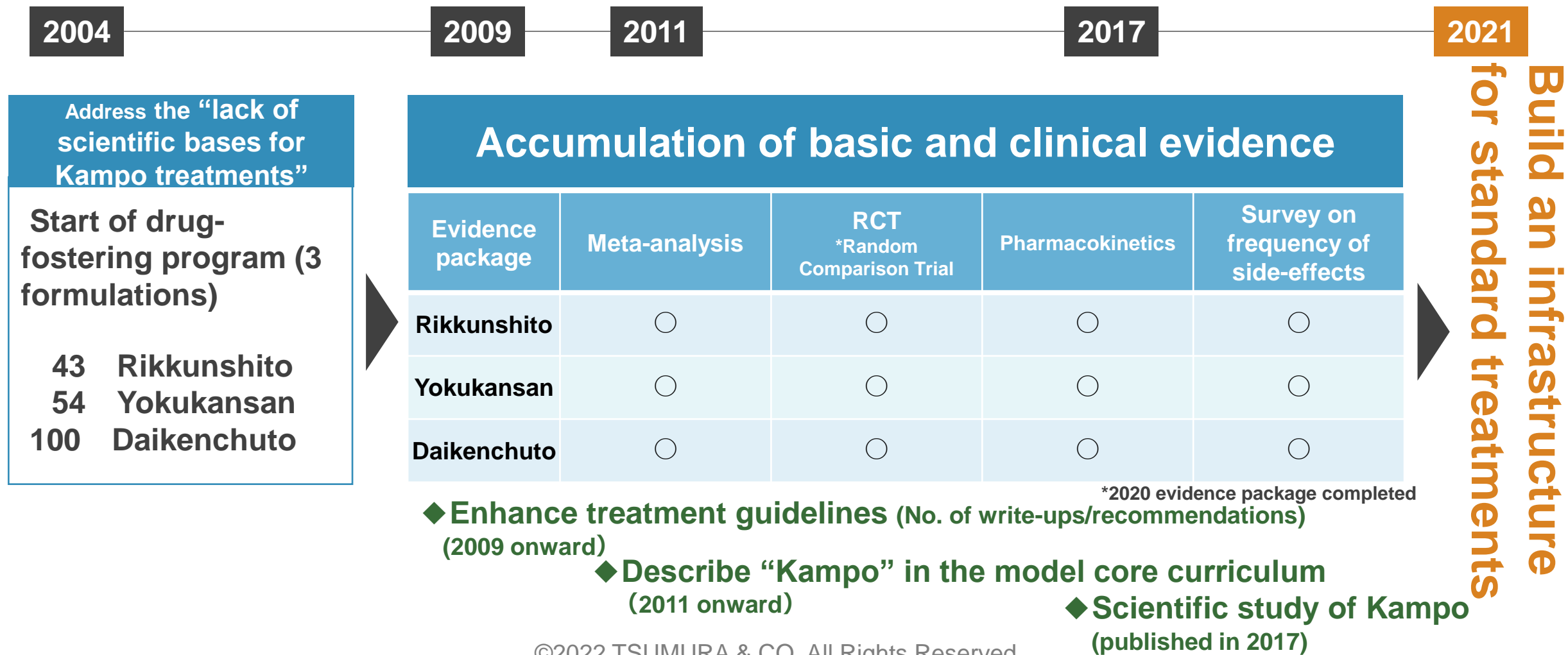
March 29, 2022

1. Review of Activities Thus Far

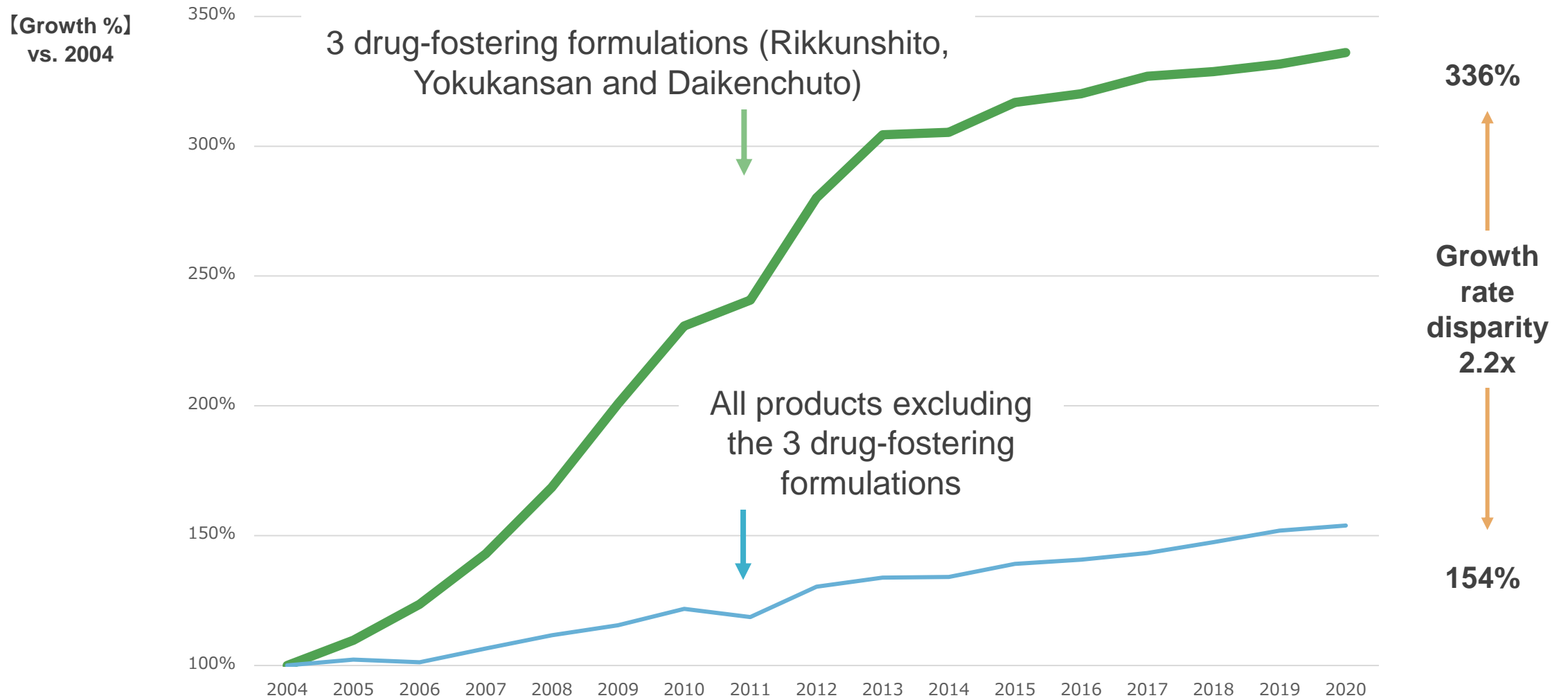
2. Research & Development Vision

Review Thus Far (Drug-Fostering Program Initiatives)

Focusing on disease structure and patterns in recent years, in areas with high healthcare needs, we need to build evidence (scientific basis) by narrowing down our target to diseases where it is difficult to find new drug treatments and where Kampo will have a specific effect.



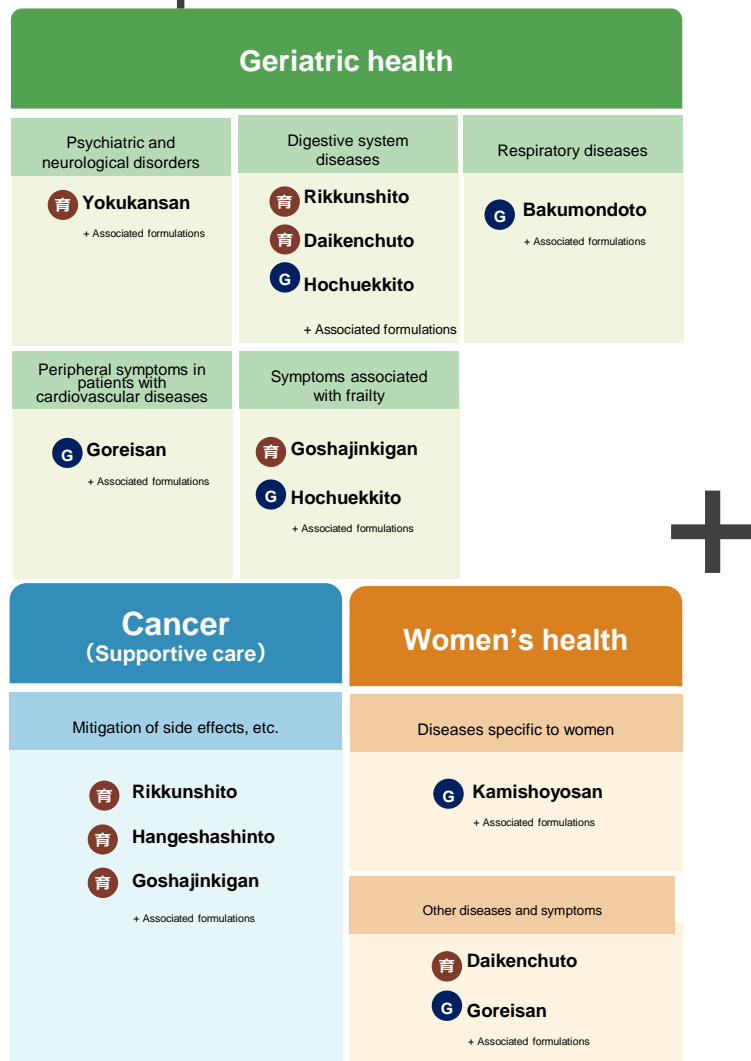
Sales growth trends in 2004 (start of drug fostering): All products excluding the 3 drug-fostering formulations and the 3 drug-fostering formulations



1. Review of Activities Thus Far

2. Research & Development Vision

Continually expand prescription Kampo formulations



Source: Integrated Report 2021

1. Propose new “treatment” methods

—Initiatives for personalized medicine—

Realize a world where individuals can receive the optimal Kampo treatment

- *Scientifically study personalized medicine using KAMPOmics technologies

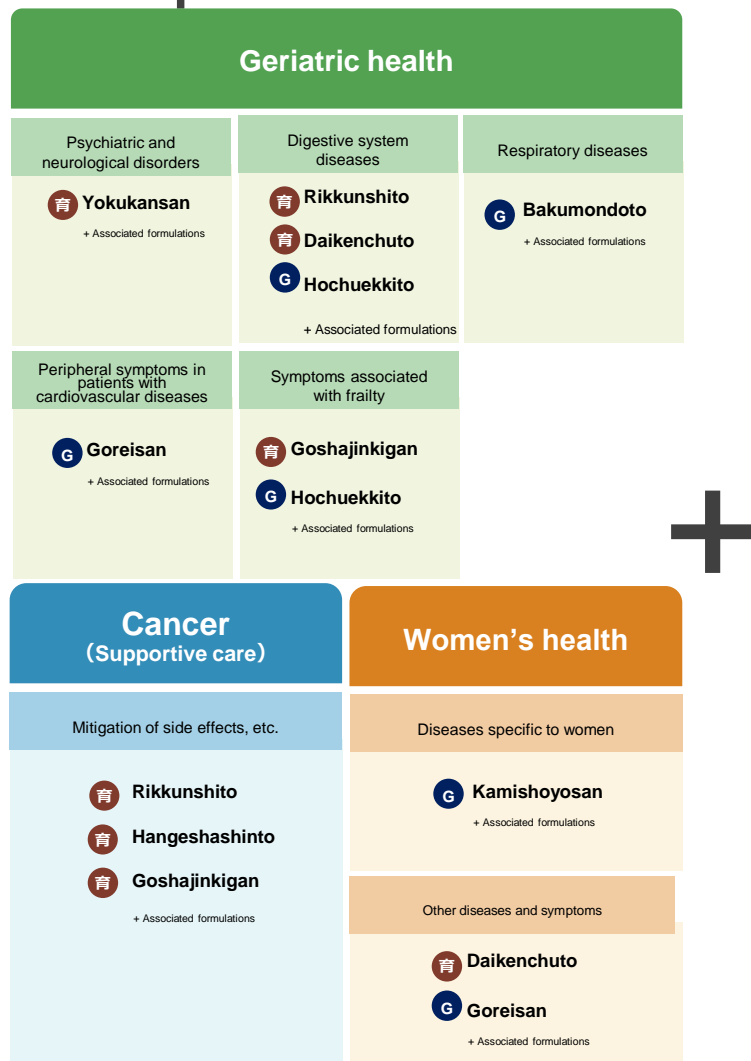
- *Develop a “Kampo exam support system” using DX and AI technologies

2. Tackle the area of pre-symptomatic diseases

- *Undertake pre-symptomatic prevention, prevent disease from becoming serious, and prevent relapses

- *Introduction mainly of “aging”-related diseases

Continually expand prescription Kampo formulations



Source: Integrated Report 2021

1. Propose new “treatment” methods

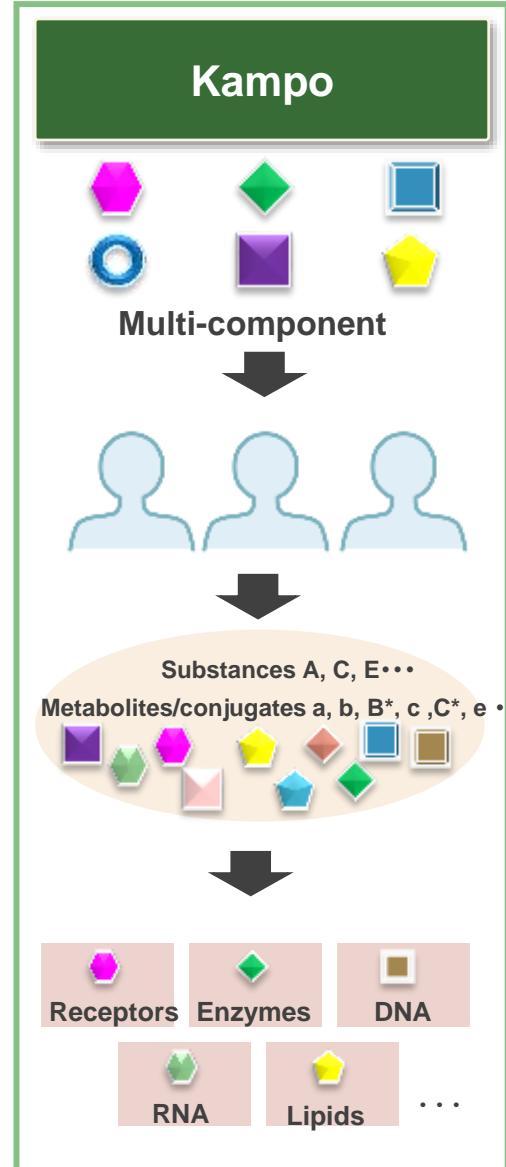
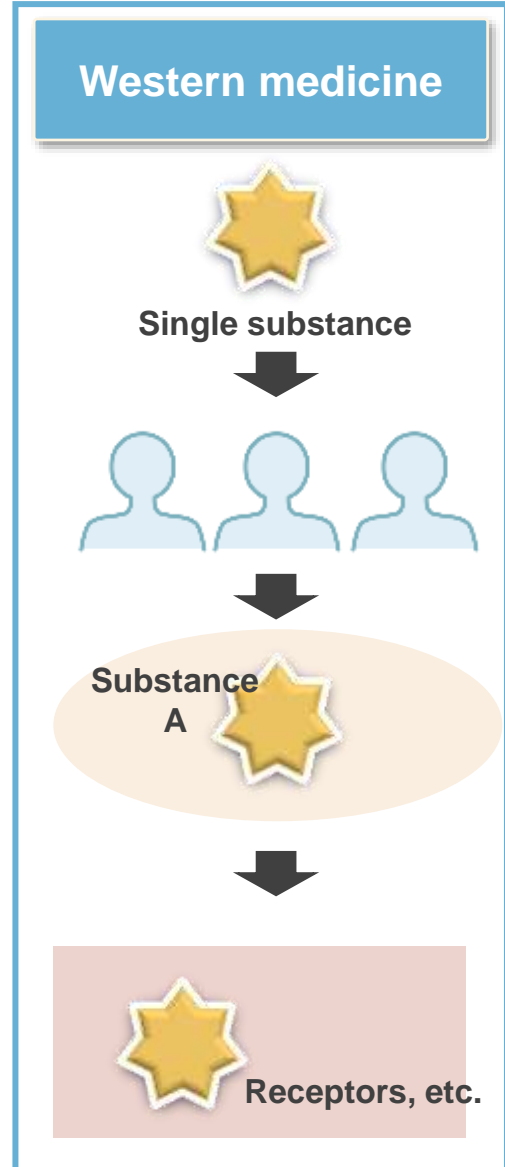
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KAMPOmics®

Tsumura's proprietary, cutting-edge technical research package for comprehensively understanding Kampo (multi-component drug)

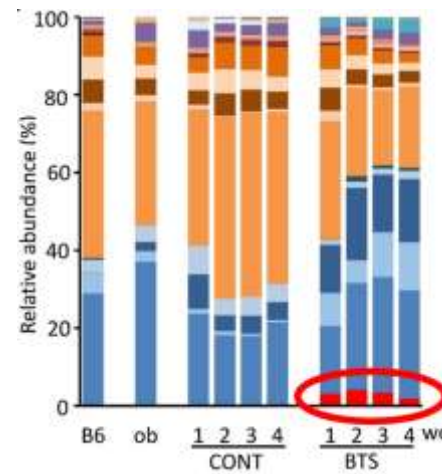
«Comprehensive analysis»

- Genes, mRNA
- Proteins
- Metabolites
- Intestinal flora, etc.

✕

«Cutting-edge technology»

- Systems biology
- Bioinformatics
- Data science, etc.



- ◆ Increase in Akkermansia in the group administered Bofutsushosan (mouse)
 - ➔ **Link between intestinal flora and Kampo**
 - ◆ Tendency whereby the presence of Akkermansia was high the lower the increase in weight was among those administered Bofutsushosan
 - ➔ **Link between intestinal flora and the effects of Kampo**
- Nishiyama M, et al., Nutrients. 2020 Mar 20;12(3):839. doi: 10.3390/nu12030839.

Personalized Medicine Initiatives (Develop a “Kampo exam support system” that uses DX and AI technologies)

Exams based on Kampo medicine (four exams)

Visual exam

Examination of facial color or expressions, attitude, posture and body type. Sometimes an examination of the tongue is performed.



Listening/smelling exam

An examination where the doctor listens to the patients loudness and tone of voice, the way they talk, coughing, phlegm conditions, and breathing. Sometimes the doctor will check a patient's body and mouth odor



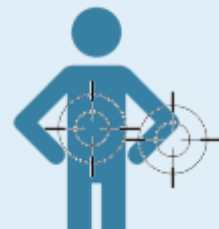
Questionnaire

There are a variety of questions, including whether a patient is self-aware of symptoms, what diseases they have had, what food they like, their lifestyle, work and menstrual condition.



Palpation

The doctor will perform a touch exam of the patient's body. This is largely broken down into a “pulse exam” and a “abdominal exam.”



Issues with deploying personalized medicine

- ✓ Impact of proficiency in Kampo medicine
- ✓ Increase in exam time (medical cost)
- ✓ Compatibility with online exams
- ✓ Compatibility with regional medical collaborations between hospitals and clinics

Develop a “Kampo exam support system” that uses DX and AI technologies

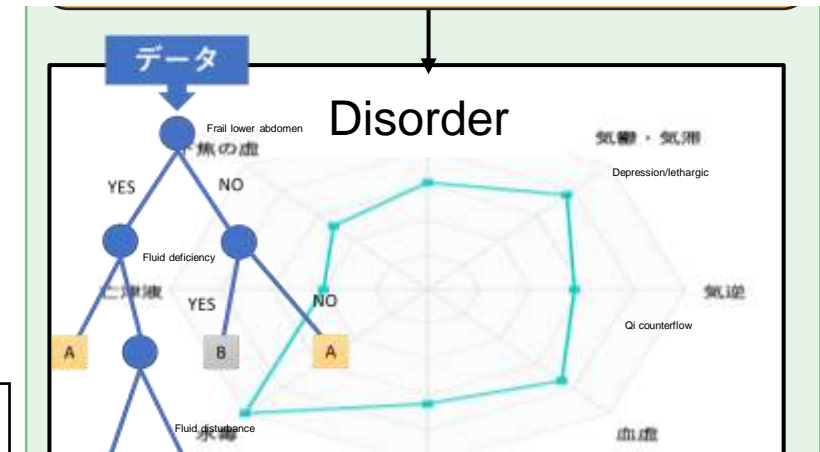
Example

- “Deficiency/excess” exam support
- “Chills/fever” exam support
- “Qi/blood/fluid” exam support

漢方で治したい症状を1つ選び、症状の程度を目盛で表してください。

頭（首から上） 眠れない 気分が憂鬱になる ものを忘れる イライラする 頭痛 視力低下・目が疲れる・かすむ・しょぼしょぼする のぼせや顔のほてり アレルギー性鼻炎・花粉症 耳鳴り 抜け毛・白髪 にきび	胸 ぜんそくの症状 喘 上腹部 お腹がはる、ガスがよく出る みずおちの痛み 胸焼け・げっぷ 食欲不振・胃もたれ
全身 疲れやすい、だるい、体が重い 皮膚がかさかさする 皮膚がかゆい	下腹部 頻尿 便秘 下痢 脚 足関節など下半身の痛み 足がつる

Automatic Kampo medical exam



Kampo medical exam support

Consider using the “Kampo medical exam support system” for formulation recommendations

【Vision】 Realize a world where individuals can receive the optimal Kampo treatment



1st Medium-Term Management Plan
(2022~2024)

2nd Medium-Term Management Plan
(2025~2027)

3rd Medium-Term Management Plan
(2028~2031)

Research phase

Development phase

Social implementation

Deficiency/excess & chills/fever exam

Qi/blood/fluid exam

Cross-development of registry research (multi-facility joint research)

① “Kampo Exam Support System”

② Formulation recommendation system based on the “Kampo Exam Support System”

Development/verification step

- Automated questionnaire and formulation selection validation system

① Trial implementation of the “Kampo Exam Support System”

- Use for education/facilities that do automated Kampo exams

② Consider applying to “Kampo formulation recommendation system” (ePRO)

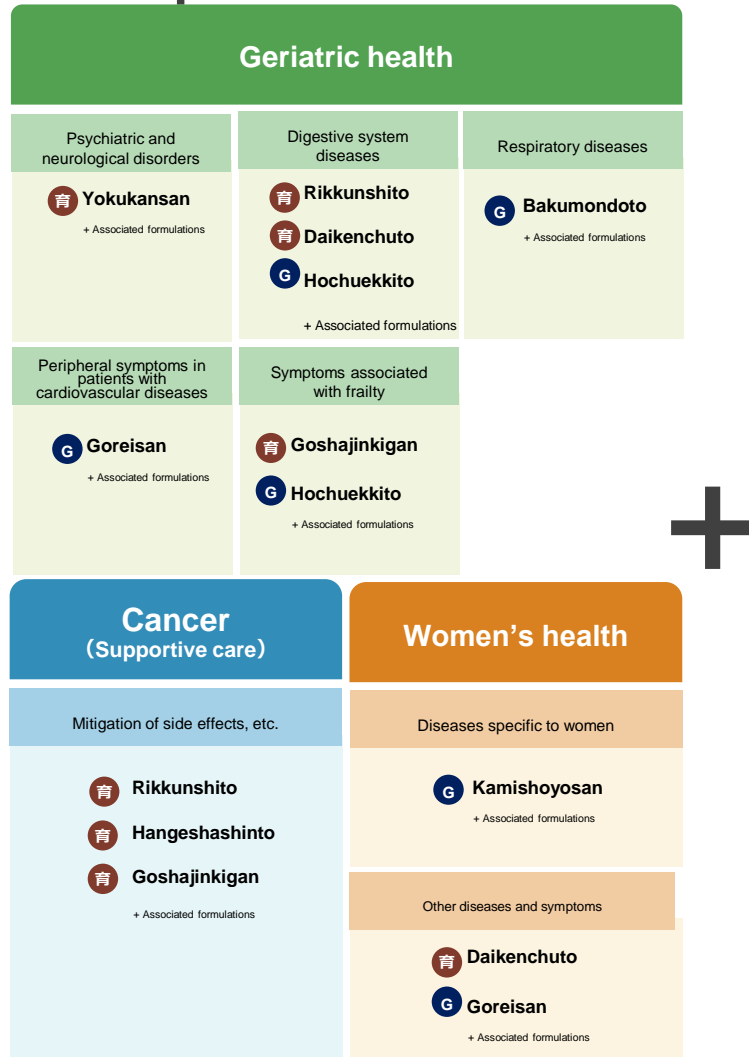
- “Kampo exam support system” X Kampo formulations → Pharmacometrics

Spin-out

Consider using for healthcare/Well-being

Integrated system development

Continually expand prescription Kampo formulations



Source: Integrated Report 2021

1. Propose new “treatment” methods

—Initiatives for personalized medicine—

Realize a world where individuals can receive the optimal Kampo treatment

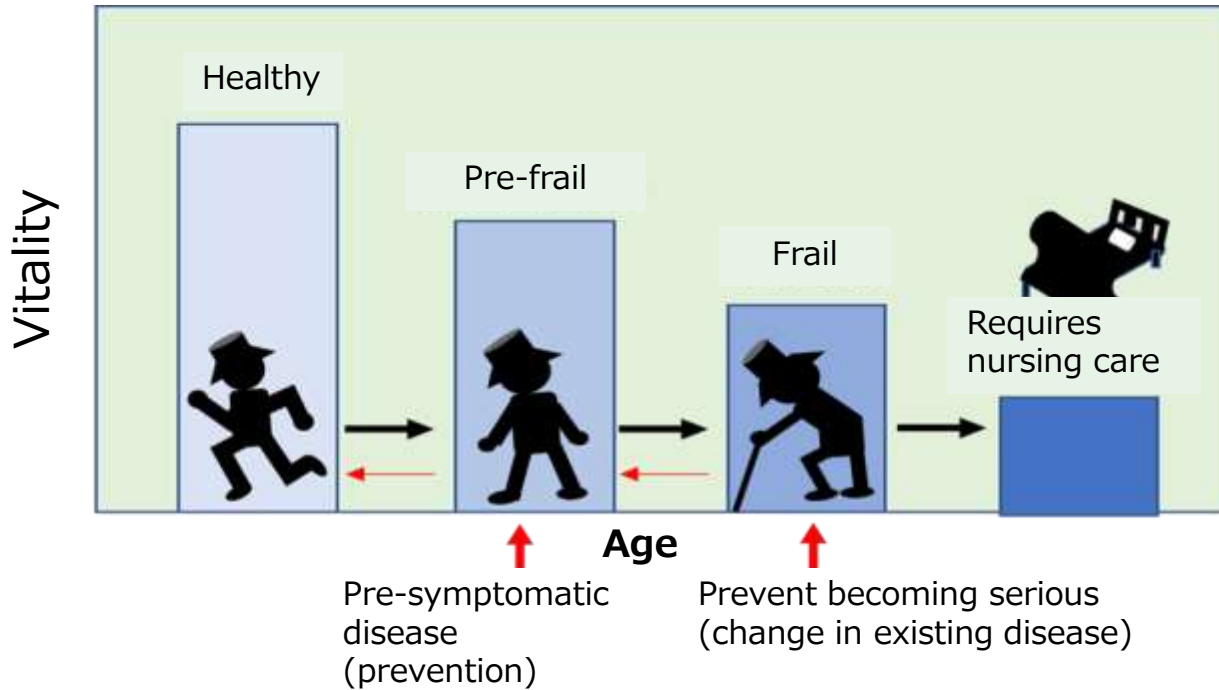
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“Aging”-related Diseases: Approach Targeting Frailty

In 2031, it is forecast that 3.15 million people will be deemed frail, and 19.39 million will be classified as pre-frail (around 6-times the number of frail)



【Kampo medicine】
(Pre-frail/frail-related score)

«Kidney ischemia score»
This is when the kidney, which mainly serves as the body's battery, lacks energy vital for living (Tsumura website)

【Western medicine】
(Frail related score)

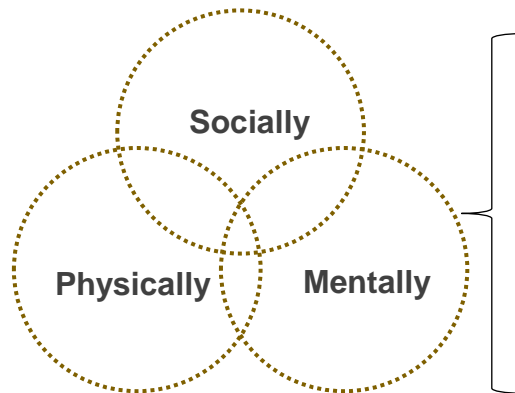
- Basic checklist
- Locomotive functions 5
- Resilience scale
- GDS-S-J15 etc.

Developed a new scale with the goal of improving convenience and accuracy in actual clinical use

Working name: Japan Frailty Scale (JFS)

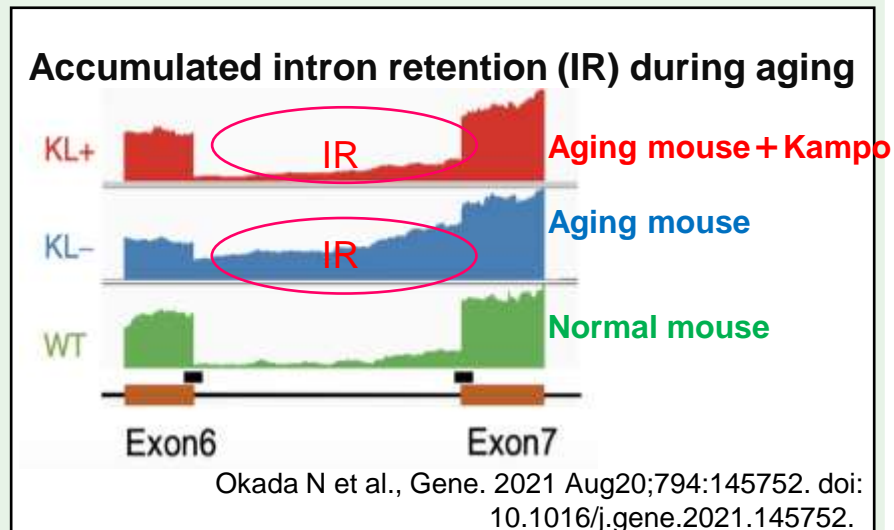
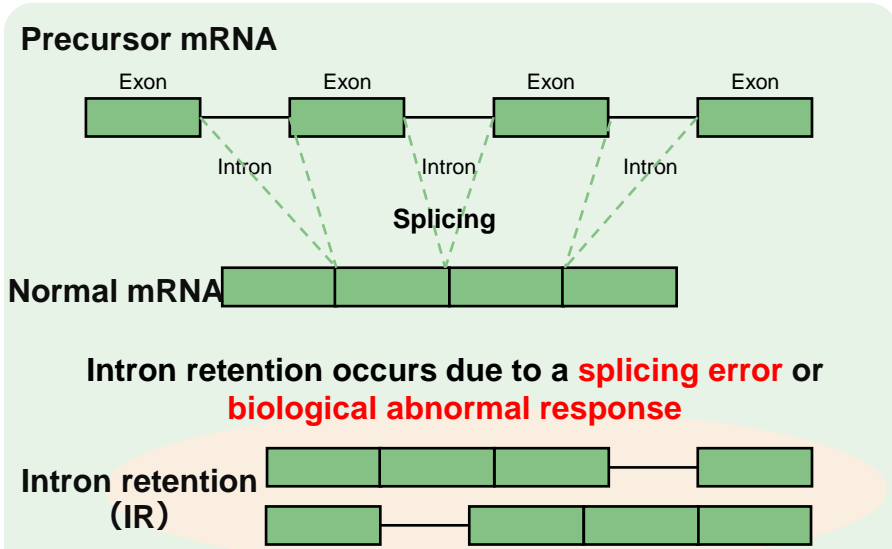
“Japan Frailty Scale” × Kampo formulations
Confirm clinical efficacy (Clinical research)

Diverse frailness



- Motor function
- Mental
- Cognitive functions
- Social
- Nutrition...etc.

Scientific study of “aging”



Clarifies link with “disease” and confirms treatment efficacy

Pre-symptomatic

- Anti-aging

Prevent disease from becoming serious

- Dementia
- Frailty

Prevent relapse

- Cancer survivor



In addition to the definition for aging (IR), clarifies pathology

- Improve chronic inflammation
- Activate immune functions
- Control cell aging
- Increase in autophagy activity, etc.

Verify treatment efficacy of Kampo

Recommended treatment procedures Hochuekkito, jumentaihoto, and ninjin'yoeito are mainly effective

Health recommendation as a preventive measure

Anti-aging

Treatment recommendation to prevent from becoming serious

Treatment for MCI (minor cognitive impairment), and frailty and pre-frailty

Treatment recommendation to curb relapse

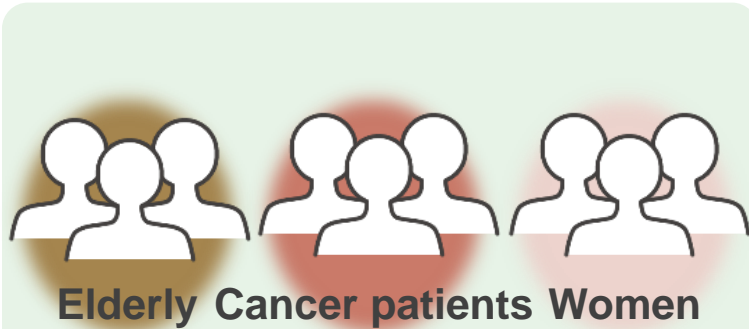
Support cancer survivor in the workplace

Diseases related to “Aging”: Develop Pre-Symptomatic Indicator and Recommend Treatment Methods

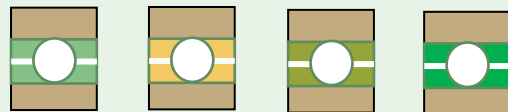
1st Medium-Term Management Plan (2022~2024)

Research phase

Gather/analyze information



Administer Kampo

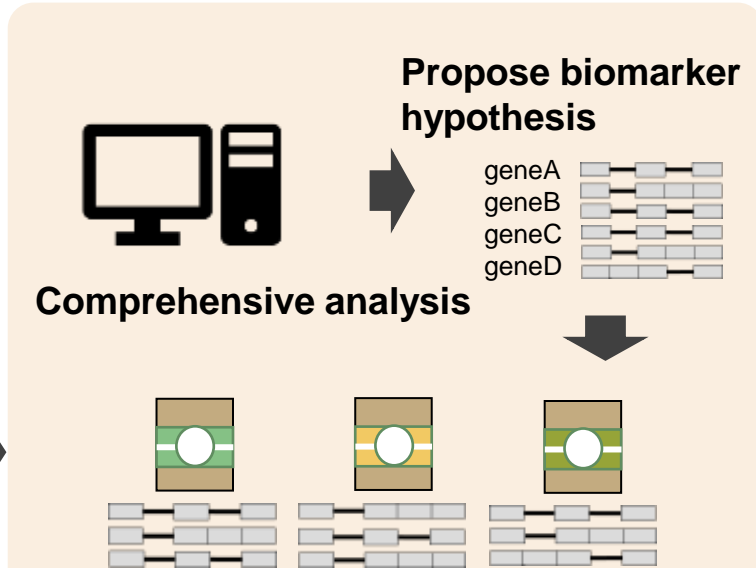


KAMPOmics®

2nd Medium-Term Management Plan (2025~2027)

Development phase

Verify/research efficacy



Pharmaceutical efficacy category

Investigate the body’s makeup and type of disease by running test, mainly on genetics and intestinal flora to evaluate the efficacy of Kampo

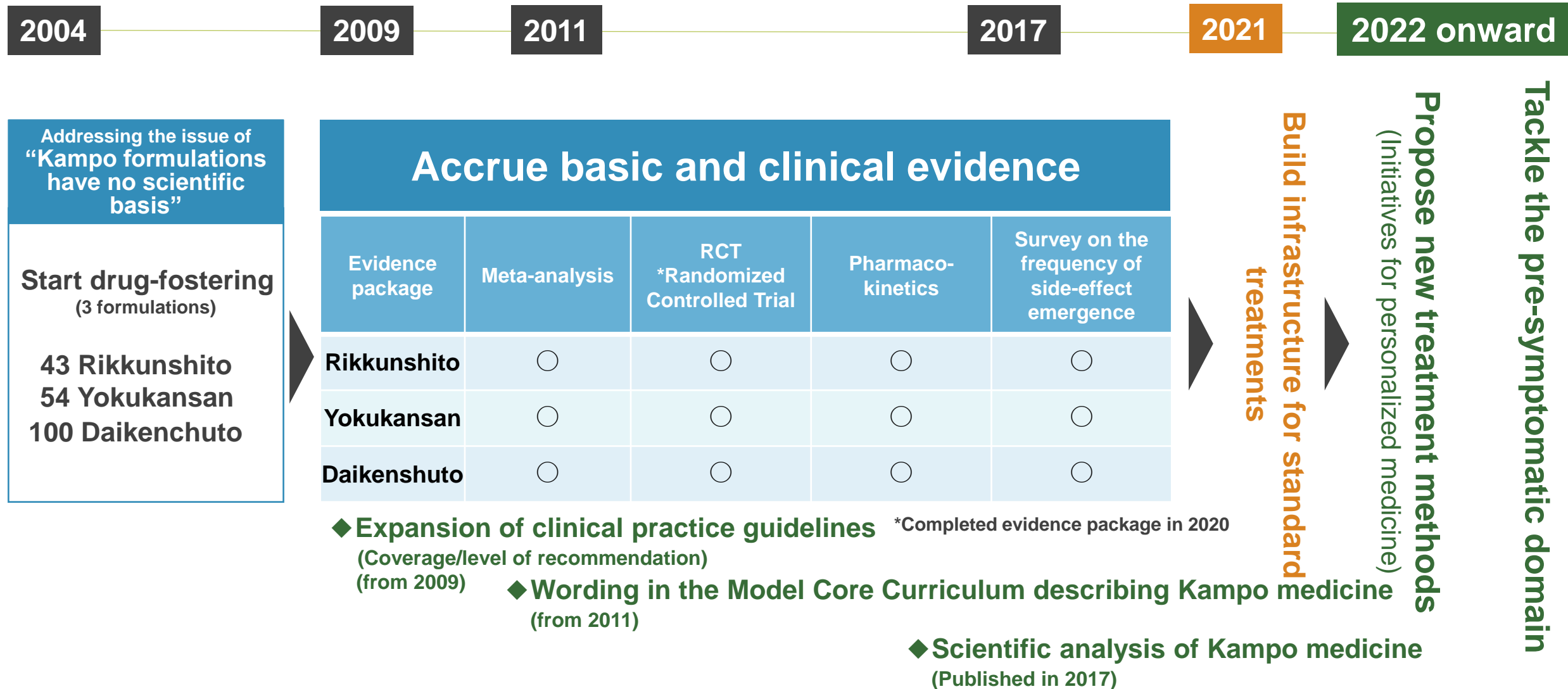
3rd Medium-Term Management Plan (2028~2031)

Social implementation

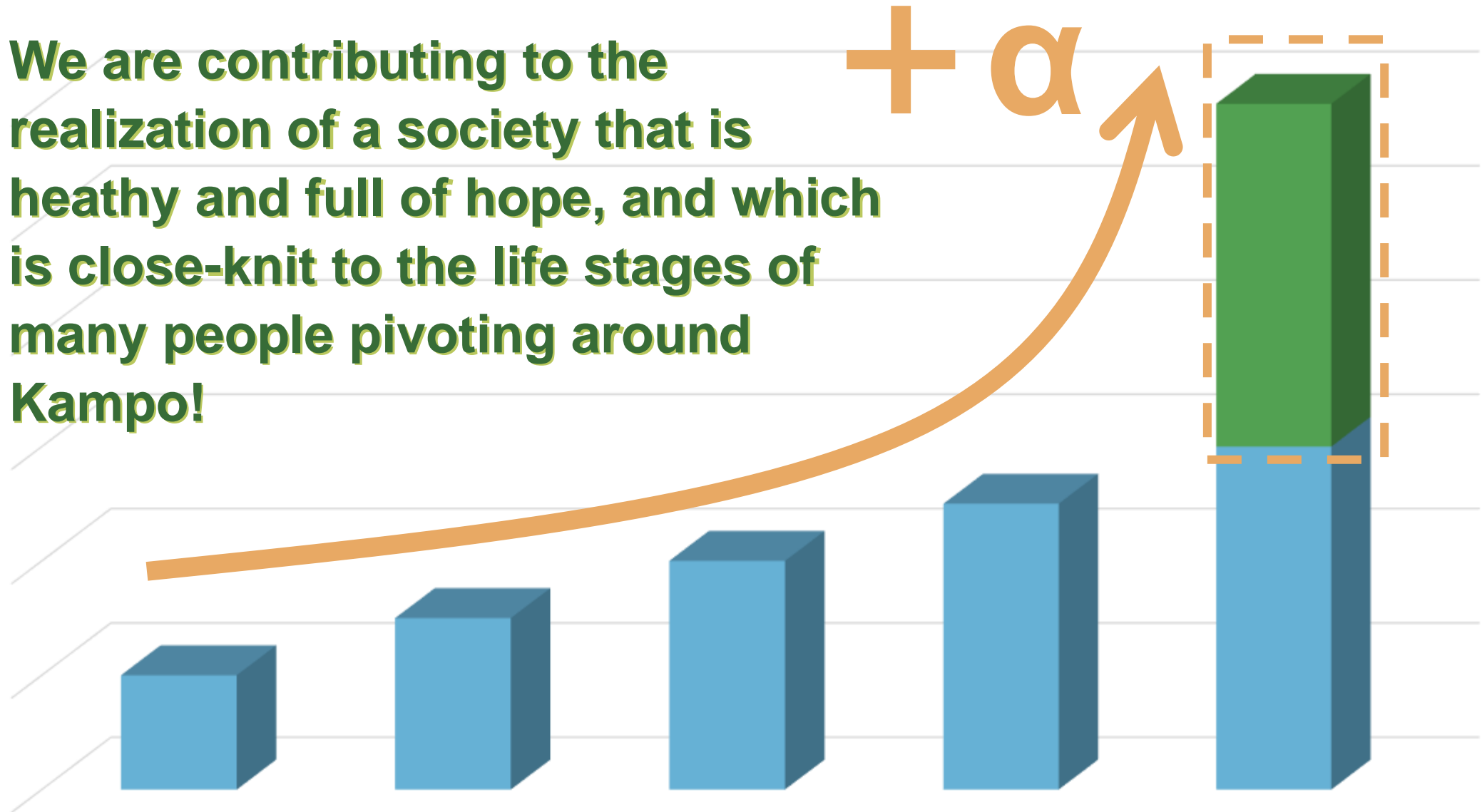
Apply to exams and administration of medicine



Establish an exam method for pre-symptomatic prevention, prevent a disease from becoming serious, and preventing a relapse
Recommend methods for Kampo treatment



We are contributing to the realization of a society that is healthy and full of hope, and which is close-knit to the life stages of many people pivoting around Kampo!



China Business Vision

March 29, 2022



Contribute to the health of China's citizens



Stable procurement/supply of raw material crude drugs



Quality; technology & experience



中国平安 PING AN

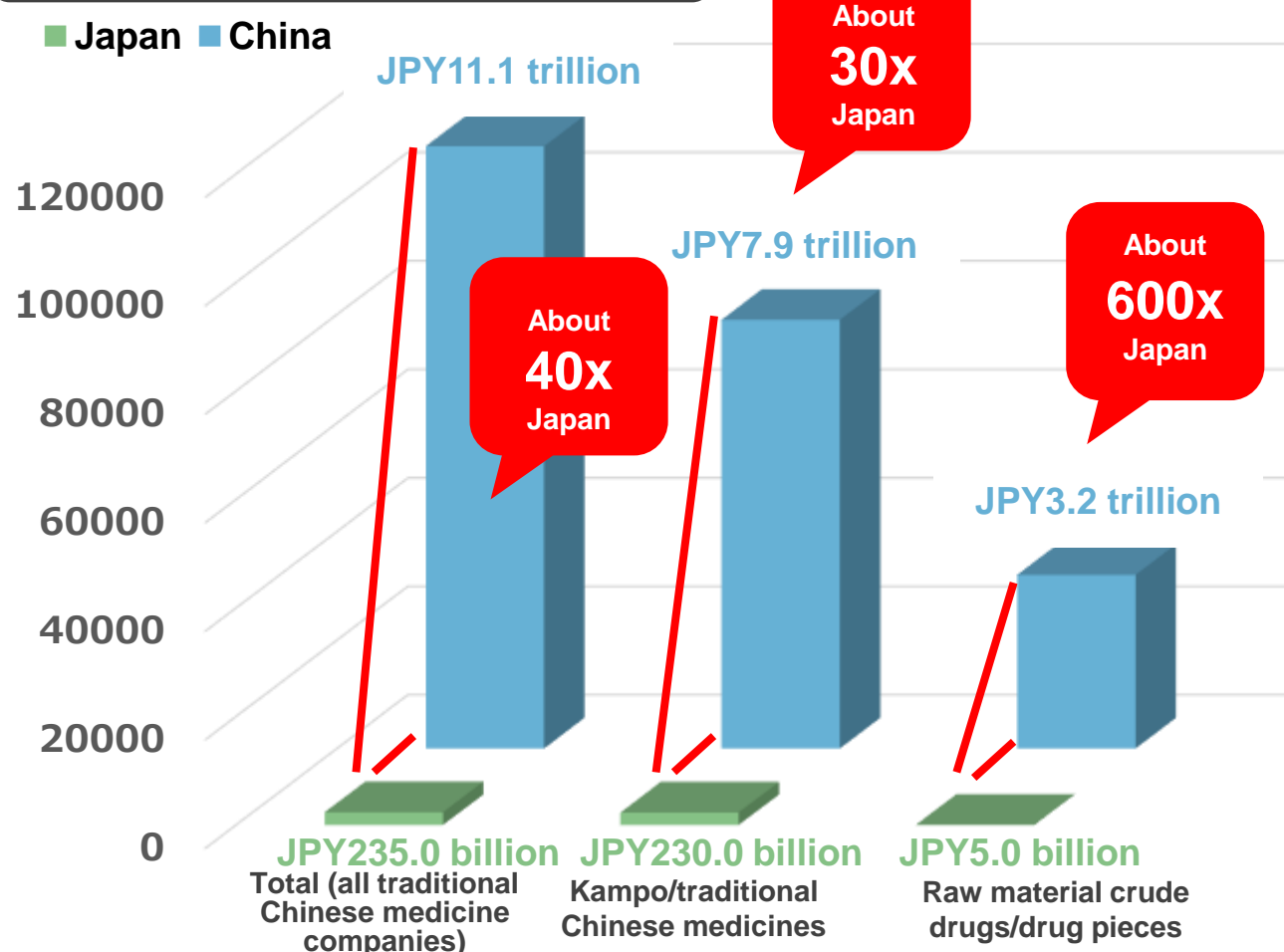
**Finance; comprehensive IT strength,
Scale and recognition**



Scale of and Opportunities in the Traditional Chinese Medicine Market

The traditional Chinese medicine market is large. Aim to further develop this market through changes to healthcare policies and the awareness of citizens in China

Market scale comparison (FY2020)



Healthcare policy trends

In January 2022, the government of China announced the **14th Five-Year Plan for China's Pharmaceutical Industry**

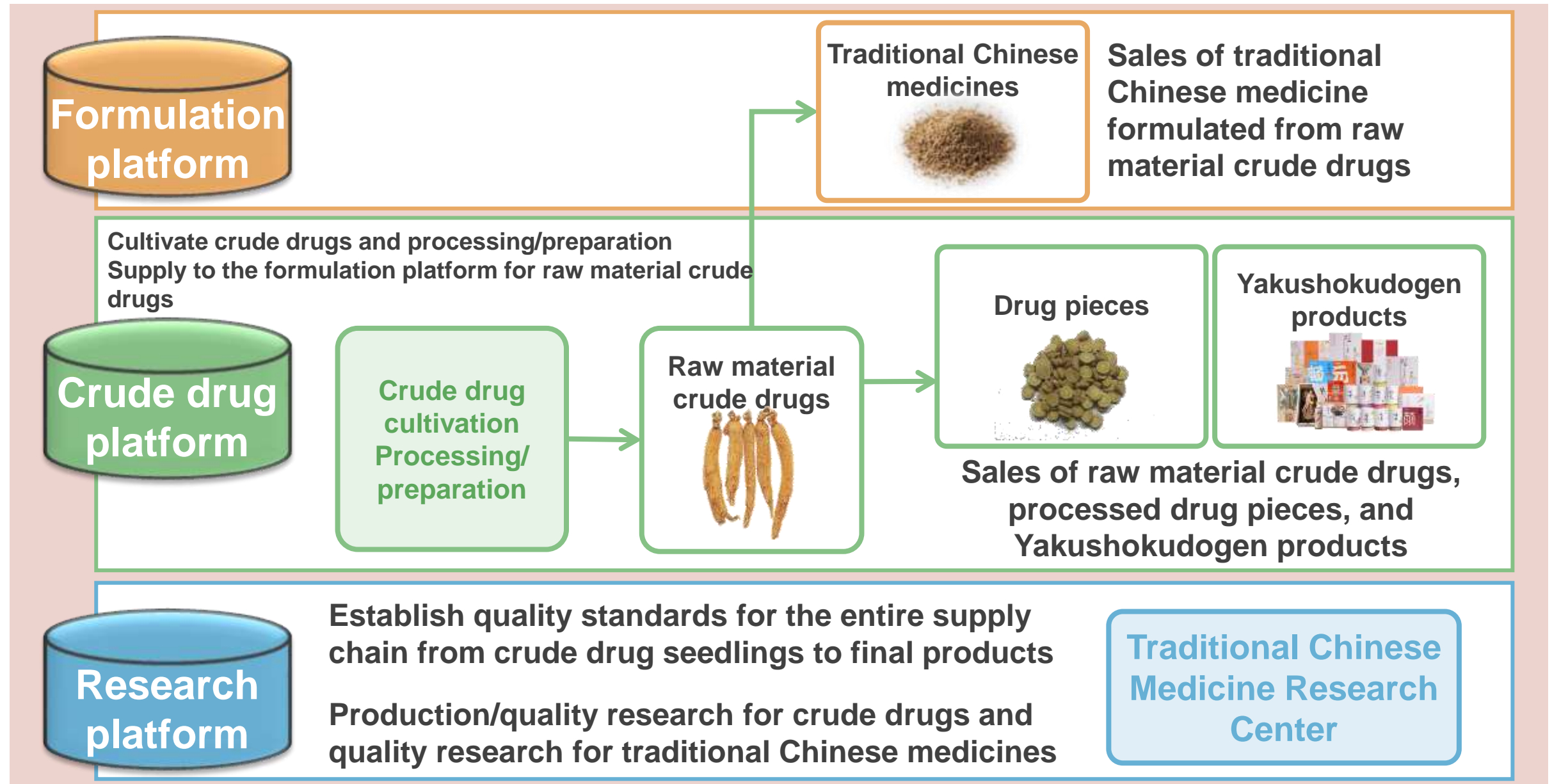
- ◆ Innovations in traditional Chinese medicine: Implement R&D for formulations based on classical prescriptions
- ◆ Enhance quality of traditional Chinese medicines: Includes fortification of a traceability system

Change in awareness among citizens and industry

- ◆ Improve health consciousness and recognition of traditional Chinese medicines thanks to COVID-19
- ◆ Curb prices of pharmaceuticals covered by health insurance (expand centralized purchasing system)
- ◆ Increase in policy subscribers owing to OTC needs and for voluntary insurance (commercial insurances)

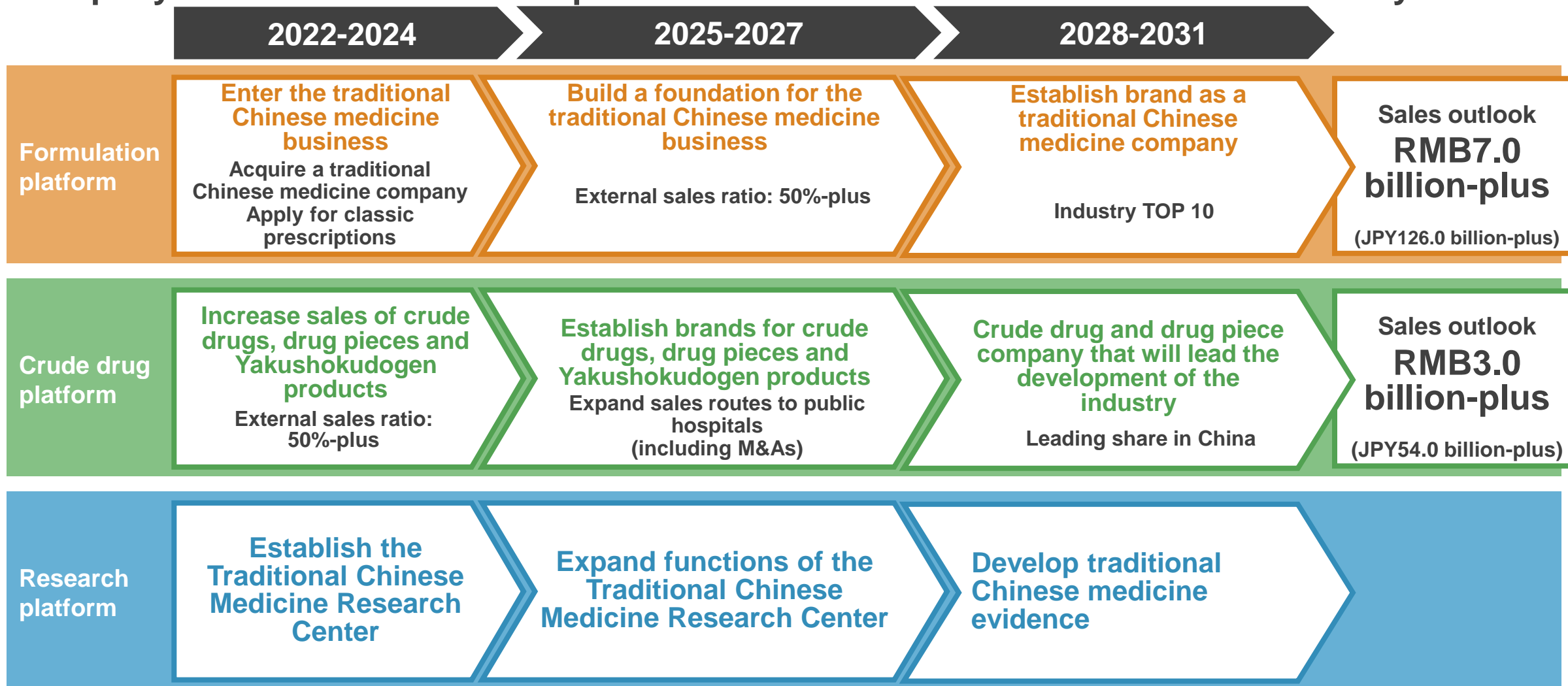
*Prepared by Tsumura based on data from the National Bureau of Statistics of China, Japan Kampo Medicine Manufacturers Association (JKMA) and IQVIA; *Kampo formulations in Japan include OTCs; Exchange rate: 1RBM = JPY18 (current as of the end of December 2021)

Three Platforms in the China Business



China Business Milestones

Aim to achieve an overseas sales ratio of 50%-plus to become a traditional Chinese medicine company that will lead the development of the traditional Chinese medicine industry



*Exchange rate: 1RBM = JPY18 (current as of the end of December 2021)

The target is classical prescriptions, a mountain of treasure. We aim to contribute to the health and medical care of the citizens of China by stably supplying products that are safe, homogeneous and effective

【Opportunities and strengths】

- ✓ **The government of China is developing and popularizing classical prescriptions**
- ✓ **Classical prescriptions resemble Tsumura's Kampo formulations. They can be achieved by utilizing knowhow, including Tsumura quality, evidence-building and manufacturing technologies.**

Become a traditional Chinese medicine company trusted in China, mainly for its classical prescriptions that leverages Tsumura's knowhow

Trajectory of the Formulation Platform

- Build a foundation for the formulation platform via M&A deals and by applying for market launches of classical prescriptions
- Establish a brand and expand sales by improving product quality and through evident building

Acquire classical prescriptions

- **M&As with companies possessing classical prescriptions**

Complete by 2024

- **Apply for new market launches**

Select and apply for not-yet-marketed prescriptions and from the 100 formulations for which clinical trial exemption has already been announced

Improve quality

- Guarantee **safety, homogeneity and efficacy** with Tsumura's quality management system
- **Evidence-building** for products

Expand sales, mainly centering on OTCs

- Strengthen collaborations with **Web medical exam platform**
- Cultivate channels for **commercial insurance**



**CEO, Ping An Tsumura
Medicine Co., Ltd.**

CEO Gang Li

Career

- Possesses experience as top management at a famous state-operated pharmaceutical company.
- Abundant experience in the crude drug business
- For many years, has poured energies into stably securing crude drugs and improving quality through the cultivation and research of crude drugs.
- Launched former China Medico Technology in 2011 (present-day Ping An Tsumura Medicine Co., Ltd.) and is nurturing the company to become No. 1 in overseas export volume.
- Promoting the China Business, as the person responsible for Ping An Tsumura Medicine, as well as Shenzhen Tsumura Medicine.

Growth into an international, top-level traditional Chinese medicine healthcare company that leads the industry via the stable supply and branding of high-quality crude drugs, drug pieces and Yakushokudogen products

Opportunities

【Government/traditional Chinese medicine industry】

- Strengthen level of quality and traceability management

【Market/customers】

- The market of drug pieces is worth RMB178.2 billion (approx. JPY3.2 trillion)
- The Pharmacopoeia of the PRC is even stricter and the direction it is taking is to sell at prices commensurate with high quality
- Improve the health awareness and purchasing power of Chinese citizens
- Further improve trust in traditional Chinese medicines by Chinese citizens owing to the impact of COVID-19

Advantages

- A superior **crude drug production supply chain with a GACP management system** that is not possessed by rivals
- Large-scale cultivation at cultivation bases
- Competitive, **superior items**
- **Quality management** that is top-level in the industry (personnel/test facilities)
- Certain degree of **name recognition** of China Medico and crude drug pieces* (*China Medico brand)
- **Industry leader** in export volume (Japan, Taiwan, US and Europe)



Grow into a Chinese medicine healthcare company that leads industry development

Trajectory of the Crude Drug Platform

- Solidify the business infrastructure and expand sales by leveraging the advantages of the quality control system
- Pour energies into expanding, especially of drug pieces, by creating high added-value through drug piece services

Raw material crude drugs

Leading company in the crude drug industry

Enhance superior items

- ◆ Ginseng
 - No. 1 ginseng brand in China
- ◆ Expand other superior items
- ◆ Fortify GACP management
- ◆ Be a leader in industry standards

Drug pieces

**Strengthen crude drug piece brand
Major supplier in the online medical care platform**

Provide drug piece services by expanding sales routes via M&A

- ◆ Expand sales routes online and to public hospitals
- ◆ Strengthen priority items
- ◆ Grow sales at Ping An Healthcare

Yakushokudogen products

Develop and sell products, and build a brand

Develop products with high added value and technical barriers

- ◆ Development: Develop superior raw materials and high value-added products
- ◆ Sales routes: Expand sales routes via the Ping An Insurance Group and cultivate other sales routes
- ◆ Brand: Create a brand that is trusted by consumers

Trajectory of the Crude Drug Platform (Drug Pieces)

Expand sales via drug piece services

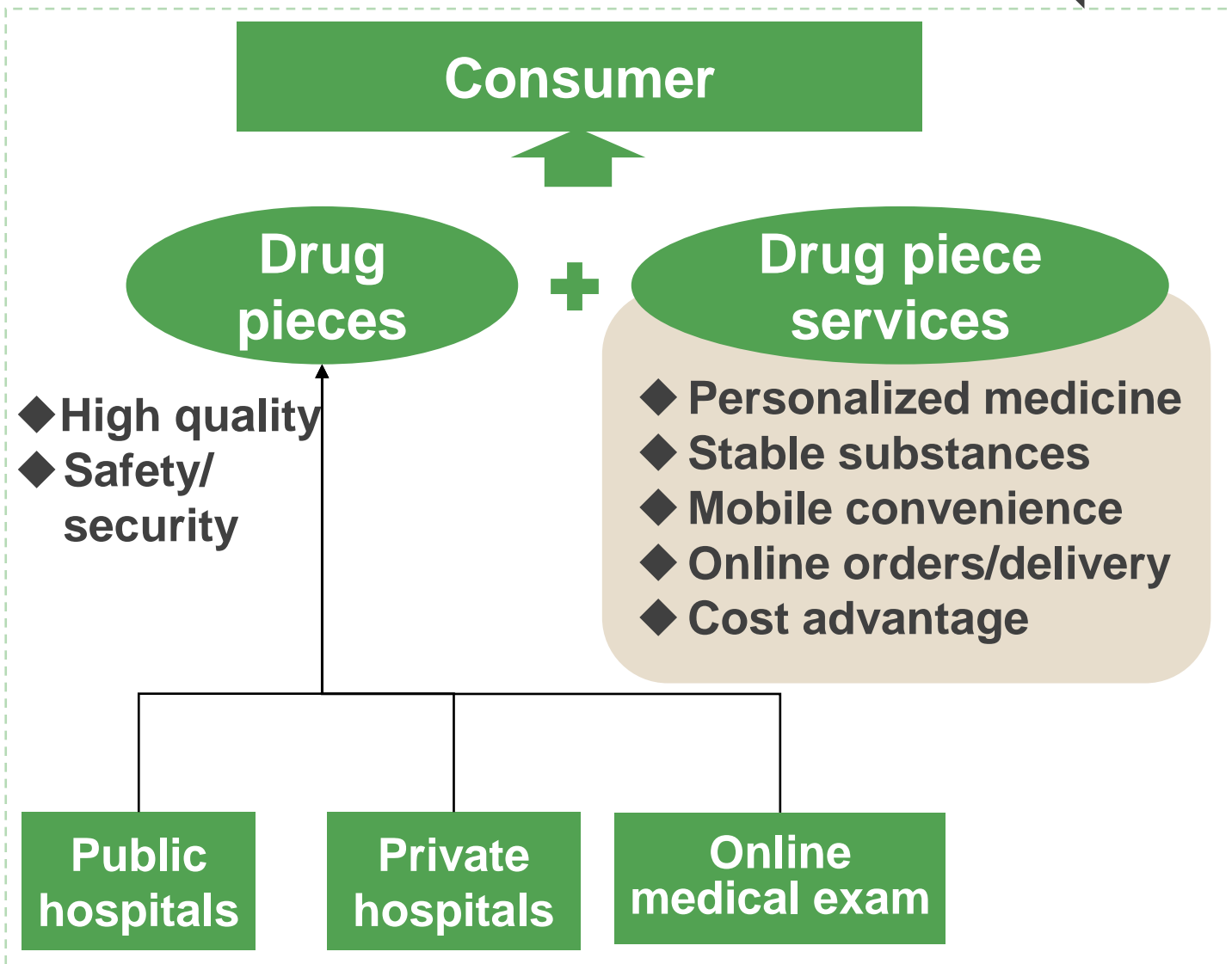


Expansion via M&A

Forecasting M&A deals with 2 companies gradually

【M&A criteria】

- ◆ Same quality philosophy
- ◆ Key sales routes are through public hospitals and online
- ◆ Place emphasis on the Beijing/Tianjin regions, Pearl River Delta region, and the Yangtze River Delta region



Consumer

Drug pieces

Drug piece services

- ◆ High quality
- ◆ Safety/security

- ◆ Personalized medicine
- ◆ Stable substances
- ◆ Mobile convenience
- ◆ Online orders/delivery
- ◆ Cost advantage

Public hospitals

Private hospitals

Online medical exam

Become a presence that leads the traditional Chinese medicine industry by standardizing quality and solving issues

→ Support the earning of trust and improvement of brand recognition

《R&D》

- Quality research based on “**EBM**”
- Build a “**quality space**”^{*} spanning crudes drugs to formulations

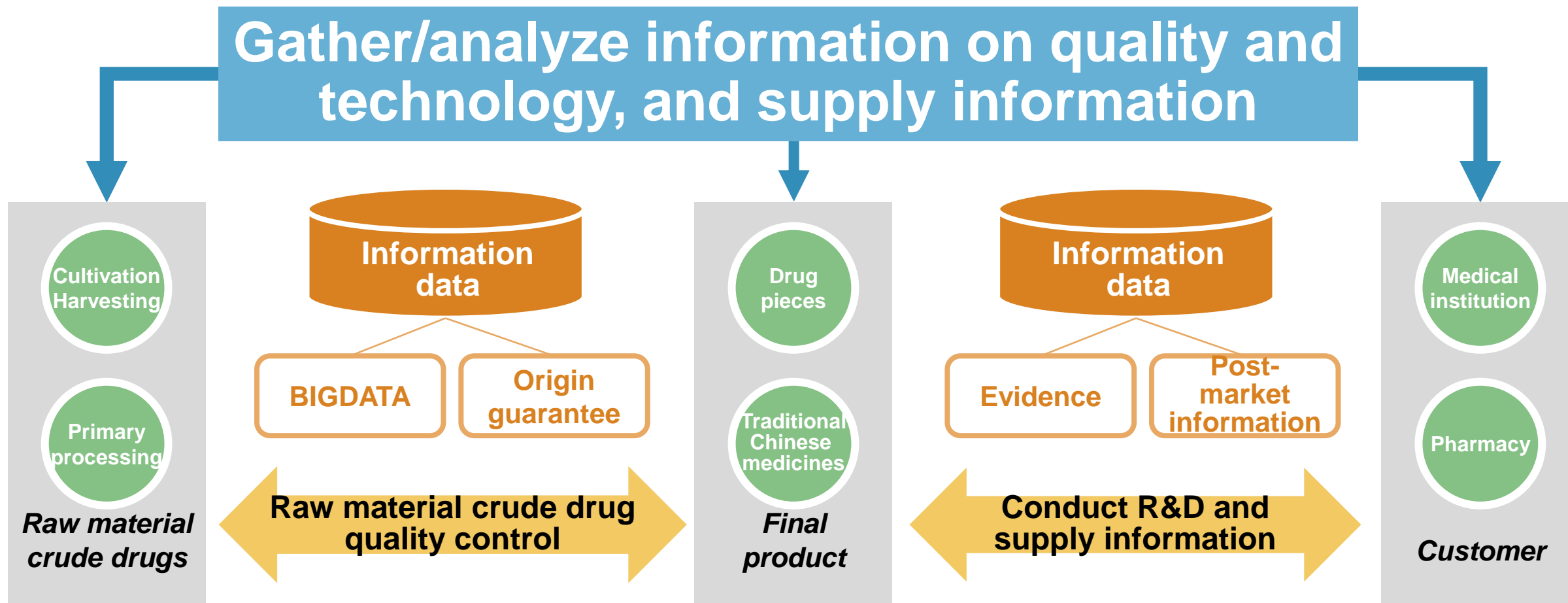


《Analysis/evaluation》

- Create “**yardsticks**” to evaluate the quality of traditional Chinese medicines
- Early detection of quality flaws and provide improvement recommendations

*“Quality space”: Utilize content analysis data for several substances to evaluate quality characteristics in a multi-dimensional space.

Propose traditional Chinese medicine quality standards/quality assessment scale → Improve level of the overall traditional Chinese medicine industry





Assistant General Manager and head of Private Equity, Ping An Insurance (Group) Company of China, Ltd.

Kaipin Kui

Career

- Assistant General Manager and Head of Private Equity at the Overseas Investment platform for Ping An Insurance (Group).
- Research Assistant in the President's Office, at Ping An Insurance (Group) and in charge of investment analysis for the group strategy business, including Ping An Good Doctor.
- Lead the establishment of Ping An Japan Investment in 2015 and Ping An Healthcare Japan in 2019.
- Ping An invested in SHIONOGI & Co., Ltd. in 2020 and launched a joint venture in China.
- Implementing the China Business as a director of Ping An Tsumura.

Summary of the Ping An Insurance (Group)

In 1988, the Ping An Insurance (Group) was established as a private-sector company in Shenzhen. At present, the company has developed into a global-scale, full-line financial group.

Corporate profile (based on FY2021 results)

Name	Ping An Insurance (Group) Company of China, Ltd.
Locations	Shenzhen/Shanghai, China
Chairman	Peter Ma
Business	Insurance, banking, investment
Total assets	RMB10.14 trillion (approx. JPY180 trillion)
Sales	RMB1.18 trillion (approx. JPY20 trillion)
Net profit	RMB101.6 billion (approx. JPY1.8 trillion)
Customers	227 million Ownership ratio of financial instruments at 2 or more companies: 39.3%
Online users	647 million
Employees	Approx. 1.50 million
Ranking	Fortune 500: 16th globally (2nd among financial institutions) Forbes 2000: 6th globally

Tech-related performance

Tech system

- As of December 2021, more than 110,000 IT technicians

Number of patent applications related to Tech

- 38,420 cumulatively
- No. 1 globally in AI patents
- No. 1 globally in FinTech patents
- No. 1 globally in Digital Healthcare patents

Application results

- 84% of customer services is AI compatible; annual number of AI compatible cases was 2.07 billion cases; contributes to annual sales activities of RMB275.8 billion; possesses application results for 2,158 types of operations, including finance, credit cards and insurance products
- Apply to insurance screening for 1,600 types of diseases, improve operating efficiency by around 30%;
Apply to insurance claims for 1,500 types of diseases, improve operating efficiency by 20%
- Sales in the Tech business amount to RMB 99.3 billion, and its business is comprised mainly of Lufax, OneConnect, Ping An Healthcare and Technology and AutoHome



Capital investment

We forecast total investment of RMB880 million, or 44% of registered capital (RMB2.0 billion).



Corporate acquisitions

The private equity investment team always pours energies into the expansion of Ping An Tsumura and provides support for negotiations to acquire traditional Chinese medicine companies. Completed acquisition of Pingcun Zhongying Pharmaceutical in 2019, and of China Medico in 2020.



Sales channels

Conducting sales of traditional Chinese medicine-related products, including Yakushokudogen products and drug pieces, by using Ping An Good Doctor and Ping An Life sales channels. Furthermore, Ping An Life is participating in product development.



Share technologies

Ping An Technology is deploying a research project with Tsumura using image analysis and AI technology, to improve production area management and quality.



Government affiliations

Ping An always provides full-fledged support, including investing in the Chinese companies operated by Tsumura, which is a foreign-owned company, and the establishment of joint ventures, and conducts negotiations with the government on behalf of Tsumura.

1

Support all resources (including capital and sales channels) necessary for the development of the China business

➔ Contribute to the health of China's citizens through the development of this business

2

Support marketing, product development and sales measures that suit consumers in China

➔ Achieve goals in the China business early on

3

Accelerate the development of the China business by utilizing capital markets

➔ Improve corporate value and realize continual development by securing/training talented personnel, building a brand, improving trust, and expanding the product market

Corporate Communications Dept.

IR Group

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PR Group

shuzai@mail.tsumura.co.jp

Cautionary statement regarding forecasts

- The materials and information provided in this presentation contain so-called forward-looking statements. The realization of these statements is impacted by a variety of risks and uncertainties and that actual results could differ significantly. Consequently, be aware that actual results may differ materially from these forecasts.
- In the event of regulatory changes related to healthcare administration, including medical insurance systems and drug prices, and reflecting in changes in interest rates and foreign exchange rates, there is potential impact to the Company's performance or financial position.
- In the event of a termination of sales or a substantial decline in sales of the Company's core products currently on the market due to a defect, an unforeseen side effect or some other factors, it would have a major impact on the Company's performance or financial position.

