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Further growth of the Kampo market by expanding standardization of Kampo treatment and promoting personalized treatment

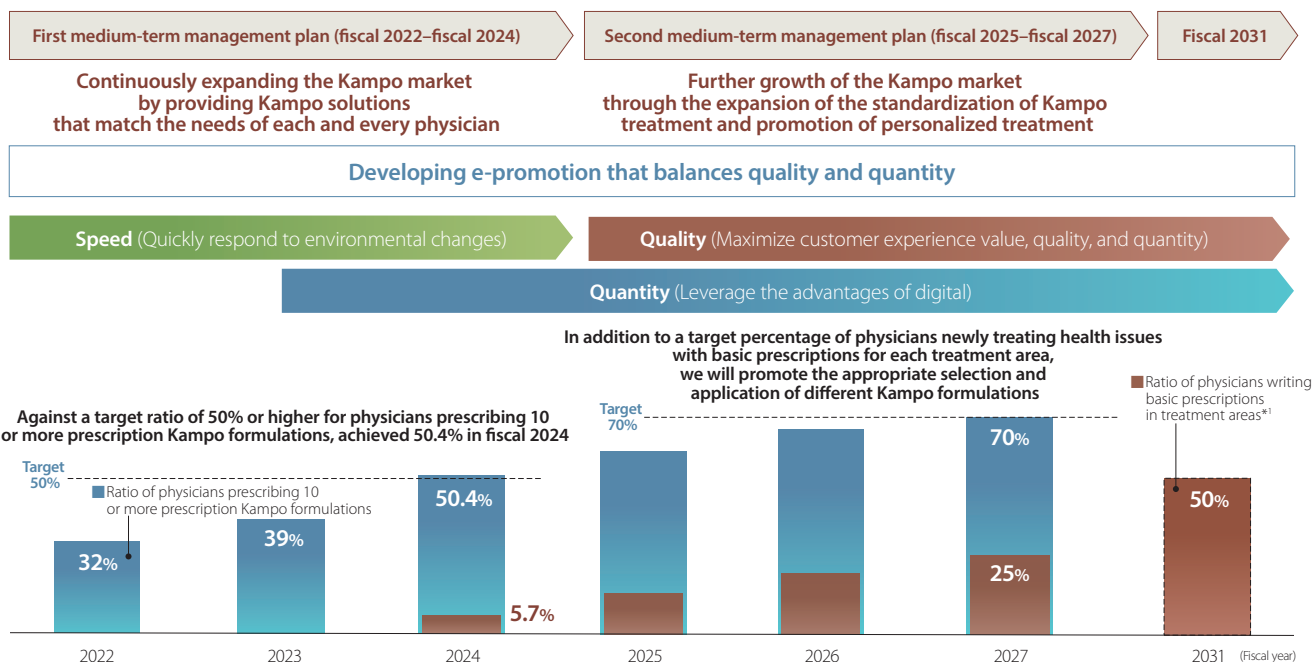
First Medium-Term Management Plan Results and Challenges

Our vision for the prescription Kampo business in Japan is realizing a situation where patients can receive Kampo treatment suited to them individually, regardless of the medical institution or clinical department. Under the first medium-term management plan, we worked on the theme of continuously expanding the Kampo market by providing Kampo solutions that match the needs of each and every physician. As a qualitative target, we aimed to have around half of the approximately 320,000 physicians in Japan prescribe 10 or more Kampo formulations based on Kampo medicine. To this end, we have expanded our TSUMURA MEDICAL SITE for medical professionals, and we have increased the speed and volume of information provision through e-promotion using digital technology and hybrid promotions with MR activities. As a result, we have been able to supply new information to physicians whom we have not been able to reach with

information previously, and established an environment that enables physicians to obtain the information they need, when they need it, and by the means they require. In this way, at the end of fiscal 2024, 50% or more of all clinical physicians in Japan prescribed 10 or more Kampo formulations.

While expanding membership on the TSUMURA MEDICAL SITE has shown a certain impact, the issue now is how to further expand membership and sustain engagement through continuous improvements. Moreover, while we have increased the volume of information provided by more than 1.5 times over the past three years through e-promotion, currently we consider real-world consultation with MRs to be the most effective way to respond to individual issues as demanded by physicians. To maximize opportunities arising with real-world consultations, we believe it is necessary to further increase the volume and quality of information provided digitally.

Road Map to Realizing the Long-Term Management Vision



*1 Prescriptions that are indicated for diseases or symptoms that have large numbers of patients in each treatment area, set independently by the Company

Priority Measures for the Second Medium-Term Management Plan

In Japan, the increase in dementia and heart failure patients due to the aging population is becoming a social issue. Moreover, with advances in cancer treatment, the mortality rate is decreasing, leading to an increase in cancer survivors who are currently in treatment or under observation, highlighting the importance of supporting their reintegration into society and the workplace. Furthermore, the number of women in the workforce has been increasing every year, and women now account for about 45% of all workers. On the other hand, various conditions and symptoms specific to women—such as prolonged health problems caused by autonomic nervous system disorders or hormonal imbalances—are resulting in substantial social losses.

The Tsumura Group aims to create shared value with society by finding Kampo solutions to these pressing social issues in Japan together with medical professionals.

Currently, around 5.7% of physicians write basic prescriptions for each treatment area based on Kampo medicine; however, by the end of the second medium-term management plan, in fiscal 2027, we aim to increase this to 25%, with the overall aim of realizing 50% by fiscal 2031, alongside a goal of 70% for physicians who prescribe 10 or more Kampo formulations.

Transform Information Provision System with a Data-Driven Approach

To increase the experience value of the estimated 340,000*2 clinical physicians in Japan, we aim to expand the number of physicians to whom we provide information, and provide information with different content, channels, and timing

Examples of Basic Prescriptions for Treatment Areas

Treatment area	Number of basic prescriptions	Main prescriptions
General medicine	25	<ul style="list-style-type: none"> · Hochuekkito · Yokukansan · Daikenchuto · Goshajinkigan · Ninjin'yoeito · Kamikihito, etc.
Cardiovascular health	13	<ul style="list-style-type: none"> · Saikokaryukotsuboreito · Hangekobokuto · Goreisan, etc.
Obstetrics and gynecology	16	<ul style="list-style-type: none"> · Tokisyakuyakusan · Kamishoyosan · Keishibukuryogan · Kamikihito, etc.
Cancer	12	<ul style="list-style-type: none"> · Hangeshashinto · Hochuekkito · Rikkunshito · Daikenchuto · Ninjin'yoeito, etc.

based on physician characteristics. Specifically, to build trust with medical professionals, we will analyze actual sales data and information received from MR activities along with digital logs from our membership-based website and so forth to understand physicians' individual needs in greater depth, and provide optimal information through channels such as the TSUMURA MEDICAL SITE and email. We will also transform MR activities with a data-driven approach, such as using AI to propose recommended activities to MRs.

*2 Source: Ministry of Health, Labour and Welfare, "Statistics of Physicians, Dentists and Pharmacists, 2022"

E-Promotion

Aiming to Provide High-Quality Kampo Information Required by Physicians through Digital Channels

As Tsumura moves to strengthen e-promotion even further, we will focus particularly on inside sales aimed at providing information tailored more closely to individual physician's needs. Our inside sales activities emphasize two-way communication with physicians, and consist mainly of a Kampo Connector function that uses a messaging tool to connect physicians to Kampo information and a Kampo Online MR function that provides in-depth Kampo information to meet

Kuniko Nishikawa

Section Leader,
Kampo Digital Communication Promotion Section,
Kampo DX Promotion Department,
Sales & Marketing Division



physicians' needs via online consultation. Although it is still in development, the Kampo Online MR function has seen a growing number of online consultations, and in fiscal 2025, we aim to achieve a 2.5-fold increase from the previous fiscal year. Looking ahead, we aim to build a system that can provide high-quality Kampo information not only through face-to-face consultations, but at any time or place through the internet.

2

Creation of new value through KAMPOmics®, market development of evidence-based “three preventive measures for pre-symptomatic diseases,” and the challenge of globalizing Kampo medicine

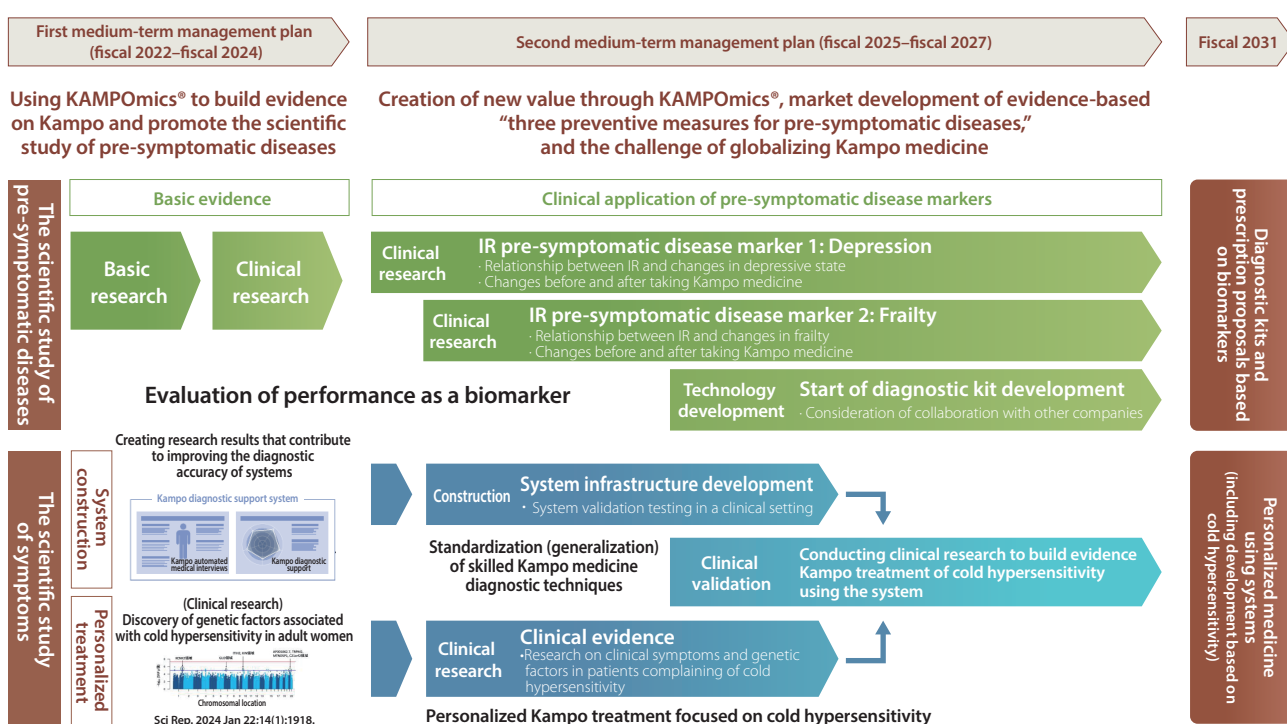
First Medium-Term Management Plan Results and Challenges

In its research activities, Tsumura has been gathering evidence for the efficacy and safety of Kampo formulations, while focusing on expanding the number of write-ups in treatment guidelines and raising the recommendation level with the aim of increasing the opportunities for their selection as standard treatments. With the aim of improving the quality of evidence, in the first medium-term management plan, we set a target of 130 new treatment guideline listings of Type B and above. However, due in part to the impact of COVID-19, the final result was 103. We are working on continuous evidence-creation activities that contribute to expanding evidence-based standard Kampo treatments in accordance with treatment guidelines.

In the personalized medicine area, we conducted research into biomarkers through KAMPOmics®, and worked on the development of an AI Kampo diagnostic support system using DX solutions. During the first medium-term

management plan, in our research results on pre-symptomatic diseases, a joint study with Kitasato University uncovered the potential for intron retention (IR) as a powerful marker for depressive disorder through analysis of IR using hemoglobin from subjects reporting mild depressive symptoms. Furthermore, in joint research with Keio University's School of Medicine and others, we conducted a comprehensive genome analysis regarding self-reported cold hypersensitivity, and discovered hereditary factors with the potential to cause this condition. These research results also have strong significance for clarifying the mechanism by which Kampo medicine is effective against cold hypersensitivity. Through this research, we aim to establish diagnostic methods for the scientific study of pre-symptomatic diseases, and to build evidence for the efficacy of Kampo treatment to promote its social implementation.

Road Map to Realizing the Long-Term Management Vision



Priority Measures for the Second Medium-Term Management Plan

Tsumura is working strategically to create the next generation of treatments utilizing the strengths of Kampo treatment in terms of pre-symptomatic diseases and personalized medicine, using a scientific approach. The heart of this initiative is Tsumura's proprietary research package, KAMPOmics®.

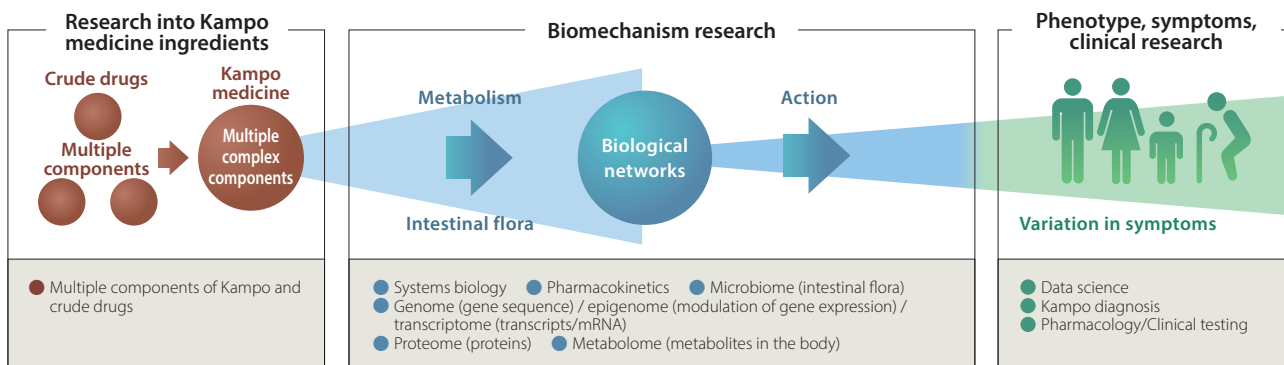
KAMPOmics® is a platform combining cutting-edge science, such as metabiome analysis, transcriptome analysis, intestinal flora analysis, and systems biology, to enable the systemization and elucidation of the mechanisms of Kampo medicines acting through multiple components and multiple targets.

For the scientific study of pre-symptomatic diseases, under the second medium-term management plan, we will promote clinical research based on the results of foundational research undertaken so far. Specifically, we will build a scheme for a service to improve pre-symptomatic disease using pre-symptomatic disease markers by collecting case information of treatment of pre-symptomatic diseases in clinical settings with Kampo formulations, and working collaboratively to enable practical use of diagnostic kits.

In efforts to establish the scientific study of symptoms, we will combine promotion of Kampo diagnostic support system development with the creation of evidence for Kampo treatment of cold hypersensitivity, to promote the development of support systems for Kampo treatment from constitution diagnosis.

Through the scientific study of pre-symptomatic diseases and the creation of personalized Kampo treatments, centered on KAMPOmics®, we aim to build a new healthcare model, personalized to cater to each individual, that comprehensively covers all stages from pre-symptomatic disease to treatment. With these technological developments, there is significant room for growth not only in medical settings, but also in both the healthcare domain and the overseas market due to rising interest in health. In the second medium-term management plan, we will take a definite step toward social implementation through the advancement of clinical research, aiming to achieve sustainable growth and increase our corporate value.

Using KAMPOmics® Technologies



KAMPOmics®

From our new research and development site, we will accelerate our challenge to realize treatment for pre-symptomatic diseases and personalized medicine

At Tsumura Advanced Technology Research Laboratories, KAMPOmics® technology has played a central role in our work to visualize pre-symptomatic disease, verify the efficacy of Kampo medicine, and promote research into personalized medicine. Using biomarkers, we assess microscopic changes in the body at the pre-symptomatic stage of disease, and by providing a Kampo medicine intervention based on the individual's constitution and lifestyle, we aim to develop new possibilities in Kampo treatments.

As we advance these initiatives to a deeper level, the research environment is also experiencing change.

Noriko Kaifuchi

Head of Pre-Symptomatic Disease R&D Department,
Tsumura Advanced Technology Research Laboratories,
Research & Development Division



From fiscal 2025, some of the pre-symptomatic disease research functions will be set up in Kashiwa-no-ha Smart City, where we will proceed to build a more practical research and development structure in an environment equipped with state-of-the-art digital infrastructure and demonstration fields. Making use of the advantages of the location, which fuses urban functions with lifestyle data, we will further strengthen our links with industrial, academic, and government research institutions, and accelerate our challenge to establish the scientific study of pre-symptomatic disease and personalized medicine.

3

Entering the traditional Chinese medicinal products business in China, developing value-added services for drug pieces, and establishing a research and development system for traditional Chinese medicines

First Medium-Term Management Plan Results and Challenges

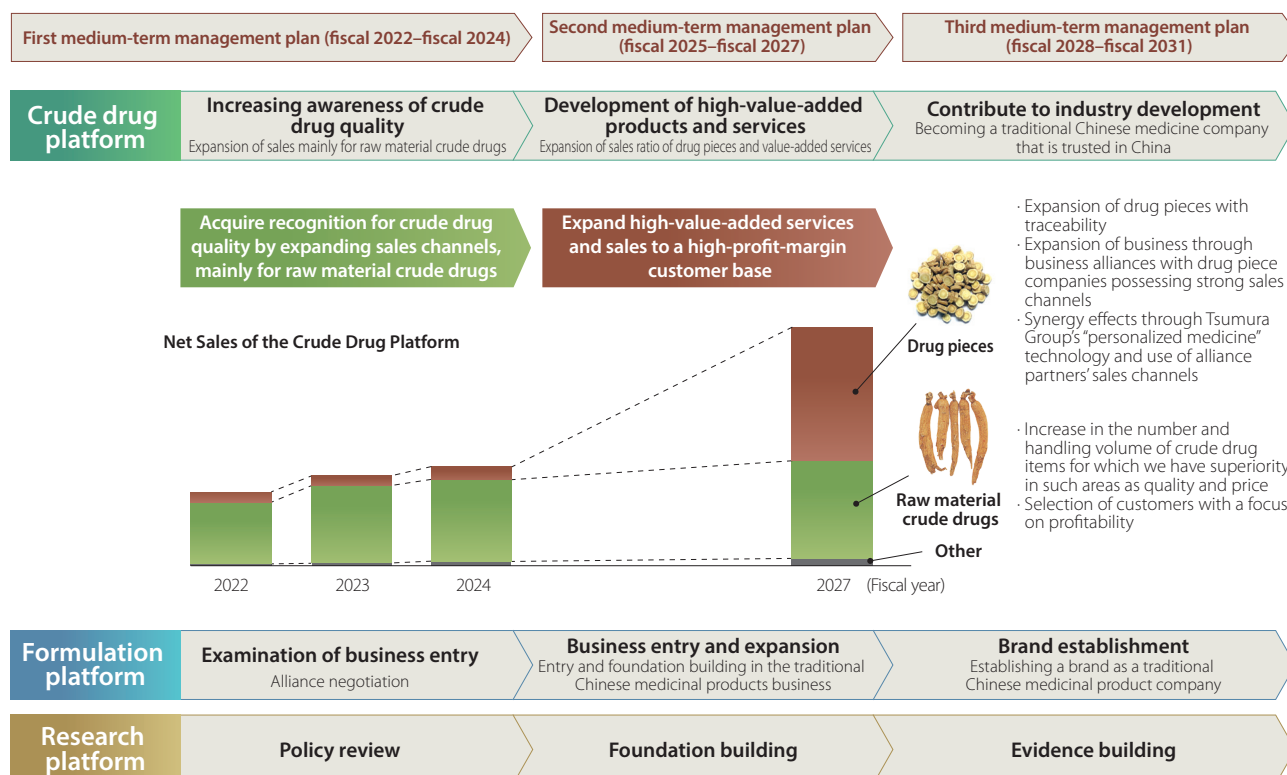
For the crude drug platform, the period of the first medium-term management plan was positioned as a stage for aiming to win recognition of quality of the Tsumura Group's crude drugs. During this period, we worked to expand the number of customers and handling volume, mainly for raw material crude drugs, and promoted activities targeting net sales CAGR of 30%. As a result, net sales for fiscal 2024 reached 20.6 billion yen, and net sales CAGR was broadly at the level we had planned.

Breaking down the crude drug platform by product, for raw material crude drugs, sales expanded, mainly to customers who recognized the value of quality, and results surpassed the initial plan. On the other hand, for drug pieces, our main initiative was the expansion of sales through cooperation with an online shopping channel operated by Ping An Insurance

(Group) Company. However, with the impact of a change in business policy, the Company required time to review the direction of its sales strategy for drug pieces, leading results to fall somewhat short of the plan.

In the formulation platform, we positioned the first medium-term management plan as a stage for aiming to build a foundation by entering the traditional Chinese medicinal products business. We made some progress on alliance negotiations with traditional Chinese medicine companies, but these have not yet reached the stage of starting business. Based on these precedents, we continuously entered discussions towards forming alliances with other Chinese medicine companies, but these did not reach the foundation-building stage during the first medium-term management plan period.

Road Map to Realizing the Long-Term Management Vision



Priority Measures for the Second Medium-Term Management Plan

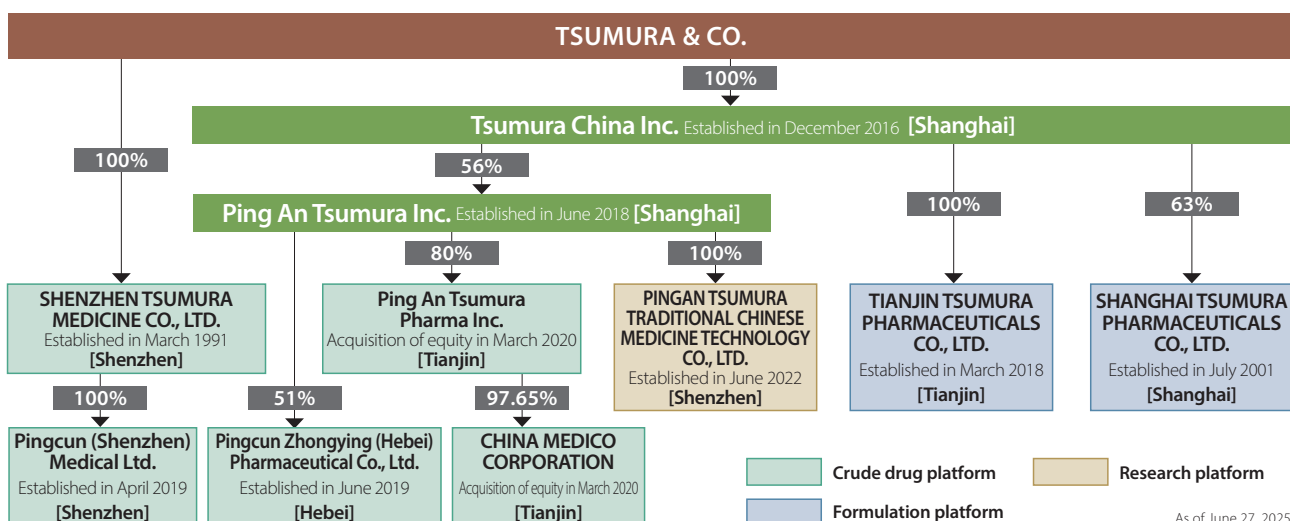
In our crude drug platform, we acquired an equity holding in Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd. ("Hongqiao Drug Pieces"). Hongqiao Drug Pieces is a leading drug piece company in the Shanghai market. We will use the marketing capabilities of Hongqiao Drug Pieces as a foundation for leveraging Tsumura's expertise and experience, including drug pieces processed from raw material crude drugs with ensured traceability, evidence-building research, and "personalized medicine" manufacturing technologies. In this way, we will establish our brand as a drug piece company and expand our business by increasing and visualizing the quality of drug pieces and increasing convenience for patients. Through these efforts, we aim to lift the sales ratio of drug pieces on the crude drug platform from around 12% at the

end of fiscal 2024 to 50% or higher by the end of fiscal 2027, with the aim of increasing profitability. We aim to achieve net sales of approximately 50.0 billion yen as an indicator for business scale for fiscal 2027.

For the formulation platform, entering the traditional Chinese medicine business and building a foundation is a key theme, and we will continue promoting alliance negotiations with traditional Chinese medicine companies.

Moreover, in our research platform, we will work to formulate a quality standard in our Kampo value chain at the ICH level, the global standard for pharmaceuticals. We will proceed to build a foundation with the aim of being a research institution that develops and markets traditional Chinese medicinal products that meet this quality standard.

Capital Relationships of Major Group Companies in China



Expectations from People Outside the Company

Expecting a social contribution through the stable supply of high-quality crude drugs and business activities

Pingxintang is a traditional Chinese medicine clinic whose mission is to build trust by placing sincerity at the heart of its business activities, and taking a meticulous approach. We deal only with trusted companies in the procurement of raw material crude drugs for the traditional Chinese medicines that we use for treatment and conduct quality screening based on our own strict protocols. CHINA MEDICO CORPORATION is an important supplier. Guided by its philosophy of providing truly premium crude drugs to Chinese customers, it operates extensive cultivation locations managed under GACP guidelines throughout

Amy Liu

Director, Beijing Pingxintang Traditional Chinese Medicine Clinic, Beijing Pingxintang Traditional Chinese Medicine Clinic Co., Ltd.



China, with a unified standard covering seedlings, soil improvement, and field cultivation management. In this way, CHINA MEDICO provides high-quality crude drugs that patients can use with confidence.

I have high expectations that CHINA MEDICO will expand the volume of high-quality crude drug provision while also contributing to society through its business activities, such as establishing cultivation sites in poor areas where they will create employment and revitalize communities.

4

Establishing stable supply and low-cost operations and improving product value through DX of the Kampo value chain aiming to create the best customer experience value

First Medium-Term Management Plan Results and Challenges

During the first medium-term management plan, shipment limitations continued, and we made large-scale capital investments aimed at increasing production capacity in Japan and overseas in order to ensure a stable supply system. At the same time, we strove to effectively reduce manufacturing costs through the introduction of cutting-edge technologies. In reforming the Kampo value chain, we achieved automation and labor savings by developing and introducing an AI-based automated sorting machine for crude drugs, and realized streamlining of the supply chain through the development and introduction of a planning system for compounding crude drugs.

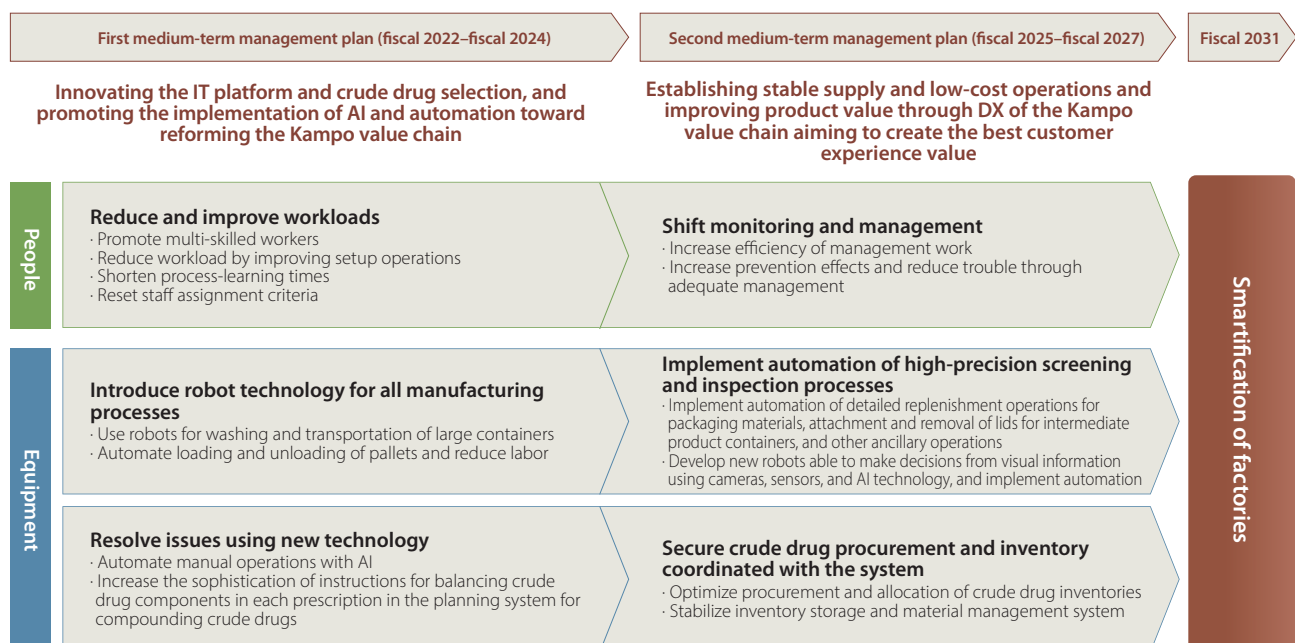
The AI-based automated sorting machine has a proprietary algorithm developed through AI machine learning using image data of crude drugs to cope with their complex shapes. It has been introduced at the Ishioka Center and at YUBARI TSUMURA CO., LTD. Going forward, we plan to introduce the technology at our overseas sites and to extend the range of target crude drug items.

In the manufacturing process, we have been introducing robots and automation at every step, but automation of ancillary operations proved to be a challenge. To address this, we developed basic functional technologies for automating the attachment and removal of lids on stainless steel containers holding extract granules by using robot arms. Under the second medium-term management plan, this technology will be implemented in our production lines.

The planning system for compounding crude drugs has already been launched. It systematizes the complex and specialized operational processes involved in planning crude drug lots in order to realize a balance of components in accordance with the design for each Kampo formulation prescription.

Going forward, we will expand the system to reform our supply chain, prepare an IT platform for the entire Group, and realize optimal distribution of crude drug, inventories by realizing seamless coordination from sales planning to crude drug cultivation and procurement planning.

Road Map to Realizing the Long-Term Management Vision



Priority Measures for the Second Medium-Term Management Plan

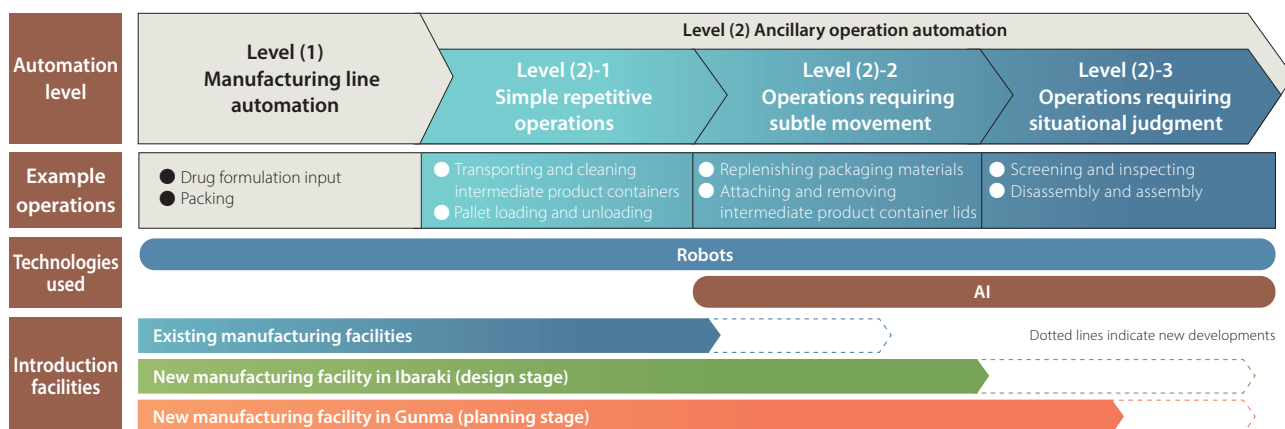
Under the slogan “DX for Purpose,” the Tsumura Group is promoting DX across the entire Kampo value chain with the purpose of “creating the best customer experience value.” To realize this aim, we are promoting digital Kampo solutions, stable supplies with appropriate inventory levels, increased product value, and low-cost operations.

During the second medium-term management plan, we plan to make significant capital investments to ensure a stable supply system. In addition to increasing the capacity of our existing production sites, at new production sites, we plan to replace aging existing production facilities and widen the

scope of process automation as we continue to transition to smart factories.

Screening and inspection of Kampo formulations require situational judgment, so many operations currently require humans to be involved. We are promoting the development of automation for ancillary operations to these processes. We are working to develop and implement automation to replace human work by utilizing new robot technologies, cameras, sensors, and AI, mainly in operations based on visual information. In this way, we aim to realize smart factories and double the productivity of physical labor.

Expanding the Scope of Automation towards Smart Factories



DX Promotion

Bringing production sites into the future with effective use of humanoid robots and data

The Tsumura Group's production lines are different to what some might expect from a venerable Kampo medicine manufacturer. We introduced industrial robots from an early stage, and recently we have promoted efficiency gains through the use of cutting-edge technologies, such as the introduction of an AI-based crude drug selection system. Our frontline expertise in pharmaceutical manufacturing is concentrated into these technologies.

We aim to continuously deliver high-quality Kampo medicines by independently developing technologies that contribute to reducing environmental impact, saving labor, and increasing quality consistency. Currently, we are examining the automation of ancillary operations, such as replenishment of packaging materials, which

requires detailed operations, and attachment and removal of intermediate product container lids, while continuing to prioritize product supply. In our envisaged future for production lines with DX for Purpose as the foundation, the key element is the use of humanoid robots and data. By deploying robots that have the same shape and ability to work in the same operating range as humans, trained on production operation data, we will be able to accelerate automation without changing our existing infrastructure, facilities, and frontline expertise. By effectively incorporating these elements into our large-scale capital investment plan for new facilities and plants, we will realize increased productivity and a stable supply of pharmaceuticals, which will contribute to the creation of the best customer experience value.

Toru Kawakami

Head of the Technology Development
Department, Production Technology
Research & Development Center,
Production Division



5

Improving organization and human capital value by enhancing human capital that contributes to realizing our vision and promoting the development of an organization mechanism analogous to Kampo medicines

First Medium-Term Management Plan Results and Challenges

In its long-term management vision, TSUMURA VISION “Cho-WA” 2031, the Tsumura Group has articulated the concept of potential-abilities development (PAD). Under this concept, we engage in value creation that contributes to our Corporate Purpose and Corporate Philosophy.

During the first medium-term management plan, we stated our vision for the organization as “a group of people who will pave a new way forward and earn the trust of all, as well as a Kampo-inspired harmonious organization operating in the Kampo and Chinese medicine businesses, for which there is no other model in the world.” We put this vision into action by promoting the Corporate Philosophy, nurturing human capabilities, and engaging in coaching and team building.

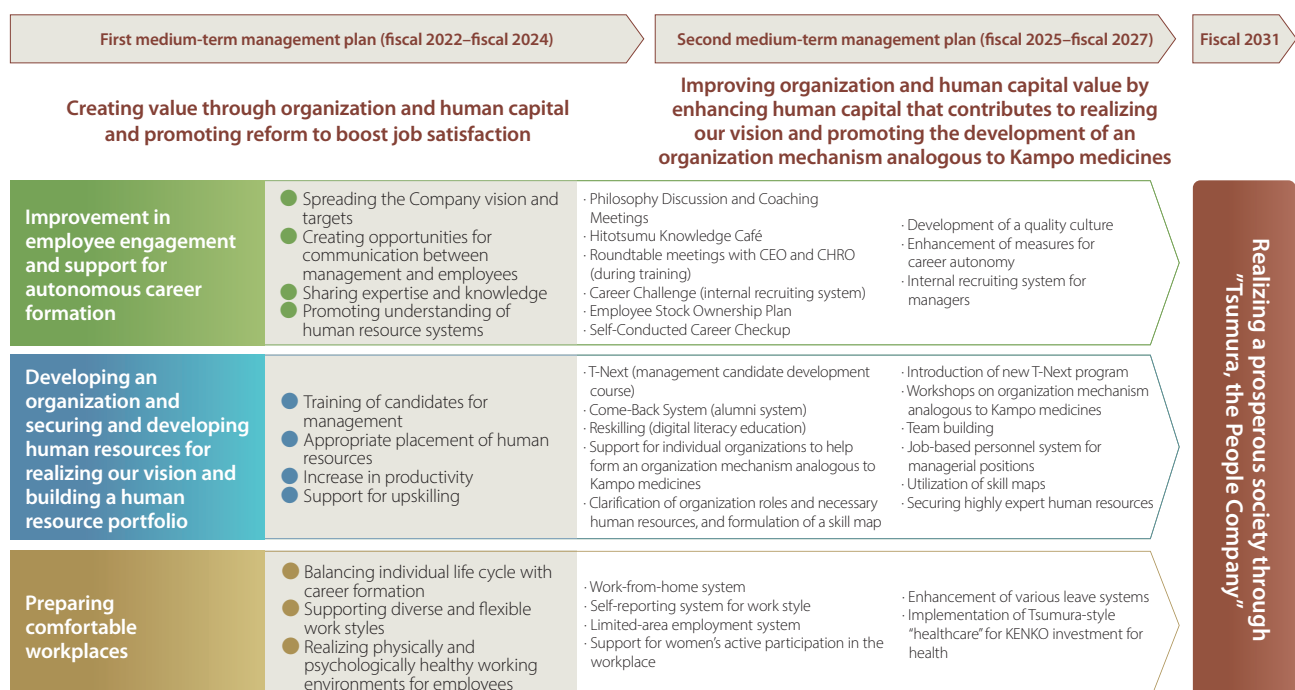
Regarding the Corporate Philosophy survey, which has been conducted since 2017, we have continuously maintained a score of at least 4 out of 5 points.

Furthermore, we developed a corporate culture of dialogue in which our Purpose and Value act as a centripetal force, and promoted initiatives that encourage each employee to strive autonomously to develop their potential abilities and that provide better work environments.

Specifically, referring to the results of our employee engagement survey, we introduced the Career Challenge (internal recruiting system), Self-Conducted Career Checkup, and Employee Stock Ownership Plan (ESOP), among others.

We also established the Organization and Human Capital Policy Committee, which is directly below the Board of Directors, to strengthen organizational functions that promote management and business strategies. In addition, we will accelerate measures that encourage the job satisfaction and motivation of individual employees, while increasing individual capabilities and strengthening organizational capabilities through appropriate placement of human resources.

Road Map to Realizing the Long-Term Management Vision



Priority Measures for the Second Medium-Term Management Plan

To realize our vision based on our Corporate Purpose, it is essential that we develop an organization to perform the necessary functions and secure autonomous human resources able to undertake the necessary functions.

As an initiative to increase the value of our organization capital, in fiscal 2025, we established the Human Resources Division, comprising three departments: the TSUMURA ACADEMY Department, the Organization Development Department, and the Human Resources Department. The newly established Organization Development Department is utilizing methods such as organization development and team building to strengthen cooperation between team members and divisions as it promotes measures to enhance the collective capabilities of the overall organization. We aim to improve the quality of team relations, thinking, and behavior led by the line managers, and ultimately to improve the quality of each team's results. We have formulated a human resource portfolio that clarifies the necessary expertise and skills for each organization, and clarified the vision for the organization.

Our aim in this is to achieve appropriate placement of human resources and maximum results for each organization as a team.

We also introduced a job-based personnel system for managerial positions in fiscal 2025, with the aim of increasing our human capital value. By clearly laying out the skills required for each post and selecting or calling for applications for positions at an early stage, the system encourages employees to take on challenges with a healthy sense of competition and ambition. We will step up our efforts to encourage individuals to take on the challenge of developing their own careers and building skills and capabilities, while aiming to realize an organization in which such individuals can actively participate. We will also focus on improving the working environments by making sure that people can work healthily and safely. In this way, we aim to increase individual job satisfaction and enable people to realize their potential, leading to the growth of people, organizations, and the Company.

Initiatives for Employment of People with Disabilities

The Tsumura Group aims to enable all of its employees to find satisfaction in their work. We are creating a workplace environment and culture that enable people with disabilities to demonstrate their full potential and achieve self-fulfillment. We provide opportunities for all officers and employees to aim to create an organization mechanism analogous to Kampo medicines in its diversity, and deepen their understanding of and consideration for people with disabilities, in order to create a workplace environment where all employees are accepted and respected.

At TSUMURA & CO., we aim to exceed the statutory employment rate for people with disabilities by about 1%, and to create jobs throughout the Kampo value chain so that people with disabilities make up around 7% to 8% of the workforce, equivalent to the percentage in the overall Japanese population. Currently, we are working with partner companies such as TEMIRU FARM in Hokkaido, which is promoting employment for people with disabilities, as an initiative to create jobs in areas such as cultivation of crude drugs. We will expand these partnerships going forward.

Human Resource Portfolio

We will enhance the alignment between our management strategy and our personnel systems and human resource strategies to realize the long-term management vision

Our human resource portfolio is a framework that enables us to appropriately assess and visualize the human resources needed to realize the long-term management vision, not only in terms of surplus and shortfall, which is to say quantity, but also in terms of quality. We have rebuilt the portfolio through substantial discussion with each organization. Looking at the environmental changes that will occur inside and outside the Company going forward, it is essential that we dynamically implement a human resource portfolio to ensure appropriate placement of proactive human resources who fully possess the qualities that align with our management strategy: aspirations and passion, a sense of responsibility,

professionalism, independence, and altruism. In other words, appropriate placement of human resources has become a more important consideration. Along with the Career Challenge (for general employees) and reskilling education that we already have in place, and the job-based personnel system for managerial positions, skill mapping, and internal recruiting system for managers that were introduced in fiscal 2025, we will further promote personnel and human resource measures to enable us to recruit human resources and develop their potential capabilities without being bound by preconceptions.

Kimihiko Senba

Head of the Human
Resources Department,
Human Resources Division

