

Management Strategy

Having created a clear road map by backcasting from our sustainability vision and Long-term management vision, we are steadily promoting strategies.

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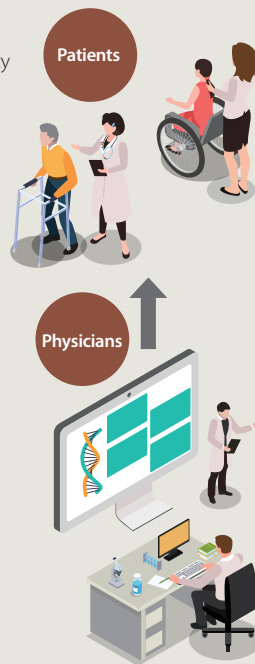
Characteristics of the Kampo Value Chain

Tsumura's CSV

- Creation of shared value with society
- Materiality

Health

- Expansion of access to high-quality pharmaceuticals and products derived from natural substances
- Expansion of the standardization of Kampo treatments and building of evidence
- Initiatives for personalized Kampo treatments through cutting-edge technology
- Contribution to health suitable for each individual's life stage



The Kampo Formulation Value Chain

- Realization of well-balanced mental and physical health
- Responding to medical needs that are difficult to treat with Western medicine
- Treatment that combines Kampo medicine and Western medicine
- Standard treatment with Kampo
- Personalized treatment with Kampo

Characteristics in Figures

Market scale of prescription Kampo formulations

228.0 billion yen

(Tsumura's share: 84.6%)
Reference: Domestic pharmaceutical market: approximately 11.5 trillion yen (Share of Kampo and crude drug formulations: approximately 2%)

Ratios of prescription Kampo formulations administered

Persons aged 65 and over: **52.6%**
Women: **67.0%**

Physicians prescribing Kampo medicines

90% and over

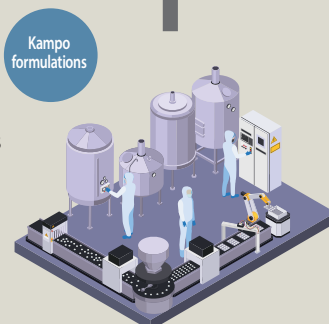
Physicians able to use different Kampo medicines

50.4%

Ratio of physicians prescribing 10 or more prescription Kampo formulations

Science

- Creation of new value through pharmaceuticals and products derived from natural substances
- Sustainable, stable supply of pharmaceutical products such as Kampo formulations, which are traditional pharmaceuticals



- Promotion of Kampo medicine (information provision platform)
- Concentration on areas of high medical needs (seniors, women, cancer)
- Write-ups in treatment guidelines
- Kampo formulations with assured efficacy, safety, and consistency

Sales volume of prescription Kampo formulations

26.46 million boxes

(129 prescriptions)

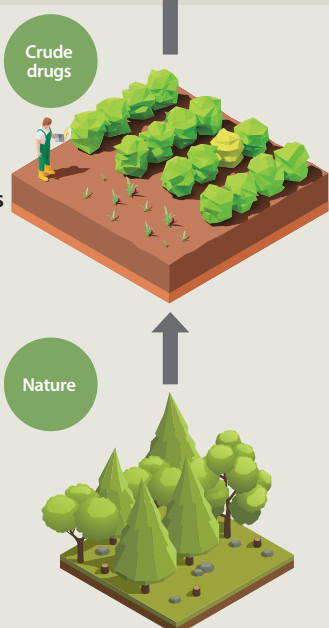
Write-ups in treatment guidelines

161

Number of write-ups in treatment guidelines

Nature

- Sustainable procurement of raw materials
- Recycling use of resources
- Preservation of biodiversity
- Climate change countermeasures



- Domestication of crude drugs
- Stimulation of primary industry in local areas through contract cultivation of crude drugs
- Development of crude drug farmers

Capacity to store crude drugs

China: **64%**
Japan: **35%**
Laos: **1%**

Crude drug cultivation on cultivated land under our own management

85.9%

Percentage of cultivated land under our own management

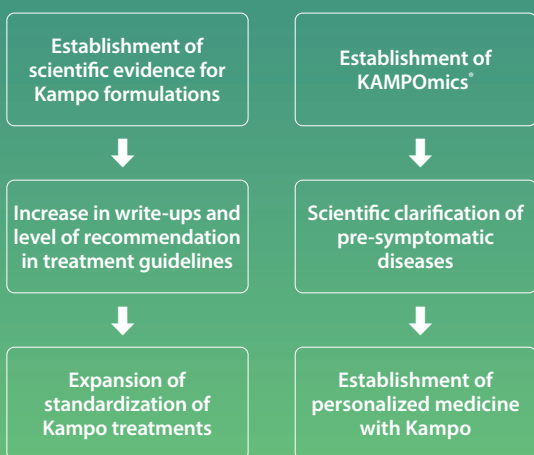
Countries supplying raw material crude drugs

China: approx. **90%**
Japan, Laos, and others: approx. **10%**

Points of Value Creation in the Kampo Value Chain



R&D



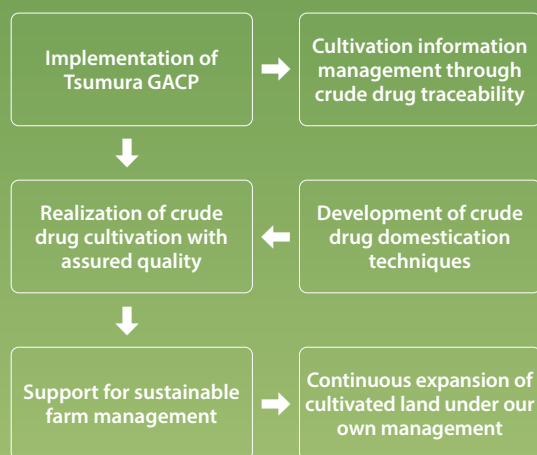
We are engaged in both basic and clinical research aimed at expanding standard Kampo treatments. Moreover, we are working on applied research towards our goals of establishing the most appropriate Kampo treatment for each patient (personalized medicine) and the scientific study of pre-symptomatic diseases.

- Promotion of drug-fostering research focused on accumulating basic and clinical data for diseases in areas of high medical need that have been resistant to new Western drugs and for which prescription Kampo formulations have demonstrated special efficacy
- Contribution to quantitative and qualitative improvement in write-ups in treatment guidelines
- Research for clearly identifying the responders to Kampo medicines (cohorts that show efficacy, “patterns” for Kampo)
- Development of a Kampo diagnostic support system using DX and AI technologies, aiming to establish objectivity for Kampo medical diagnosis
- Research of responder markers*¹ based on KAMPOmics®

*¹ Physiological indexes to differentiate patients who have high potential to show effects in response to treatment (responders)



Cultivation and procurement

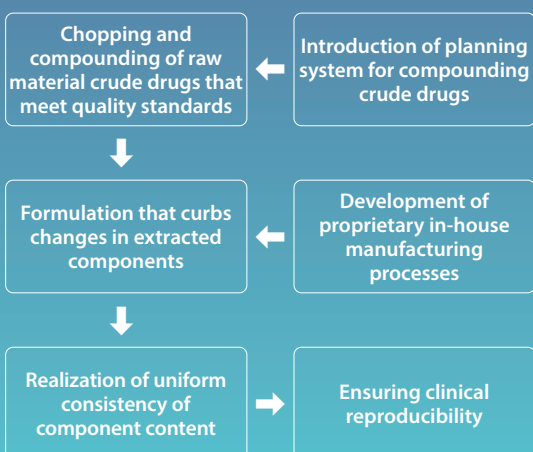


Securing high-quality raw material crude drugs is essential for the manufacture of Kampo formulations. We guarantee crude drug quality and safety by rigorously managing them through GACP, based on the notion that the “quality of Kampo products begins from the growing fields.”

- Quality control through process management from the cultivation of raw material crude drugs to their preparation and processing based on Tsumura Good Agriculture and Collection Practices (GACP) guidelines (Tsumura’s original guidelines that satisfy the GACP guidelines of the World Health Organization)
- Crude drug production standards, crude drug traceability, guidance and audit system for crude drug producers
- Stabilization of quality, volume, and prices of crude drugs by making use of cultivated land under Tsumura’s own management
- Development of multiple countries and areas of cultivation in China, Japan, Laos, and other countries
- Rigorous selection of crude drugs that meet quality standards not only of the Japanese Pharmacopoeia, but also Tsumura’s internal standards



Manufacture

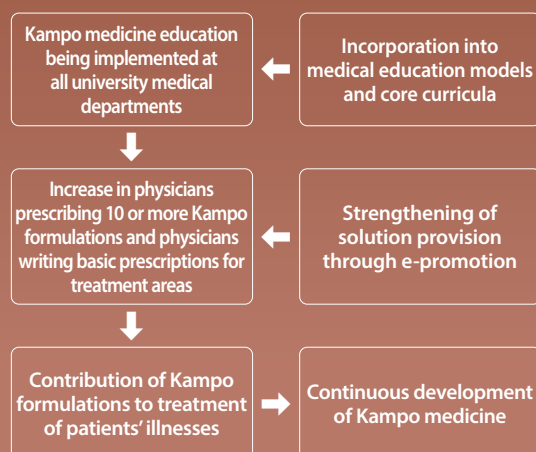


Integrated manufacturing from raw material crude drugs to Kampo formulations is the Tsumura Group's original business model. The Company has accumulated internal knowledge about manufacturing technologies, and has built high-quality, high-efficiency original manufacturing equipment.

- Computer-controlled manufacturing processes in accordance with formulation design for each Kampo formulation (original manufacturing line)
- Automation through introduction of robot technology for all manufacturing processes of prescription Kampo formulations
- Transition to a structure that can produce results with less labor in preparation for future decline of the working population
- Using the planning system for compounding crude drugs, control the balance of crude drug components in each Kampo formulation
- Conducting quality testing in each process and for all lots and accumulating data to achieve a formulation that secures uniformity with continuous, stable quality



Sale, education, and popularization



We are promoting activities that will contribute to the realization of a medical setting where all patients can receive Kampo treatment suited to them individually, regardless of the medical institution or clinical department.

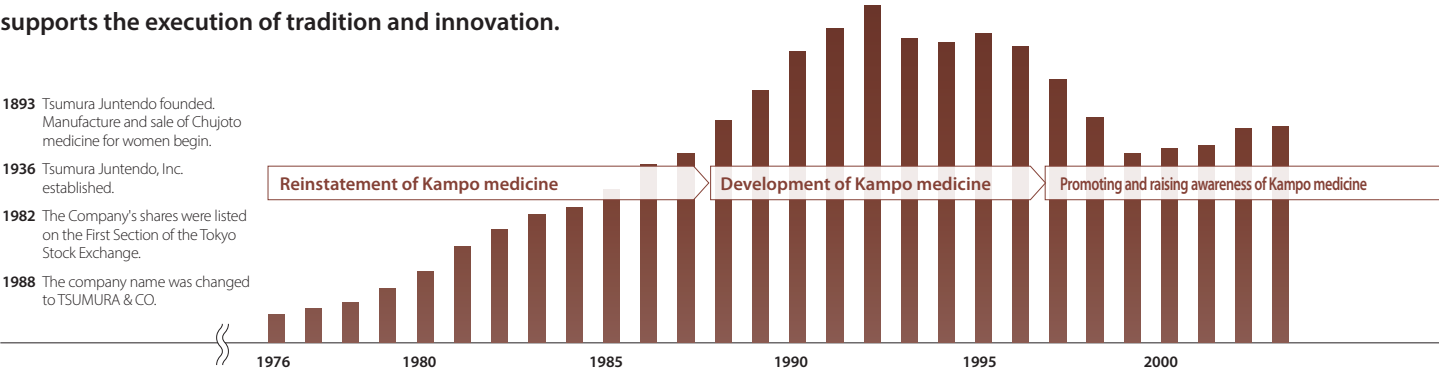
- A lineup of 129 of the 148 prescription Kampo formulations on Japan's National Health Insurance drug price list
- Number of products that have been delivered to over 50,000 medical institutions and pharmacies [Highest number among the 20 top-ranked pharmaceutical companies by net sales (excluding dedicated generic drug manufacturers)]^{*2}
- Detailed information provision by MRs versed in both Kampo medicine and Western medicine (training implemented to increase knowledge of Kampo medicine)
- Expansion of information provision channels such as e-promotion (online Kampo MRs and TSUMURA MEDICAL SITE, etc.)
- Industry No. 1^{*3} ranking in estimated number of detailing impacts via the internet

^{*2} Tsumura's analysis based on © 2025 by IQVIA. "JPM, JCC (March 2021 MAT)"











^{*3} Fiscal 2024 results/INTAGE Healthcare Inc., "Impact Track"

Changes in the Kampo Value Chain

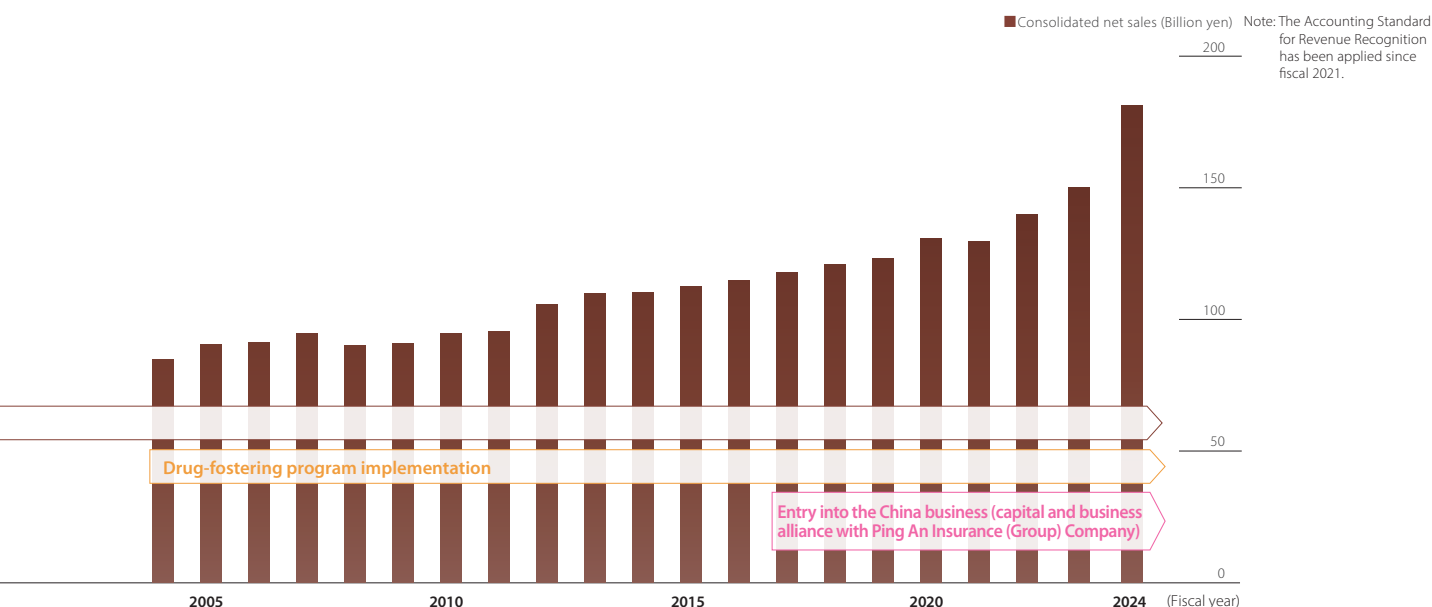
The Tsumura Group has worked to popularize and scientifically clarify prescription Kampo formulations with the aim of combining Kampo medicine and Western medicine. The Group’s journey has been nothing less than a history of continuous innovation to popularize Kampo medicine while protecting its traditions. The Kampo value chain built over many years is the foundation of our value creation, and drives the accumulation of organization capital that supports the execution of tradition and innovation.







Changes in the Kampo Value Chain

R&D	<p>1924</p> <p>Tsumura Research Institute for Pharmaceutical Science and Tsumura Medicinal Plant Garden opened.</p> 	<p>1926</p> <p>Tsumura Research Institute for Pharmaceutical Science takes over publication of <i>The Journal of Japanese Botany</i>.</p> 	<p>1991</p> <p>Double-blind testing performed after receiving a directive to reevaluate eight Kampo formulations.</p>	<p>2001</p> <p>TSUMURA USA, INC. established as a pharmaceutical development base in the United States.</p> 	
Cultivation and procurement	<p>1973</p> <p>Purchase of crude drugs from a "friendly trading company" designated by the Chinese government starts.</p>	<p>1978</p> <p>Second president Jusha visits China for the first time to negotiate for a stable supply of raw material crude drugs.</p> 	<p>1981</p> <p>Direct purchase of crude drugs from Chinese state-owned enterprises starts. Long-term crude drug supply contract concluded with China Souvenirs and Livestock Company.</p> <p>1988</p> <p>System for direct purchase from a joint venture company and base for the procurement of raw material crude drugs for the Company's use are established.</p>	<p>1991</p> <p>SHENZHEN TSUMURA MEDICINE CO., LTD. established as a supply base of raw material crude drugs in China.</p> 	<p>2007</p> <p>Operation of crude drug traceability system starts.</p> <p>2009</p> <p>YUBARI TSUMURA CO., LTD. established as a base for the cultivation, procurement, preparation and processing, sorting and processing, and storage of raw material crude drugs in Hokkaido.</p>
Manufacture	<p>1964</p> <p>Shizuoka Plant newly established.</p> 	<p>1983</p> <p>Ibaraki Plant newly established and the research laboratory relocated to the site.</p> 	<p>1999</p> <p>Heavy metal testing method established.</p>	<p>2001</p> <p>SHANGHAI TSUMURA PHARMACEUTICALS CO., LTD. established as a manufacturing base for extract powder (intermediate product) in China.</p> 	
Sale, education, and popularization	<p>1893</p> <p>Manufacture and sale of Chujoto medicine for women begin.</p> <p>1974</p> <p>Sale of prescription Kampo formulations begins.</p>	<p>1976</p> <p>Total of 33 Tsumura prescription Kampo formulations added to the NHI drug price list.</p> 	<p>1987</p> <p>Further additions to the NHI drug price list bring the number to 129.</p> <p>1991</p> <p>Sales of prescription Kampo formulations surpass 100.0 billion yen.</p>	<p>1996</p> <p>Media reports side effect of interstitial pneumonia caused by Shosaikoto.</p> <p>1997</p> <p>Introduction of MR certification system in Japan</p> <p>1999</p> <p>Kampo medical seminars begin.</p>	<p>2001</p> <p>Kampo medical symposium held.</p> 

* Source: Fiscal 2024 results/INTAGE Healthcare Inc., "Impact Track"



Foundation for Value Creation

<p>2004</p> <p>R&D policy changed to specialize in Kampo medicine and crude drugs.</p> <p>Drug-fostering program advanced by establishing evidence of efficacy of Kampo formulations.</p>	<p>2005</p> <p>Investigational new drug (IND) approval for Daikenchuto obtained from the Food and Drug Administration (FDA) in the United States and clinical testing (TU-100) started.</p> <p>2007</p> <p>DKT Forum set up to establish clinical evidence for Daikenchuto.</p>	<p>2016</p> <p>"Growing" formulations set for Kampo formulations.</p> <p>100th anniversary of <i>The Journal of Japanese Botany</i>.</p> 	<p>2017</p> <p>TU-100 Phase II clinical trials completed, and focus on postoperative ileus (POI) as an indication announced.</p> <p>2018</p> <p>Trademark registered for Tsumura's proprietary research package (KAMPOmics®).</p>	<p>2024</p> <p>Completion of late-stage Phase II clinical trials of TU-100.</p>	<p>Kampo treatment standardized through accumulation of evidence</p> <p>Multi-component Kampo formulation research method established</p>
<p>2010</p> <p>Formulation and start of implementation of Tsumura GACP for crude drugs. LAO TSUMURA CO., LTD. established as a base for the cultivation, procurement, preparation and processing, sorting and processing, and storage of raw material crude drugs in Laos.</p> 	<p>2011</p> <p>Memorandum of Understanding concluded with the Baishan City Government in China for joint research on raw material crude drugs.</p>	<p>2012</p> <p>Expansion of cultivated land under our management to stabilize procurement prices of raw material crude drugs.</p> <p>2014</p> <p>Joint research agreement concluded with the China Academy of Chinese Medical Sciences on <i>sojutsu (atractylodes lancea rhizome)</i>.</p>	<p>2015</p> <p>Letter of Intent concluded for joint research with Hong Kong Baptist University.</p> <p>2016</p> <p>Promotion of open-field cultivation of ginseng from a perspective of preserving the natural environment.</p>	<p>2019</p> <p>Capital and business alliance agreement concluded with Tianjin China Medico Technology Co., Ltd. (currently Ping An Tsumura Pharma Inc.).</p>	<p>Tsumura GACP structure established</p> <p>System for stable procurement of raw material crude drugs established</p>
<p>2005</p> <p>Container exchange and conveyor robot introduced (realized reduced-labor manufacturing and 24-hour operation through the utilization of robotics).</p> <p>2007</p> <p>Industrial robot receives excellence award at The Robot Award 2007.</p>	<p>2013</p> <p>West Japan and East Japan Distribution Centers completed.</p>	<p>2018</p> <p>TIANJIN TSUMURA PHARMACEUTICALS CO., LTD. established as a manufacturing base for extract powder in China.</p> 	<p>2020</p> <p>Robot technology deployed in all manufacturing processes of the No. 3 SD Building at the Ibaraki Plant.</p> <p>2023</p> <p>Capital and business alliance entered into with Robit Inc. to realize early automation of raw material crude drug selection and manufacturing processes.</p>	<p>2023</p> <p>Introduction of planning system for compounding crude drugs using AI technology (increase in the crude drug inventory turnover rate by optimization of crude drug mixing plans and transportation plans).</p>	<p>Quality assurance system for all lots</p> <p>Automation of all processes</p>
<p>2004</p> <p>Kampo medicine education implemented at all university medical departments and medical colleges nationwide.</p>	<p>2007</p> <p>Sponsorship of dementia forums begins.</p> 	<p>2016</p> <p>Geriatric health, cancer (supportive care), and women's health set as the three key domains.</p>	<p>2019</p> <p>Application of the Guidelines for Provision of Sales Information on Prescription Drugs begins.</p> <p>E-promotions such as Mega Web Seminars begin.</p> <p>2020</p> <p>Project to establish presence in the area of cardiovascular diseases begins.</p>	<p>2024</p> <p>No. 1 in the pharmaceutical industry* for estimated number of detailing impacts (cases of physician information recognition)</p>	<p>Education and popularization of Kampo medicine</p> <p>Proposal of therapies that combine Kampo medicine and Western medicine</p>