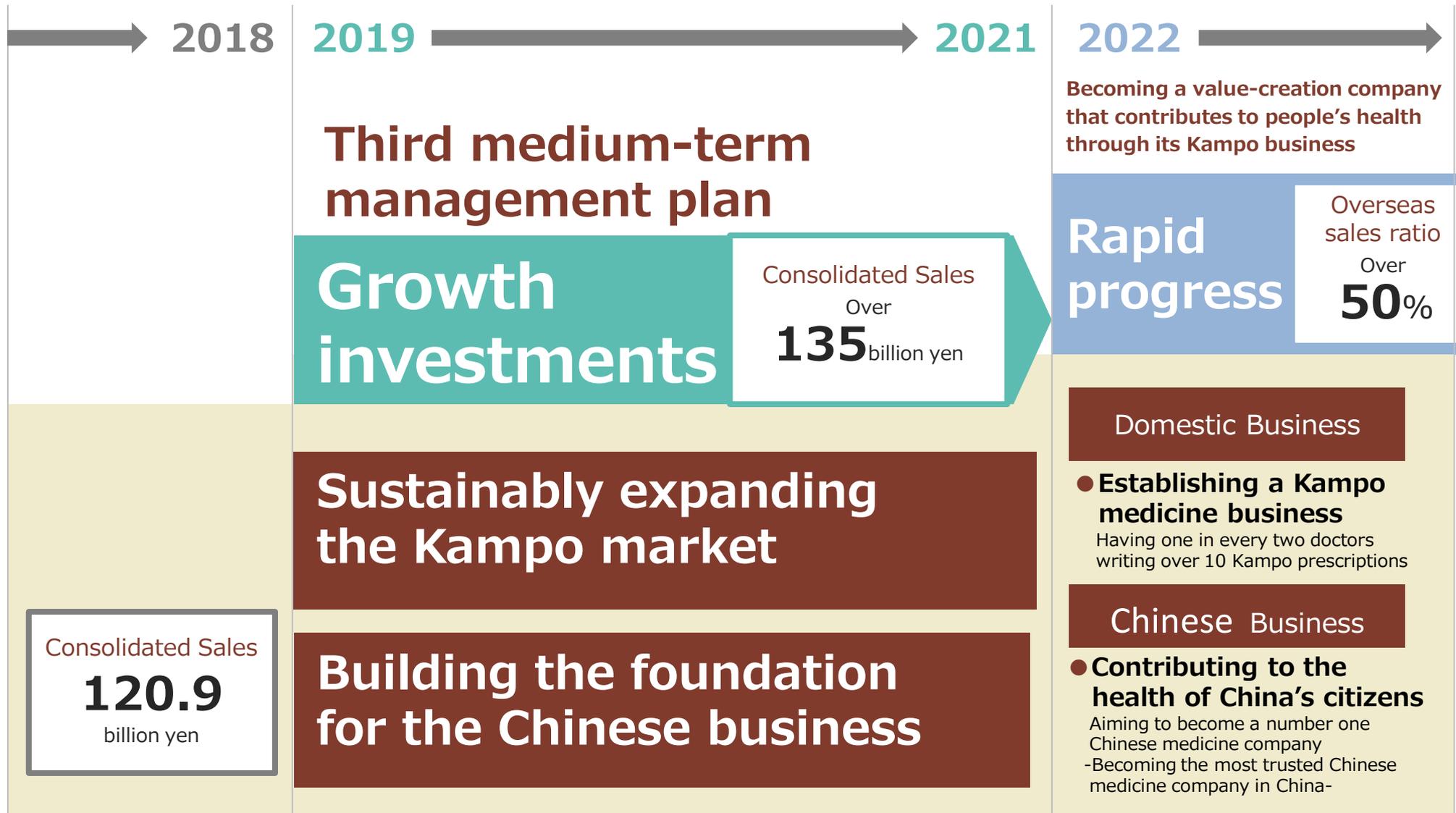


# **TSUMURA & CO. First Quarter Business Results for Fiscal 2019**

**(From April 1, 2019 to June 30, 2019)**

August 2, 2019

# Roadmap to Realizing Our Long-Term Vision



Consolidated Sales  
**120.9**  
billion yen

2019

Third medium-term management plan

Growth investments

Consolidated Sales  
Over  
**135** billion yen

Sustainably expanding the Kampo market

Building the foundation for the Chinese business

2021

2022

Becoming a value-creation company that contributes to people's health through its Kampo business

Rapid progress

Overseas sales ratio  
Over  
**50%**

Domestic Business

- **Establishing a Kampo medicine business**  
Having one in every two doctors writing over 10 Kampo prescriptions

Chinese Business

- **Contributing to the health of China's citizens**  
Aiming to become a number one Chinese medicine company  
-Becoming the most trusted Chinese medicine company in China-

# 1Q Consolidated Performance for Fiscal 2019

(¥ million)

	FY 2018 1Q	FY 2019 1Q	Vs. FY 2018 1Q	
			Amount	Change
Net sales	29,776	30,699	+923	+3.1%
Operating profit	4,559	5,230	+671	+14.7%
Operating profit margin	15.3%	17.0%	—	—
Ordinary profit	4,917	5,401	+483	+9.8%
Profit attributable to owners of parent	3,516	3,903	+386	+11.0%

# Key Points in Performance

## 1Q Results, Sales and profit growth year-on-year

<b>Consolidated net sales</b>	<b>¥30,699 million</b>	<b>YoY</b>	<b>+3.1%</b>
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- Net sales rose ¥923 million or 3.1% owing mainly to a 3.3% growth in sales of prescription Kampo products.

<b>Operating profit</b>	<b>¥5,230 million</b>	<b>YoY</b>	<b>+14.7%</b>
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<b>Operating profit margin</b>	<b>17.0 %</b>	<b>YoY</b>	<b>+1.7pt</b>
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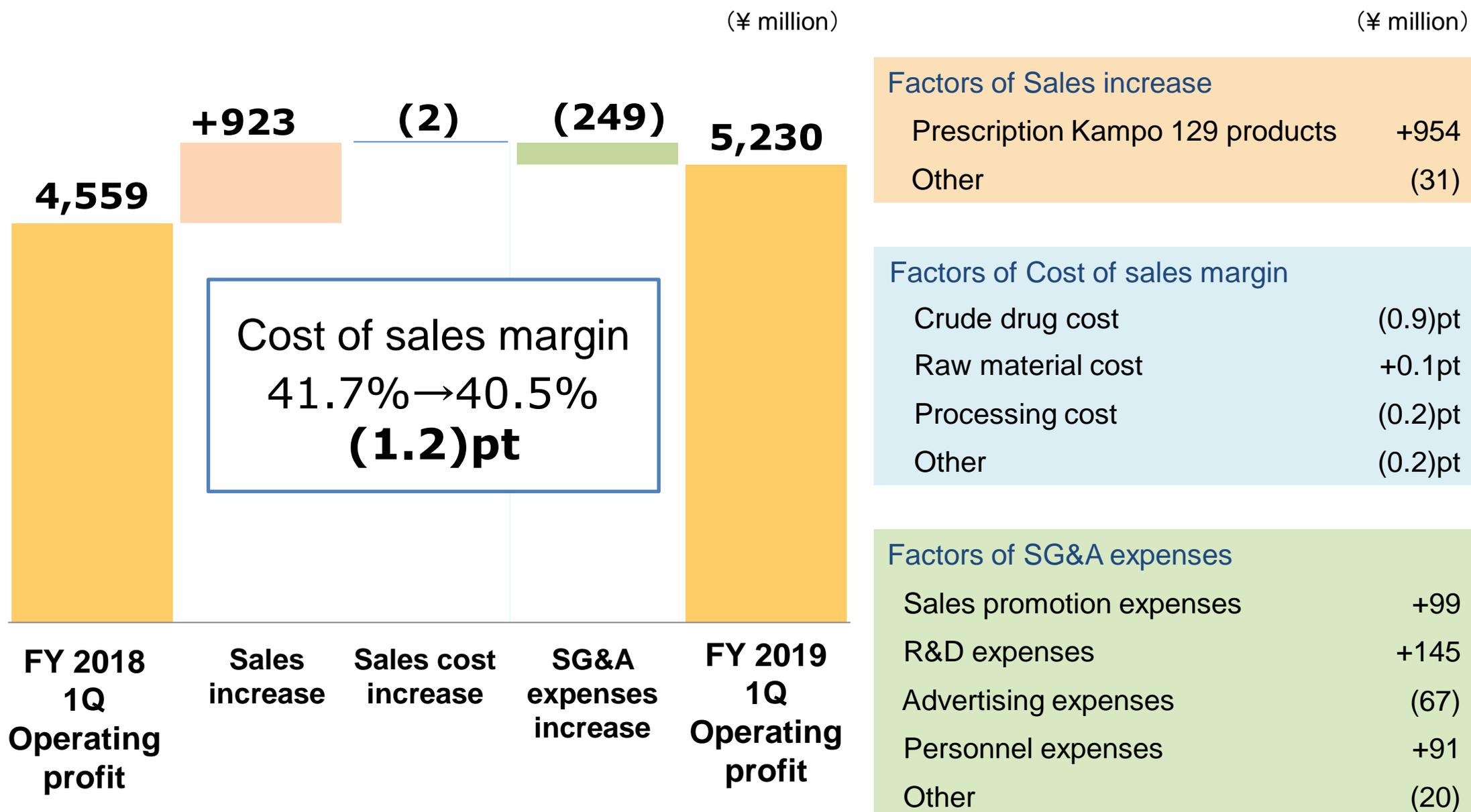
- The cost of sales ratio was 40.5%, down 1.2pt year-on-year thanks to a reduction in crude drug-related costs.

- The SG&A ratio was 42.5%, down 0.5pt thanks to an increase of net sales.

<b>Ordinary profit</b>	<b>¥5,401 million</b>	<b>YoY</b>	<b>+9.8%</b>
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<b>Profit attributable to owners of parent</b>	<b>¥3,903 million</b>	<b>YoY</b>	<b>+11.0%</b>
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# Factors in Increase / Decrease of Operating Profit



# Financial Condition / Cash Flow Position

## Balance Sheet

(¥ million)

	As of March 2019	As of June 2019	Change
<b>Total assets</b>	287,322	<b>288,459</b>	1,136
Current assets	190,027	<b>191,644</b>	1,617
Non-current assets	97,295	<b>96,814</b>	(480)
<b>Total liabilities</b>	81,181	<b>81,972</b>	791
Current liabilities	33,320	<b>35,702</b>	2,382
Non-current liabilities	47,861	<b>46,269</b>	(1,591)
<b>Total net assets</b>	206,141	<b>206,486</b>	345

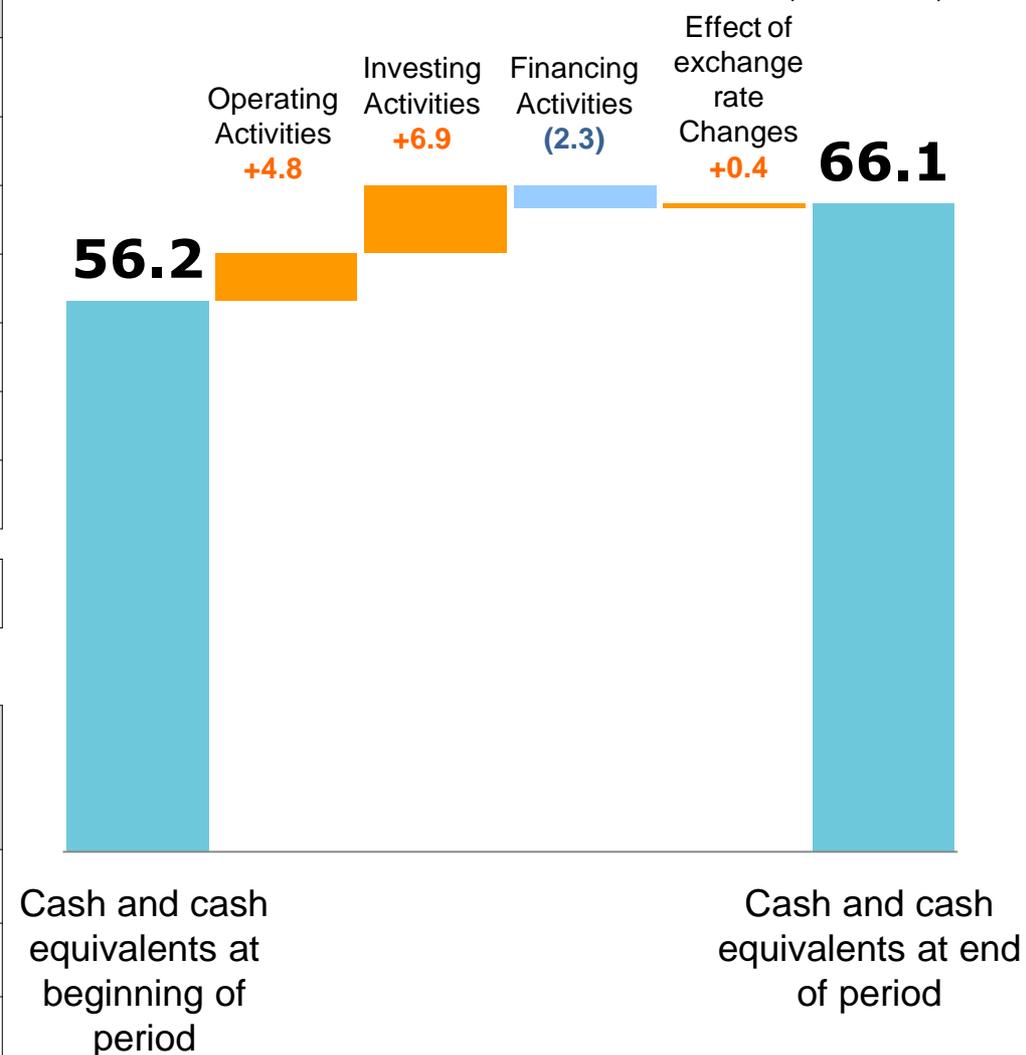
Equity Ratio	70.2%	<b>70.0%</b>	(0.2)pt
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(¥ million)

Balance Sheet	As of March 2019	As of June 2019	Change
<b>Inventories</b>	51,808	<b>55,111</b>	3,302
(Merchandise and finished goods)	9,382	<b>8,210</b>	(1,172)
(Work in process)	11,125	<b>12,854</b>	1,728
(Raw materials and stores)	31,299	<b>34,046</b>	2,747

## Cash Flow Position

(¥ billion)



# Sales performance of prescription Kampo products

(¥ million)

	Sales rank	Product No. / name		FY 2018 1Q	FY 2019 1Q	YoY Change	
Drug-fostering formulations	1	100	Daikenchuto	2,704	<b>2,662</b>	(41)	(1.5)%
	2	54	Yokukansan	1,956	<b>1,995</b>	39	2.0%
	3	43	Rikkunshito	1,783	<b>1,872</b>	89	5.0%
	9	107	Goshajinkigan	926	<b>936</b>	10	1.1%
	22	14	Hangeshashinto	345	<b>364</b>	18	5.4%
<b>Total sales of the five Drug-fostering formulations</b>				<b>7,715</b>	<b>7,831</b>	<b>116</b>	<b>1.5%</b>
Growing formulations	4	41	Hochuekkito	1,766	<b>1,761</b>	(5)	(0.3)%
	5	68	Shakuyakukanzoto	1,310	<b>1,340</b>	29	2.3%
	6	29	Bakumondoto	1,091	<b>1,188</b>	97	8.9%
	7	24	Kamishoyosan	1,155	<b>1,165</b>	10	0.9%
	8	17	Goreisan	1,020	<b>1,118</b>	98	9.7%
<b>Total sales of the five Growing formulations</b>				<b>6,344</b>	<b>6,574</b>	<b>230</b>	<b>3.6%</b>
<b>Total of 129 prescription Kampo products</b>				<b>28,526</b>	<b>29,480</b>	<b>954</b>	<b>3.3%</b>

## Growth rate of 129 prescription Kampo formulations

	FY 2014	FY 2015	FY 2016	FY 2017	FY2018	<b>FY 2019 1Q</b>
Amount base	2.4%	2.3%	1.9%	2.4%	2.7%	<b>3.3%</b>
Number of items with higher yen sales	81	68	95	63	83	<b>80</b>

**TSUMURA & CO.**  
**Investor Relations Group**  
**Corporate Communications Dept.**

**Cautionary items regarding forecasts**

- The materials and information provided in this presentation contain so-called forward-looking statements. Readers should be aware that realization of these statements can be affected by a variety of risks and uncertainties and that actual results could differ significantly.
- Changes in the healthcare insurance systems or regulations set by medical treatment authorities on drug prices or other aspects of healthcare or in interest and foreign exchange rates could impact negatively on the Company's performance or financial position.
- In the unlikely event that sales of the Company's core products were halted or declined substantially due to a defect, unforeseen side effect or some other factor, it would have a major impact on the Company's performance or financial position.