

# Business Results for Fiscal 2021

May 11, 2022  
President and Representative Director, CEO  
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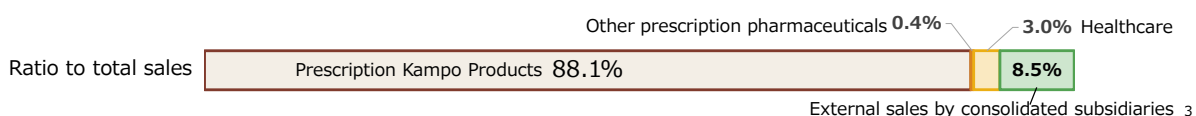
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## FY2021 Business Results Overview



Both sales and profit exceeded the revised plan,  
sales and profit growth year-on-year.

[Million yen]	FY 2021 Revised Plan	FY 2021 Results	Achievement rate	FY 2020 Results	YoY	
					Amount	Change
<b>Net sales</b>	<b>127,500</b>	<b>129,546</b>	<b>101.6%</b>	<b>116,413</b>	<b>+13,132</b>	<b>+11.3%</b>
Domestic	117,800	119,567	101.5%	110,053	+9,514	+8.6%
Overseas	9,700	9,978	102.9%	6,360	+3,618	+56.9%
<b>Operating Profit</b>	<b>21,100</b>	<b>22,376</b>	<b>106.1%</b>	<b>19,382</b>	<b>+2,994</b>	<b>+15.4%</b>
Operating Profit Margin	16.5%	17.3%	–	16.6%	–	–
<b>Ordinary Profit</b>	<b>23,400</b>	<b>25,904</b>	<b>110.7%</b>	<b>20,866</b>	<b>+5,038</b>	<b>+24.1%</b>
<b>Profit attributable to owners of parent</b>	<b>16,600</b>	<b>18,836</b>	<b>113.5%</b>	<b>15,332</b>	<b>+3,504</b>	<b>+22.9%</b>



As you can see, this slide is an overview of earnings in fiscal 2021.

Net sales totaled ¥129.5 billion. This breaks down to domestic sales of ¥119.5 billion and overseas sales of ¥9.9 billion.

We achieved our plans in both cases.

Net sales prior to the application of revenue recognition standards were an all-time high of ¥145.3 billion.

Meanwhile we achieved our plans for operating profit and profit attributable to owners of parent, posting ¥22.3 billion and ¥18.8 billion, respectively.

Gain on forex translation shored up ordinary profit and net profit (profit attributable to owners of parent).

We marked an all-time high net profit of ¥18.8 billion.

Year-on-year, net sales grew 11%, operating profit was up 15%, and net profit increased 22%.

These growth rates were all high in comparison with the previous year.

Looking at a breakdown of sales, prescription Kampo products successfully broke above 90% level of total sales.

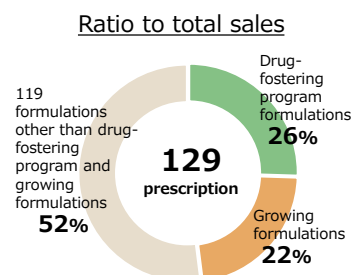
## Sales of Drug-fostering Program Formulations/Growing Formulations



( Million yen)

	Net sales Ranking	Product No./formulation name	FY 2020	FY 2021	YoY	
Drug-fostering program formulations	1	100 Daikenchuto	9,251	9,569	+318	+3.4%
	2	54 Yokukansan	7,017	7,379	+362	+5.2%
	4	43 Rikkunshito	6,676	7,231	+555	+8.3%
	8	107 Goshajinkigan	3,229	3,509	+279	+8.6%
	23	14 Hangeshashinto	1,257	1,358	+101	+8.0%
Total sales for drug-fostering program formulations			27,432	29,048	+1,616	+5.9%
Growing formulations	3	41 Hochuekkito	6,793	7,232	+439	+6.5%
	5	17 Goreisan	4,413	5,298	+884	+20.0%
	6	24 Kamishoyosan	4,336	4,833	+496	+11.4%
	7	68 Shakuyakukanzoto	4,524	4,763	+238	+5.3%
	10	29 Bakumondoto	3,127	3,258	+130	+4.2%
Total sales for growing formulations			23,196	25,385	+2,189	+9.4%
Total sales for 119 formulations other than drug-fostering program and growing formulations			54,938	59,730	+4,792	+8.7%
Total sales for 129 prescription Kampo products			105,567	114,165	+8,597	+8.1%

\* The 2020 results have been rearranged to the amount after applying new accounting revenue recognition standards.



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Next, I will cover net sales results for prescription Kampo profits and for products in the drug-fostering program and growing formulations.

Sales of the 129 prescription Kampo products totaled ¥114.1 billion, an increase of 8.1% year-on-year.

Sales of the five products in the drug-fostering program came to ¥29.0 billion, a growth of 5.9% year-on-year, and sales for the five growing formulations were ¥25.3 billion, an increase of 9.4%. Meanwhile, sales of the other 119 formulations amounted to ¥59.7 billion, an expansion of 8.7%.

Overall, sales of 110 formulations out of the 129 prescription Kampo products rose versus the previous year.

The breakdown of sales was nearly the same as a year earlier. Drug-fostering program products accounted for 26% of the 129 prescription Kampo product sales, growing formations made up 22%, and others represented 52%.

Refer to the Appendix for other information.

## **Third Medium-Term Management Plan (FY2019 – FY2021) Summary**

I will now give an overall briefing on the three years covered under the Third Medium-Term Management Plan.

Looking back at the three-year period from fiscal 2019 to fiscal 2021, since the confirmation of the outbreak of COVID-19 in Wuhan City, Hubei Prefecture, China in early December 2019, we devoted ourselves into pouring energies into the stable procurement of raw material crude drugs and stable supply of Kampo formulations.

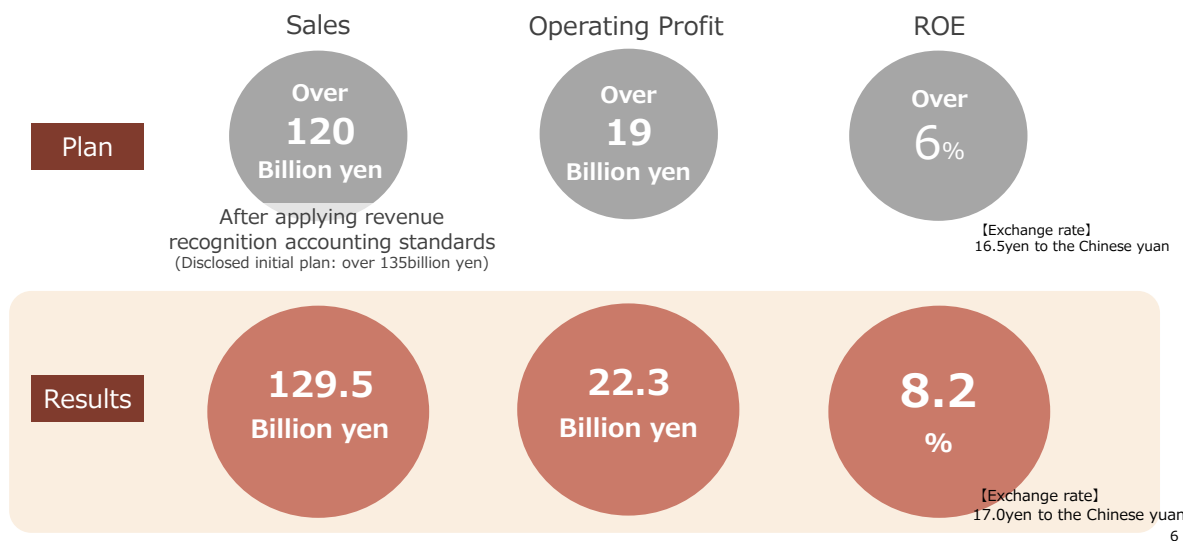
As the first M&A deal conducted by Ping An Tsumura Inc., our joint venture established in June 2018 with the Ping An Insurance (Group) Company of China, Ltd., in November 2019, we signed a letter of intent to form a business alliance with Tianjin China Medico Technology Co., Ltd.

In February 2020, we signed an agreement to transfer equity, in which we secured 80% ownership, thus converting the company into a Tsumura subsidiary.

Following this, we named the company Ping An Tsumura Medicine Co., Ltd.

## Numerical Targets in the 3rd Medium-Term Management Plan

### Achieved all numerical targets in 2021



The numeric targets for fiscal 2021 in the Third Medium-Term Management Plan are as shown.

We achieved all of these targets.

We attained the plans for the pharmaceutical business, healthcare business and all businesses in the crude drug platforms at Ping An Tsumura Medicine Co., Ltd. and Shenzhen Tsumura Medicine Co., Ltd.

### Creating New Value Through Innovations in Kampo – Next Stage –

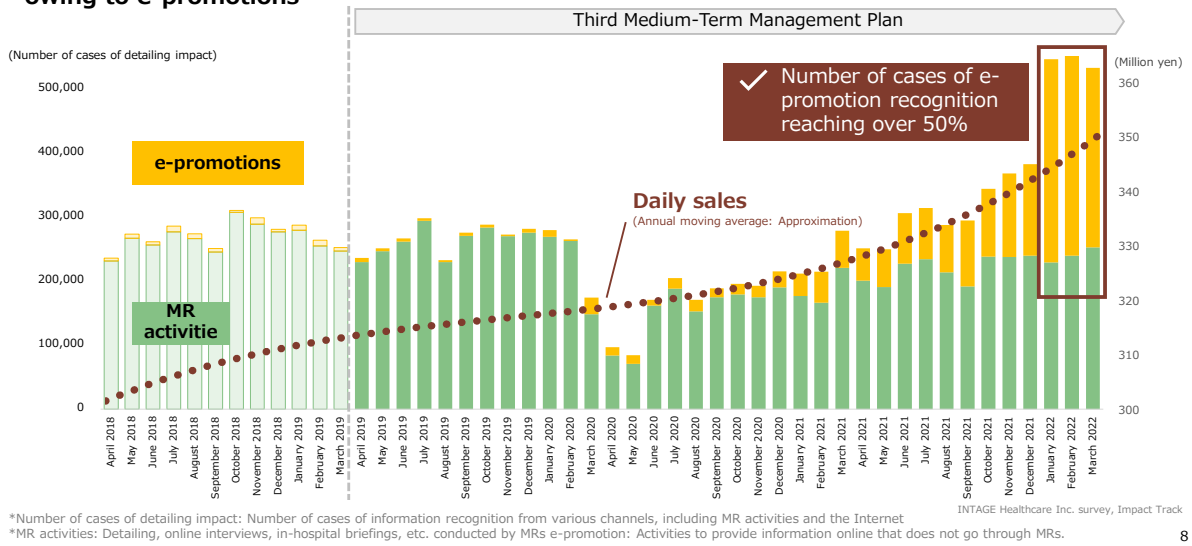
- 1 Ongoing expansion of the Kampo market and establishment of presence therein
- 2 Investing in growth and building business foundations in China
- 3 Improving productivity using new technology (AI, Automation, RPA)
- 4 Fostering a corporate culture through philosophy-based management and developing diverse human resources
- 5 Promoting SDGs through the Kampo Value Chain

Next, I will brief you on the five strategic challenges shown here that are promoted as quantitative goals in the Third Medium-Term Management Plan.

## ①-1. Sales Growth Underpinned by e-promotions



Sales growth in tandem with an increase in the number of cases of information recognition owing to e-promotions



\*Number of cases of detailing impact: Number of cases of information recognition from various channels, including MR activities and the Internet

\*MR activities: Detailing, online interviews, in-hospital briefings, etc. conducted by MRs e-promotion: Activities to provide information online that does not go through MRs.

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Strategic challenge ① focuses on expanding the Kampo market and establishing a market presence.

In the COVID-19 environment, we undertook a reform to information provision activities.

We are defining MR activities as face-to-face and online interviews with physicians and presentations.

As shown here, the number of cases in which physicians recognized information and the impact from detailing increased, as shown based on MR activities, the green bar graph, and e-promotions, including video streaming and online lectures, from each channel, as denoted by the orange bar graph.

In tandem with this, daily sales also grew, as depicted by the brown line graph.

In particular, the number of cases of recognition in 4Q e-promotions, which were fortified in fiscal 2021, exceeded 50% of overall promotions.

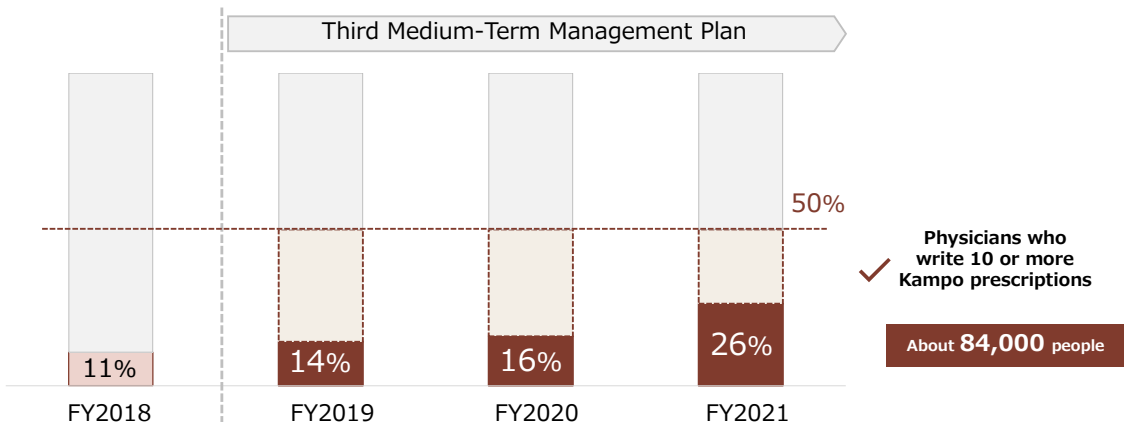


## ①-2. Trends in the Number of Physicians Writing 10 or More Prescription Kampo Pharmaceuticals



The number of physicians who wrote 10 or more prescriptions are increasing but underperformed target

**Target** over 50 %   ▶   **Actual** 26 %



\*Survey by Tsumura

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In Vision 2021, our goal is to “contribute to the realization of a medical care setting where citizens can receive Kampo treatment as needed at any medical facility or clinic in Japan.

To this end, our business strategy to “establish Kampo medicine” aims to achieve a percentage of 50%-plus or one-in-two physicians that write 10 or more Kampo prescriptions.

This percentage was 26% as of the end of fiscal 2021.

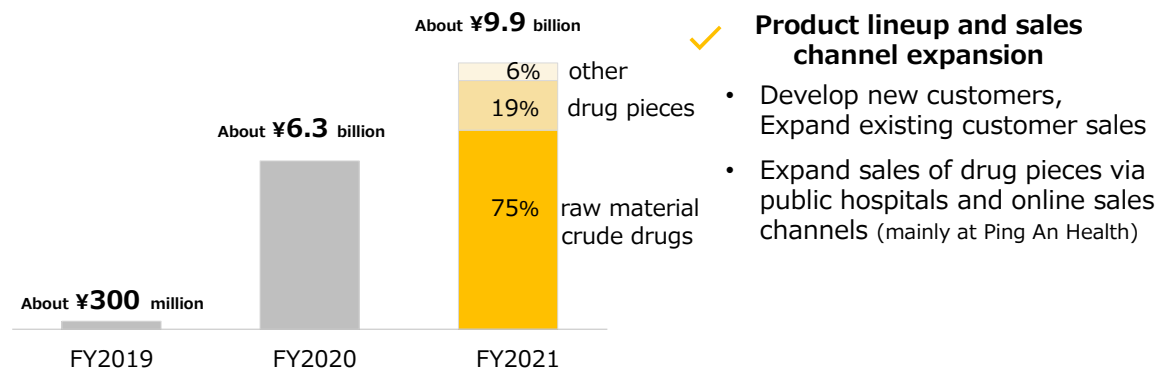
## ②-1. Overseas Sales Trends

In the China Business, made progress in building a foundation for the crude drug platform and exceeded initial plans

Plan About ¥4.0 billion



Actual About ¥9.9 billion



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In strategic challenge ②, growth investment and the building of business foundations in China, we made progress in building a foundation for the crude drug platform as of the end of fiscal 2019.

We also expanding raw material crude drug sales and online sales, including sales via Ping An Health.

In light of this, the sales ratio for drug pieces was 19%, an increase of 3 points versus a year earlier.

## ②-2. Investments and Financing in the China Business



Underperformed the scheduled amount reflecting delays in the M&A for traditional Chinese medicine companies, and the construction of the Tianjin Plant and the Traditional Chinese Medicine Research Center

**Plan** ¥50.0-¥100.0 billion

**Actual** About ¥29.0 billion

### ✓ Complete acquisition of Ping An Tsumura Pharmaceutical

Acquisition amount: About ¥18.0 billion



- As the crude drug platform, sales of raw material crude drugs and “Yakushokudogen” products

### ✓ Construct the Tianjin Plant

Slated to start operations in FY 2022



- Production plant for powdered extracts
- Scheduled manufacturing of traditional Chinese medical products in the future

### ✓ Construct the Traditional Chinese Medicine Research Center

Slated to start operations in FY 2024



- R&D, analysis and evaluation functions
- Evidence for traditional Chinese medical products further out
- Shoulder the building of packages

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Investment in the China Business sharply undershot plans by around ¥29.0 billion.

This reflects factors such as the sole M&A deal carried out was for Tianjin China Medico Technology in the crude drug platform and the traditional Chinese medicine company was not yet completed in the formulation platform, and delays in the construction of the Tianjin Plant and Traditional Chinese Medicine Research Center.

The Tianjin Plant is scheduled to be operational in some time in fiscal 2022 and the Traditional Chinese Medicine Research Center is slated to start operations in fiscal 2024.

### ③. Capital Investments to Improve Production Capacity and Productivity



Boost production capacity and improve labor productivity

**Plan** ¥22.0 billion



**Actual** About ¥17.0 billion

- Domestic plants
- Research/cultivation-related facilities

✓ **No. 3 SD Building at the Ibaraki Plant**



- Introduce robotic technologies into processes, including injecting crude drugs into devices for cutting, weighing and extraction
- Achieve automation/robotization of all manufacturing processes for Kampo formulations

✓ **AI automated crude drug selector**  
(Under development)



- Automatically remove defective products during the crude drugs selection process
- Improve the efficiency of selection operations, reduce workers

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Regarding strategic challenge ③, improving productivity using new technologies—AI, robotization, and RPA—, at existing businesses in Japan, we implemented capital investments to improve production capacity and productivity.

Consequently, we invested around ¥17.0 billion versus a plan of ¥22.0 billion.

At the No. 3 SD building at the Ibaraki Plant that launched operations in fiscal 2020, given the irregular shape of crude drugs, automation was deemed difficult.

However, we achieved automation and labor saving by introducing robotic technologies in the processes, including injecting crude drugs into devices for cutting, weighing and extraction.

Going forward, we plan to introduce and expand these technologies at all sites to realize a series of automation and robotics in all manufacturing processes for Kampo formulations.

In addition, in the selection of crude drugs, owing to the development of an AI-driven crude drug selection device, we have made progress in development to the point where we are able to reduce the average number of workers from 4-5 employees per line down to 2.

We aim to make further cutbacks to manpower.

#### ④. Foster a Corporate Culture through Philosophy-based Management and Developing Diverse Human Resources

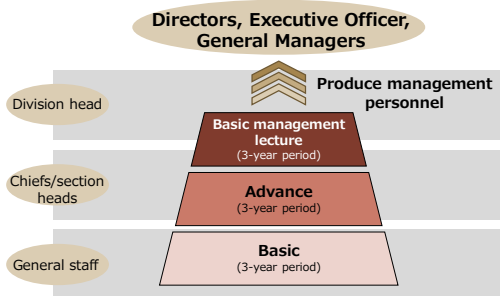


Established the Tsumura Academy in 2019 as an institution for training personnel internally

- ✓ Implement a program to train management personnel

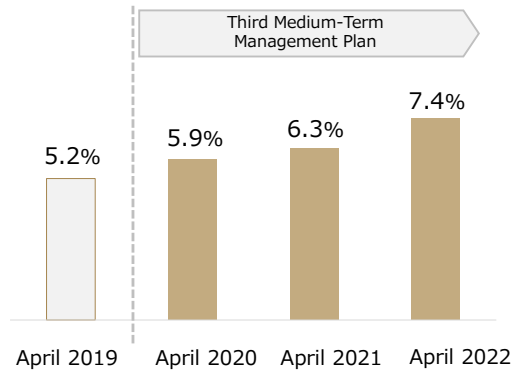
**Basic management lecture**

- Employees that completed the course **33 people** (of which 5 were women)
- Employees currently taking the course **43 people** (of which 11 were women)



- ✓ Increased ratio of female managers

**As of April 2022: 7.4%**



\*Tsumura standalone figures

Strategic challenge ④ is the fostering of a corporate culture through philosophy-based management and the development of diverse human resources.

In 2019, we established the Tsumura Academy as an in-house institution for training personnel.

As of the end of fiscal 2021, 33 people completed the three-year basic management course and 43 were still taking the course.

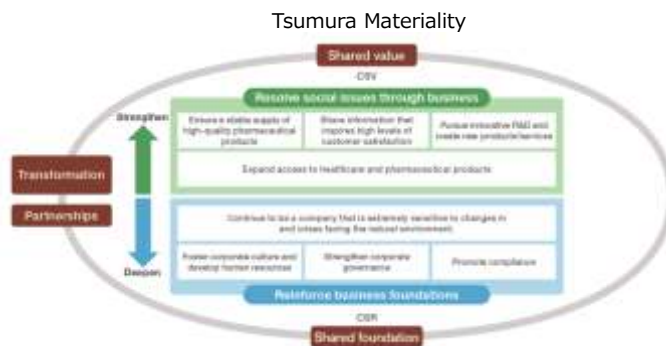
Several candidates have already been selected for the position of director.

In addition, the ratio of female managers increased 2.2 points to 7.4% over the three-year period.

Going forward, we plan to further enhance this ratio.

## ⑤. Promoting SDGs through the Kampo Value Chain

- ✓ Upgrade materiality
- ✓ Endorse TCFD
- ✓ Set up the “Sustainability Committee,” chaired by the Co-CEO, Director



Regarding Strategic Challenge ⑤, Implement SDGs via the Kampo Value Chain, Tsumura aims to enhance its version of materiality.

In October 2021, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD) and established the Sustainability Committee.

## Investment and Financing (Summary)



Total investment and financing: About ¥66.0 billion

	Plan	Actual	Main topics
<b>Existing businesses, capital investment</b> <ul style="list-style-type: none"> <li>● Domestic plants</li> <li>● Facilities related to research/cultivation</li> </ul>	¥22.0 billion	About ¥17.0 billion	<ul style="list-style-type: none"> <li>· Construction of the No. 3 SD Building at the Ibaraki Plant</li> </ul>
<b>China Business Investments and Financing</b> <ul style="list-style-type: none"> <li>● Traditional Chinese Medicine Research Center</li> <li>● Tianjin Plant</li> <li>● Traditional Chinese medical products business (M&amp;A, etc.)</li> </ul>	¥50.0 - 100.0 billion	About ¥29.0 billion	<ul style="list-style-type: none"> <li>· Acquire Ping An Tsumura Pharmaceutical</li> <li>· Delays with the Tianjin Plant, Traditional Chinese Medicine Research Center</li> <li>· M&amp;A postponement</li> </ul>
<b>R&amp;D</b> <ul style="list-style-type: none"> <li>● Basic/clinical research</li> <li>● US development</li> <li>● Crude drug cultivation research</li> </ul>	¥20.0 billion	About ¥20.0 billion	<ul style="list-style-type: none"> <li>· Increase in number of write-ups in clinical guidelines</li> <li>· Embark on late Phase II in US development (TU-100)</li> <li>· Implement the upland cultivation of ginseng</li> <li>· COVID-19-related research</li> </ul>

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The total investment stipulated in the Third Medium-Term Management Plan was around ¥66.0 billion, including the aforementioned capital investments.

In R&D, we saw benefits, including an increase in write-ups in treatment guidelines and the implementation of upland cultivation of ginseng.

In US development, we are increasing the number of clinical trial facilities.

However, overall progress in this area is slow due to impact from COVID-19.

Meanwhile, we newly added the EFE (Ephedrine alkaloids-free Ephedra Herb extract) formulation research pertaining to COVID-19.

In light of this, our total R&D spending is nearly on par with plans.

First Medium-Term Management Plan (FY2022-2024)

# Laying the Foundations for Creating a Future that Achieves “Cho-WA” (harmony)





I will now present the First Medium-Term Management Plan, which is based on the theme of laying the foundation for creating a future that achieves Cho-WA.





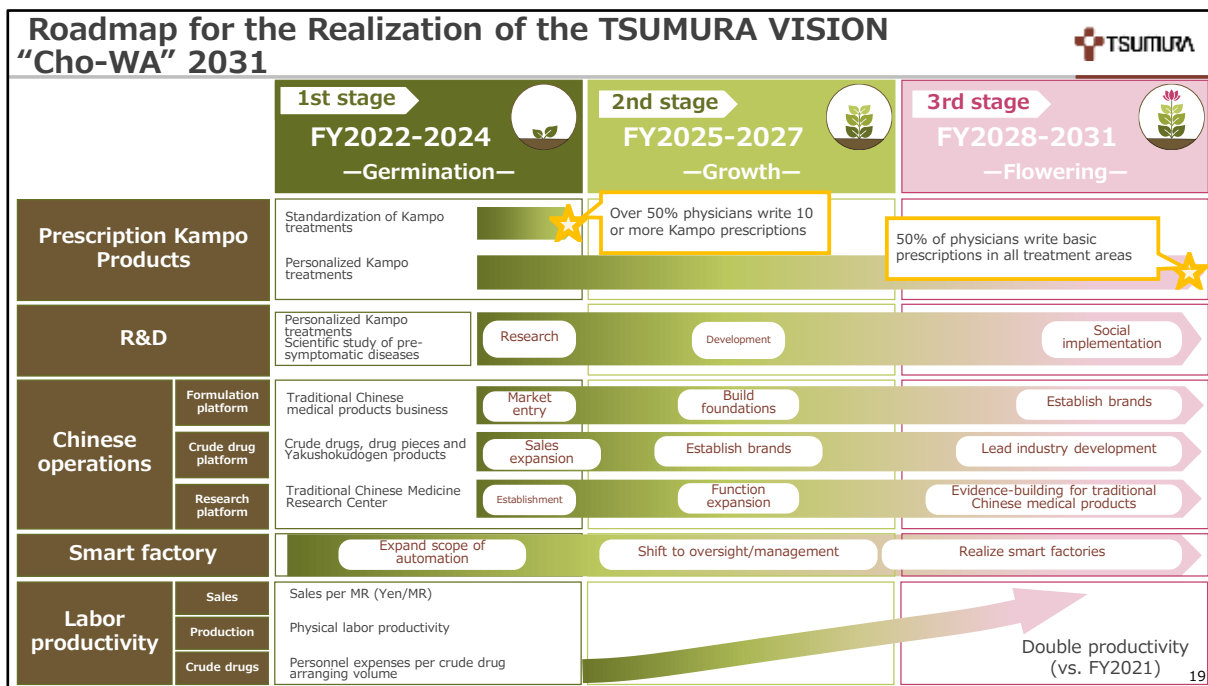
In accordance with the new TSUMURA Group DNA Pyramid shown here, we aim to implement our purpose, which is to promote “lively living for everyone,” and continue management based on the basic philosophy composed of the management philosophy and corporate mission, and management to realize two visions.

Vision & Strategy Diagram			
Sustainability Vision	<b>Living with nature for tomorrow.</b>		
Long-term management vision	<b>TSUMURA VISION “Cho-WA” 2031</b> Creating a Future that Achieves “Cho-WA” (harmony)		
Business vision	<div style="background-color: #8b6914; color: white; border-radius: 10px; padding: 2px 5px; display: inline-block; margin-bottom: 5px;">Prescription Kampo Products</div> <p><b>Patients can receive Kampo treatments suited to them individually at any medical institution/clinical department</b></p>	<div style="background-color: #8b6914; color: white; border-radius: 10px; padding: 2px 5px; display: inline-block; margin-bottom: 5px;">Chinese operations</div> <p><b>Contributing to the health of the citizens of China</b></p>	Vision for each division/department
Business strategy	<p><b>Establish the Kampo medicine business</b></p> <p>Realize a medical setting where one-in-two physicians will write “basic prescriptions in all treatment areas” in accordance with Kampo medicine</p>	<p><b>Become a trusted traditional Chinese medicine company in China</b></p> <p>Contributing to the health of the citizens of China Recognized as a traditional Chinese medicine company Realize a business scale/sales worth RMB10 billion</p>	Strategies for each division/department
Medium-Term Management Plan	<b>Strategic challenges</b> 		KGI/KPIs for each division/department

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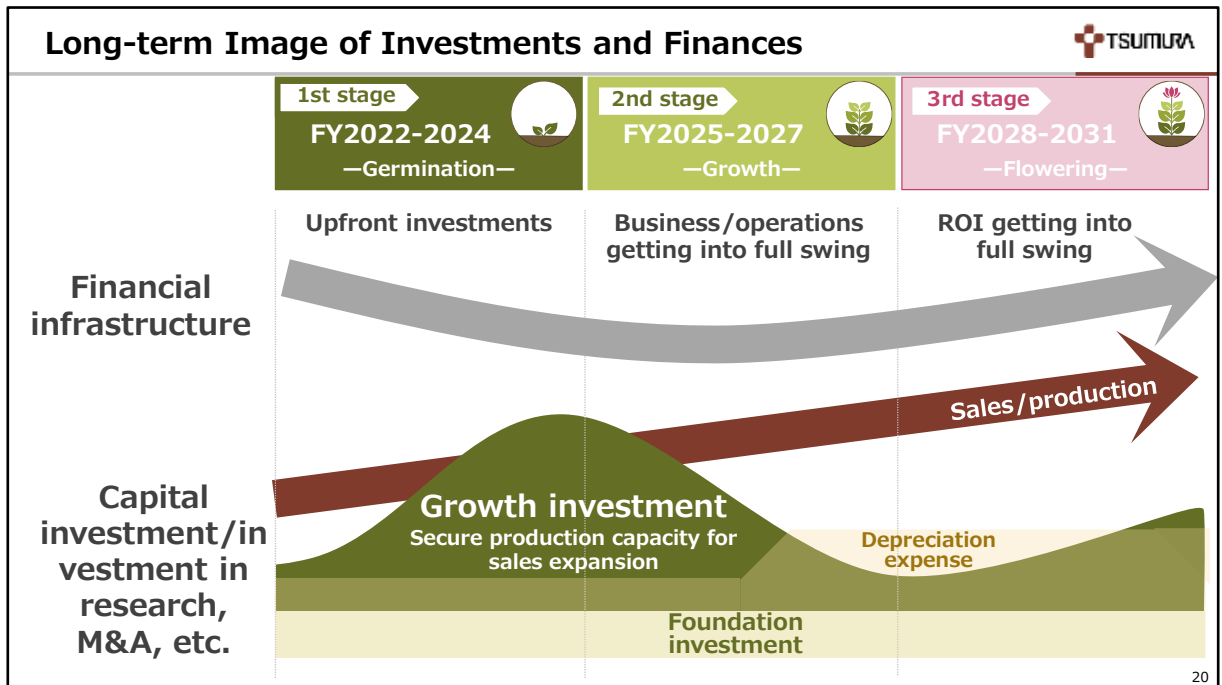
To realize the basic philosophy by promoting our purpose, we established the TSUMURA VISION “Cho-WA” 2031, which is based on the theme of our Sustainability Vision, “Living with nature for tomorrow” and the long-term management vision, “Cho-WA: Creating a Future of Harmony.” We plan to implement these as the two vital components of our corporate management.

To realize these two visions, we clarified our individual business visions and business strategies, and established numeric targets and strategic challenges for the First Medium-Term Management Plan by backcasting.



This slide shows the roadmap for the realization of the TSUMURA VISION "Cho-WA" 2031.

The First Medium-Term Management Plan, which spans three years up to fiscal 2024, is positioned as a stage for upfront investments and building foundations to realize "Cho-WA" in 2031.



This is an image of the investments and financing for the “Cho-WA” 2031 roadmap.

In the 1st Stage, we plan to execute upfront investments, including research investments mainly for new disease domains for Kampo treatments and for production facilities for the smartification of plants, to support ongoing stable growth in the domestic Kampo business.

In the China Business, we aim to realize M&A with traditional Chinese medical product companies in the next 1-2 years, in addition to expanding the crude drug platform business.

As shown, in the first three years we plan to execute upfront investments. In the following three years, we will implement full-fledged business operations and facility utilization.

Then in the final four years, we aim for the full-fledged recovery of benefits from the upfront investments.

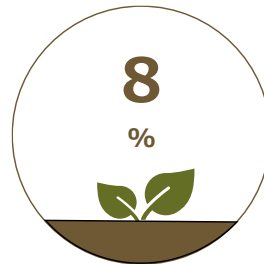
Net sales



Operating profit



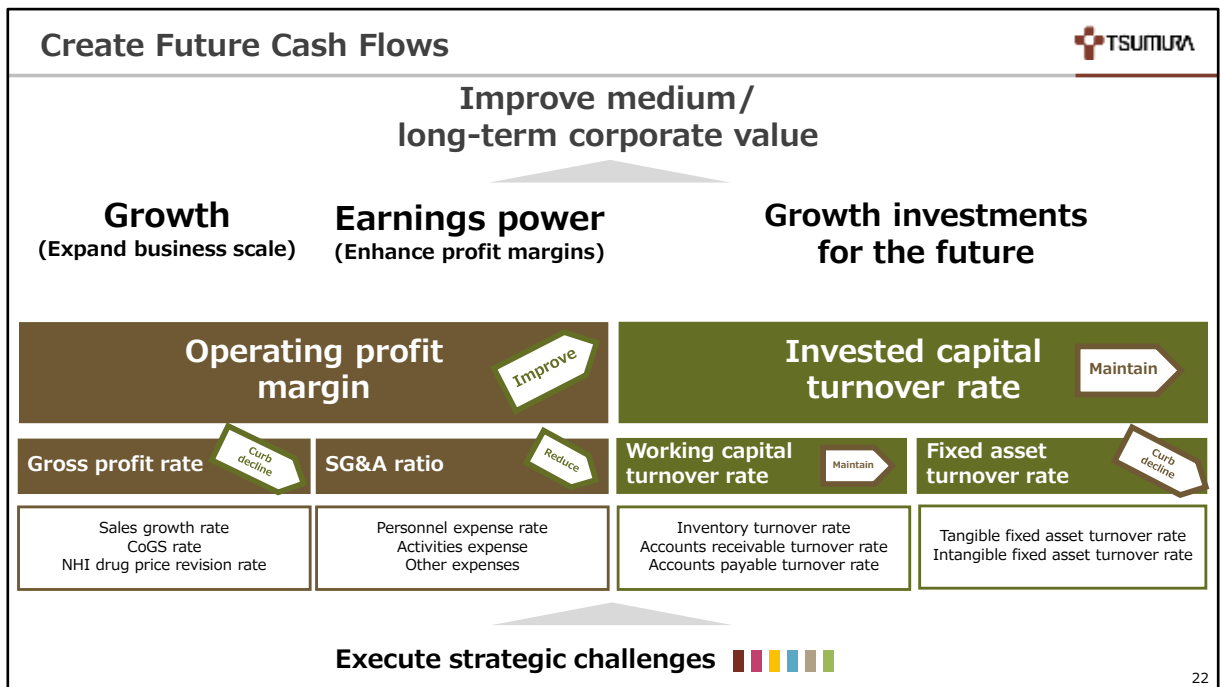
ROE



Assumption: (NHI price revisions) FY2022, FY2023, FY2024

(Exchange rate) FY2022 19.5 yen/RMB, 125.0 yen/USD  
FY2023-2024 19.0 yen/RMB, 120.0 yen/USD

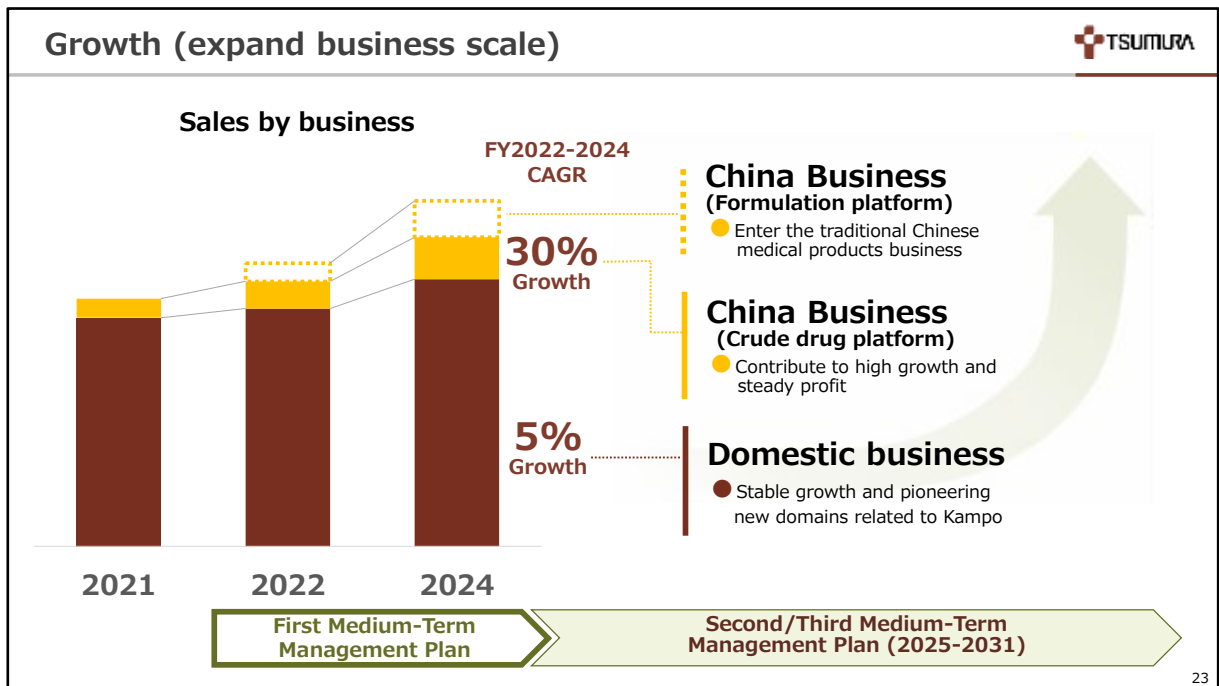
The numeric targets in the First Medium-Term Management Plan are net sales of ¥162.0 billion, operating profit of ¥29.0 billion and an ROE of 8%.



In “Cho-WA” 2031, our focus is on generating future cash flows. In addition to plans to expand the domestic business and the crude drug platform business in China, we also aim to reduce our SG&A expense to sales ratio by building a business foundation and expanding scale through M&A deals with traditional Chinese medicine companies in the formulation platform, curbing the decline in gross profit margin by reducing the CoGS ratio in tandem with an expansion in the scale of sales and production, and by scaling down SG&A expenses. Reflecting these measures, we anticipate an improvement in our operating profit margin.

Meanwhile, although we aim to improve our inventory turnover by enhancing the SCM system, from the perspective of our BCP (business continuity plan), we expect negative factors, including impact from a revision to manageable inventory levels and forex. In light of this, we aim to maintain our inventory turnover at its present level.

Fixed assets turnover is trending downward mainly reflecting upfront investments for production facilities and IT systems. However, we plan to minimize the decline in the rate of turnover for invested capital primarily by vertical start-ups.



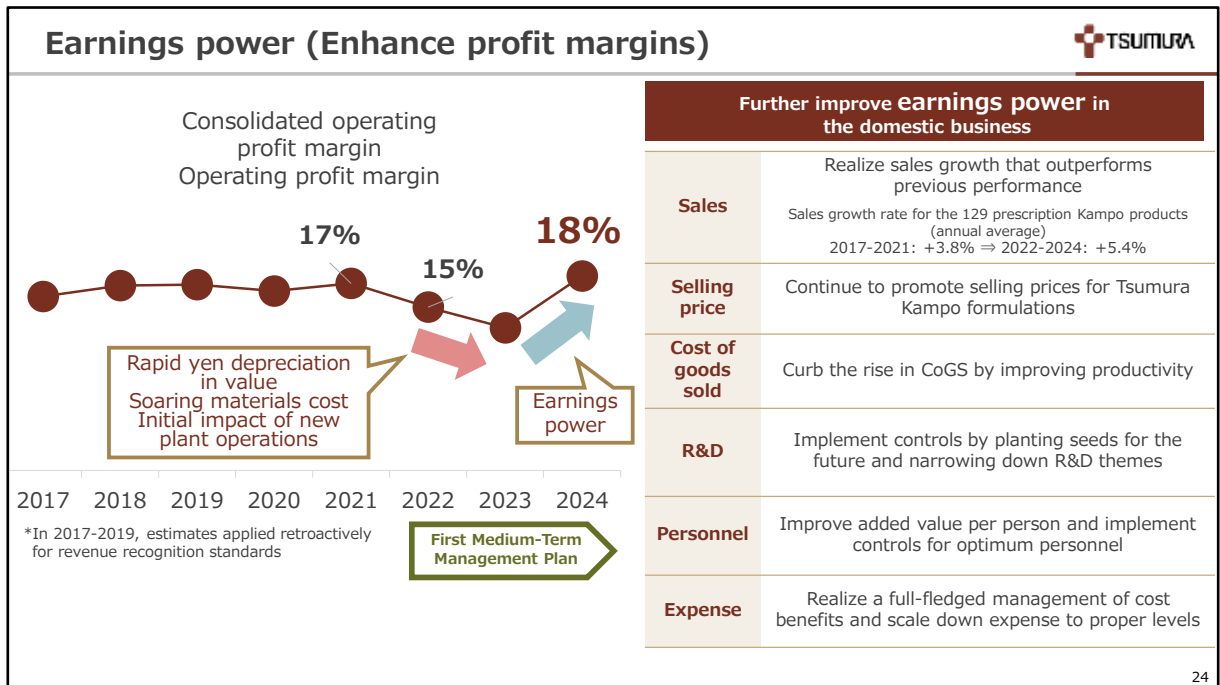
In “Cho-WA” 2031, we target the creating of future cash flows by promoting a 50% ratio of overseas sales, and by expanding the scale of growth and businesses.

The expansion of business scale in the three-year period of the First Medium-Term Management plan targets ongoing stable growth in the domestic Kampo products business in tandem with an increase in the number of physicians prescribing Kampo formulations and an expansion in the market.

In the crude drug platform business in China, we aim for high growth, mainly reflecting an expansion in sales channels for drug pieces.

The planned figures have not been factored in.

However, in the formulations platform in China we will build a foundation through M&A with traditional Chinese medical product companies for quick implementation.



In “Cho-WA” 2031, our goal is to promote the smartification of plants and the doubling of productivity to improve our earnings strength and profit margins.

Regarding an improvement in profit margin in the three years in the First Medium-Term Management Plan, we forecast a temporary decline in the operating profit margin, owing mainly to impact from the capacity utilization at the Tianjin Plant, soaring resource prices and forex impact.

However, we aim for a consolidated operating profit margin of 18%, owing to an expansion in scale as well as CoGS reflecting an improvement in productivity, curtailment of SG&A expense, and an enhancement of profit margins in the crude drug platform business in China.

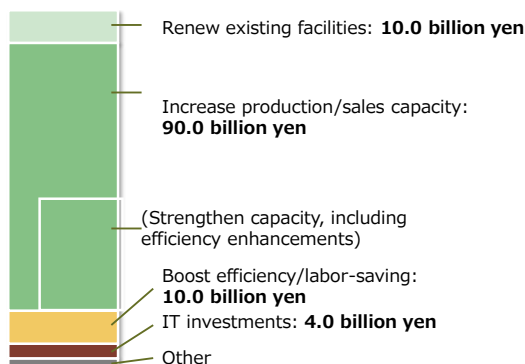


## Growth investments for the future



### ■ Boost production capacity and improve productivity via automation and DX

Capital investment/DX investment:  
approx. **115.0 billion yen**



#### Domestic business investments: (approx. 100.0 billion yen)

- Domestic plants (extracting/drying/granulation/packaging)
- Tianjin Tsumura Pharmaceuticals (extracting/drying)

#### China Business capital investment: (approx. 15.0 billion yen + M&A)

- Traditional Chinese Medicine Research Center
- Build an IT infrastructure

#### Strengthen production capacity

Build a production system that will support the expansion of the Kampo market

#### Improve productivity leveraging automation and DX

Develop innovative automation facilities  
Boost efficiency/realize labor saving/suppress a rise in CoGS

### ■ R&D: Allocate funds mainly to new disease domains, to personalize Kampo treatments, and in pre-symptomatic disease domains

Total R&D investment: **approx. 24.0 billion yen**

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In “Cho-WA” 2031, we plan to focus on upfront investments in the three-year period of the First Medium-Term Management Plan to expand the scale of growth and business in the future.

Investment to strengthen production capacity and in automation and digitalization is around ¥115.0 billion.

Of these investments, investments related to the domestic business is about ¥100.0 billion, including for domestic SD, granulation, packaging processes and SD processes at the Tianjin Tsumura Plant, China.

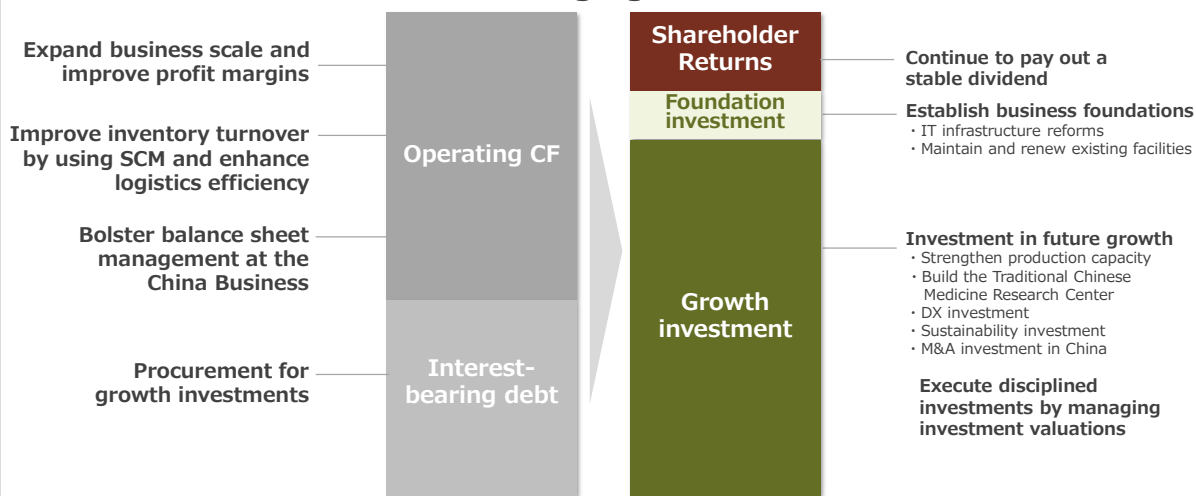
Investment related to the China Business is scheduled to be approximately ¥15.0 billion owing to construction of the Traditional Chinese Medicine Research Center and for the building of an IT infrastructure.

Note that this investment plan does not include M&A investments.

We plan R&D investments of around ¥24.0 billion, the total for the First Medium-Term Management Plan.

We plan to allocate this for the new disease domain, personal Kampo treatments and for the pre-symptomatic disease domain.

**Aim to improve corporate value by creating cash flows from operating activities and through growth investments**



Next, I will discuss our finance strategy.

As shown, for large-scale investments to growth, which I explained earlier, we plan to stably generate cash flows from operating activities and for fund procurement.

We plan to execute disciplined investments by maintaining our financial health and based on strict investment valuations.

# First Medium-Term Management Plan: Strategic Challenges



Growth (Expand business scale)		Earnings power (Enhance profit margins)		Growth investments for the future	
Operating profit margin		Invested capital turnover rate			
Gross profit	SG&A ratio	Working capital turnover rate	Fixed asset turnover rate		
✓	✓		✓	▶	
✓	✓			▶	
✓	✓	✓	✓	▶	
		✓	✓	▶	
✓	✓	✓	✓	▶	
✓	✓	✓	✓	▶	

## [Strategic challenges]

- 1 Continuous expansion of the Kampo market through the provision of Kampo solutions to suit individual physicians
  - 2 Establishment of Kampo evidence and promotion of scientific study of pre-symptomatic diseases through KAMPOMics
  - 3 Expansion of sales of crude drug and drug pieces in China and entry to business of traditional Chinese medicinal products
  - 4 Revamp of IT platform and promotion of utilization of AI and robots in crude drug sorting and manufacturing processes for transformation of the Kampo value chain
  - 5 Creation of value through organization capital and human capital and implementation of job satisfaction reform
- ▶ Initiatives for realization of the Sustainability Vision

We established the strategic challenges shown in combination with the numeric targets in the First Medium-Term Management Plan.

1

Continuous expansion of the Kampo market through the provision of Kampo solutions to suit individual physicians

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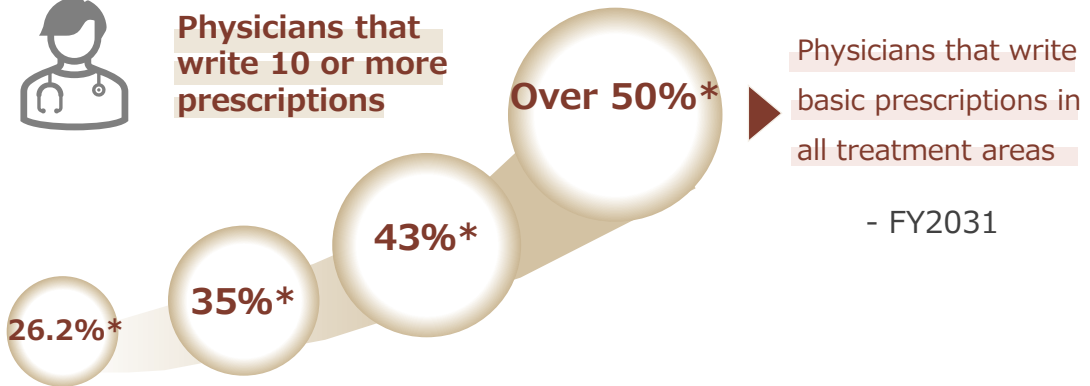
28

I will explain Strategic Challenge ① , Continuous expansion of the Kampo market through the provision of Kampo solutions to suit individual physicians.

**Increase the percentage of physicians that write 10 or more Kampo prescriptions to over 50%**



**Physicians that write 10 or more prescriptions**



Physicians that write basic prescriptions in all treatment areas

- FY2031

Number of clinical physicians	320,000 people	330,000 people	330,000 people	330,000 people
	FY2021	FY2022	FY2023	FY2024

\*Survey by Tsumura

Source: <Number of clinical physicians> Prepared by Tsumura based on "Physician Supply and Demand" data from the 19th Subcommittee on Physician Supply and Demand, which is part of the Ministry of Health, Labour and Welfare's Study Group on Medical Practitioner Supply and Demand

In VISION 2021, our goal is to achieve a trend where “one-in-two physicians (50%) writes 10 or more Kampo prescriptions.”

As of the end of fiscal 2021, we achieved 26.2%.

By the end of fiscal 2024, the end of the First Medium-Term Management Plan, we aim to achieve a percentage of 50%-plus of the physicians that write 10 or more Kampo prescriptions by advancing and instilling information provision activities using digital solutions.

Realize first-rate customer-oriented experiences through optimal channels for information required by individual medical practitioners and provision at the appropriate time

**TSUMURA MEDICAL SITE**

Efficacy	Safety	Quality
Dissemination of online lectures Video library Product information	Side-effect information Storage/management method Raw material crude drug information	Tsumura crude drug GACP Formulation homogeneity

- Online Kampo salon
- Online Kampo MR interviews
- Tsumura virtual Kampo MRs
- Kampo AI chat bot

**Data collection and integration**

**Data analysis**

**Optimal measures/proposals**

**Actions**

- Integrated data base
  - Customer information
  - Site views
  - Lecture participation
  - Market, competitors
  - Proprietary sales
  - Activities history



As a digital solution for Kampo, we aim to realize further advancements in hybrid promotions, as shown, primarily for the expansion of the Tsumura medical website, which is our Kampo information platform.

We plan to tackle measures to see that each and every medical practitioner obtains and uses necessary information for optimal channels at the appropriate time.

## Important Domains & Drug-Fostering Program/Growing Formulations

Rapid improvement in quantitative and qualitative information provision, mainly in the drug-fostering program and growing formulations and basic prescriptions for treatment areas in the three important domains of “geriatric health,” “cancer (supportive care)” and “women’s health.”

Geriatric health domain			Cancer domain (supportive care*)	Women’s health domain	
Psychiatric and neurological disorders	Peripheral symptoms for frailty	Digestive system diseases	Mitigation of side effects, etc.	Diseases specific to women	Other
<b>Yokukansan</b> <b>D</b> <b>Yokukansankachim pihange</b> <b>I</b> + related formulations	<b>Ninjin’yoeito</b> <b>G</b> <b>Kamikihito</b> <b>G</b> <b>Hochuekkito</b> <b>G</b> <b>Goshajinkigan</b> <b>D</b> + related formulations	<b>Rikkunshito</b> <b>D</b> <b>Daikenchuto</b> <b>D</b> + related formulations Peripheral symptoms for circulatory disorders <b>Goreisan</b> <b>G</b> + related formulations	<b>Rikkunshito</b> <b>D</b> <b>Hangeshashinto</b> <b>D</b> <b>Goshajinkigan</b> <b>D</b> <b>Hochuekkito</b> <b>G</b> <b>Kamikihito</b> <b>G</b> <b>Juzentaihoto</b> <b>I</b> + related formulations	<b>Kamishoyosan</b> <b>G</b> <b>Kamikihito</b> <b>G</b> <b>Tokishakuyakusan</b> <b>I</b> + related formulations	<b>Daikenchuto</b> <b>D</b> <b>Goreisan</b> <b>G</b> <b>Shakuyakukanzoto</b> <b>I</b> + related formulations

**D** Drug-fostering program formulations: Focusing on the structure of diseases in recent years, in treatment domains with a high degree of medical needs, there are patients in dire distress of finding new drug therapies; narrow down target to patients in which prescription Kampo formulations are demonstrating specific effects and prescribe to build evidence (scientific basis)

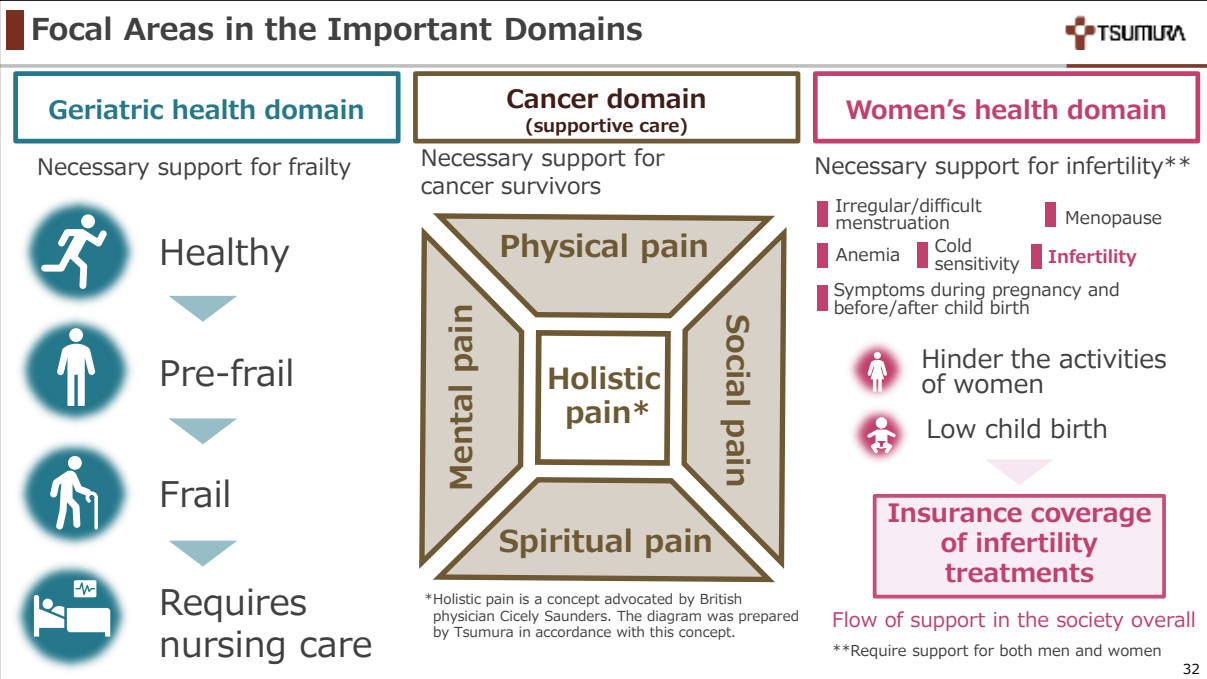
**G** Growing formulations: As focal formulations to follow the five drug-fostering program formulations, aim for write ups in treatment guidelines by building evidence (safety and efficacy data, etc.) in domains with a low treatment of satisfaction and low degree of contribution to medicine

**I** Important formulations: Important formulations following drug-fostering program formulations and growing formulations for the penetration of Kampo in important domains

\*Supportive care: Treatments, including the alleviation of symptoms associated with cancer and due to cancer therapy

We aim to make rapid improvement in quantitative and qualitative information provision, mainly in the drug-fostering program and growing formulations and basic prescriptions for treatment in “geriatric health,” “cancer (supportive care)” and “women’s health,” which continue to be urgent social issues in Japan.

In growing formulations, we plan to replace some of our formulations to position and further instill Bakumondoto and Shakuyakukanzoto as important formulations on top of making Ningin’yoeito and Kamikihito as new growth drivers.



In the geriatric health domain, we are focusing on frailty, one of the diseases related to aging, and also related to preventing changes in existing diseases and suppressing a disease from becoming serious in the three preventive measures for pre-symptomatic diseases.

We estimate a rapid rise in number of frail/pre-frail patients in tandem with the acceleration of aging.

In 2031, we forecast the number of patients with frailty of 3.15 million people, and 19.39 million people with pre-frailty symptoms, which are interpreted as the stage prior to frailty and potential candidates for frailty.

In the cancer domain, we aim to undertake the improvement of QOL and to assist patients to get back to society, not only through cancer treatment but also by using Kampo to alleviate total pain, including physical distress, mental distress, social distress and spiritual distress suffered by cancer patients and cancer survivors.

In women's health, we plan to fortify the provision of information to facilitate the improvement of symptoms with the use of Kampo.

In addition to pre-menstrual symptoms, this will apply to cases of infertility, where basic treatments are now covered by insurance, and cases where women are unable to exert their skills to the fullest due to mental and physical distress that is being caused by various factors.



2

Establishment of Kampo evidence and promotion of scientific study of pre-symptomatic diseases through KAMPOmics

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Next I will explain strategic challenge ② , Establishment of Kampo evidence and promotion of scientific study of pre-symptomatic diseases through KAMPOmics.

To build a platform to personalize Kampo treatments



Joint research with academia




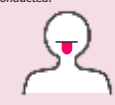


Alliances with business partners



Development/trial start of  
diagnostic support tools

Exams based on Kampo medicine (four exams)

Candidate domains

<p><b>Inquiry</b></p> <p>Made up of various questions, including subjective symptoms, illnesses experienced thus far, food preferences, lifestyle, work, and menstrual conditions.</p> 	<p><b>Inspection</b></p> <p>Facial color/expressions, attitude, posture and body shape are mainly examined.</p> <p>Tongue inspection is also conducted.</p> 	<p><b>Listening and smelling exam</b></p> <p>Examination mainly of the volume and tone of the patient's voice, manner of speaking, how the patient coughs, phlegm conditions (manner in which is gets clogged/stopped up), and respiratory sounds. Body odor and halitosis are also checked.</p> 	<p><b>Palpation</b></p> <p>Examination of conditions through touching. This is largely broken down into a "pulse exam" and a "abdominal exam."</p> 
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Women's health domain

\*Successfully deploy to other areas

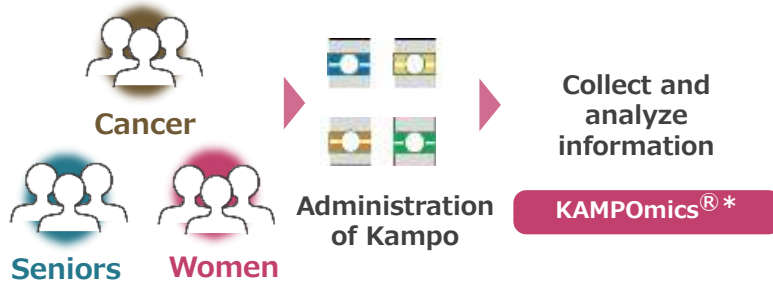
This slide shows four exams for Kampo treatment which are effective diagnostic methods based on Kampo medicine which focus on the individual symptoms of patients.

In the First Medium-Term Management Plan, to build a platform for the personalization of Kampo treatments, we plan to collaborate with academic institutions and business partners to roll out the development and trial implementation of a diagnostic support tool to be used in visual exams and questionnaires in the women's health domain.

## Initiatives for the Scientific Study of Pre-symptomatic Diseases

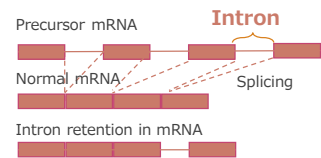
For the three preventive measures for pre-symptomatic diseases (treat disease before symptoms appear, prevent change into existing disease and post-healing recovery)

Scientifically understand pre-symptomatic diseases  Definition



### Example in geriatric health domain

Study using intron retention, a condition of a pre-symptomatic disease that causes aging



There are cases where **intron is retained** due to a splicing error or a biological abnormal response

\*Combines research on cutting-edge technologies (metabolome, genetics, intestinal flora, systems biology, etc.), a strength of Tsumura, with Kampo medicine, a traditional medicine practiced in Japan, to form a proprietary research package to comprehensively understand multi-component, complex Kampo medicines. This is registered trademark of Tsumura.

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As an initiative to tackle the scientific study of pre-symptomatic diseases, we aim to first understand and define the condition of being “pre-symptomatic” in the First Medium-Term Management Plan.

As one initiative, we are scientifically grasping gene-related information, e.g. intron retention, of a body that is heading towards aging and jointly implementing research with academic institutions regarding the use of intron retention as a yardstick for measuring the degree of being “pre-symptomatic.” We are beginning to see a response.

## Research to Expand Standard Kampo Treatments (Expand and Delve into Existing Research)

### Enrich evidence package

Evidence package	Meta-analysis	RCT (Random comparison trial)	Drugs Pharmacokinetics	Survey on frequency of side-effects
Rikkunshito	○	○	○	○
Yokukansan	○	○	○	○
Daikenchuto	○	○	○	○
***	○	○	○	○

Enrich types of formulations/domain/evidence

#### Quality improvement

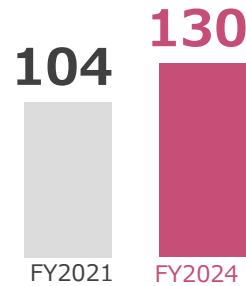
⟨Listed formulations/disease⟩  
Improve degree of recommendation in treatment guidelines

#### Quantity expansion

⟨Unlisted formulations/disease⟩  
New write-ups in treatment guidelines

### Expand treatment guidelines

Number of write-ups in treatment guidelines for Type B\* or higher Kampo formulations



\*From the "Treatment Guidelines Task Force" of EBM Committee, Japan Society for Oriental Medicine  
Type A: Quoted papers exists, there is grading of evidence and recommendations, also write-ups on this are included  
Type B: Quoted papers exists but there is no grading for evidence and recommendation  
Type C: There are no quoted papers or evidence and recommendation grading

Write-ups in treatment guidelines are essential for the expansion of standard Kampo treatments. We aim to for new write-ups and to improve the degree of recommendations by further accumulating evidence mainly for efficacy and safety.

In the First Medium-Term Management Plan, we aim to achieve 130 write-ups in treatment guidelines for Kampo treatments and plan to realize research benefits.

3

Expansion of sales of crude drug and drug pieces in China and entry to business of traditional Chinese medicinal products

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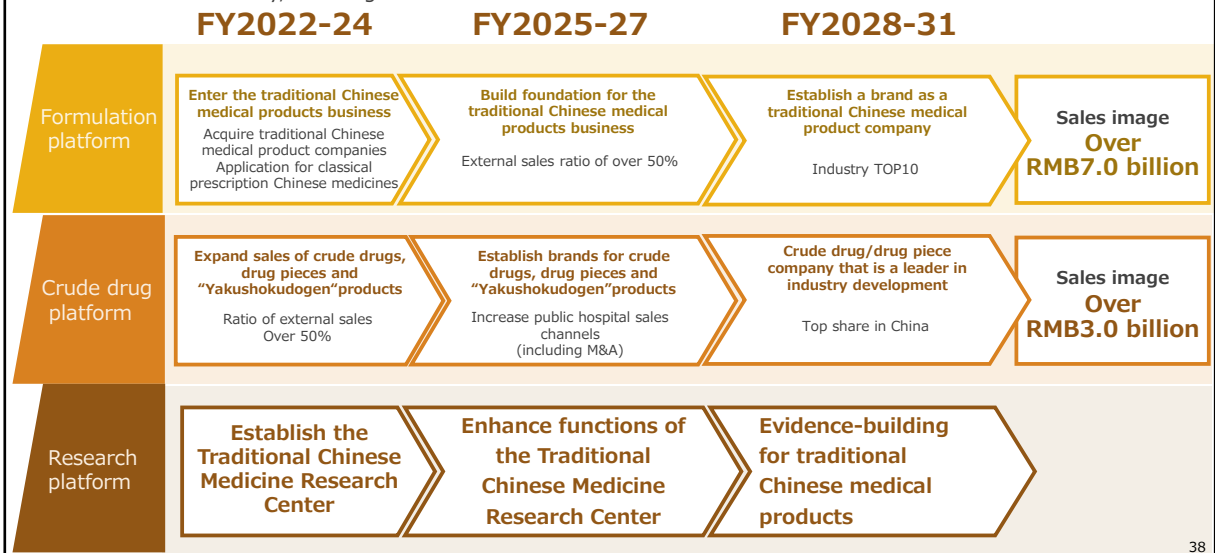
37

I will now discuss strategic challenge ③ , expansion of sales of crude drug and drug pieces in China and entry to business of traditional Chinese medicinal products.

## Milestones in the China Business



Aim to become a traditional Chinese medicine company that is a leader in the development of the traditional Chinese medicine industry, and target an overseas sales ratio of 50%



38

In “Cho-WA” 2031, we aim for an overseas sales ratio of 50% and plan to become a traditional Chinese medicine company that leads the development of the traditional Chinese medicine industry.

In the formulation platform, we have not factored in numeric targets. However, in the First Medium-Term Management Plan we aim for the early implementation of M&A deals with traditional Chinese medicine companies to build a foundation for our traditional Chinese medicine business.

In the research platform, we will establish the Traditional Chinese Medicine Research Center, which is behind schedule, and plan to successively expand its functions, including R&D, and analysis and evaluations.

## Expand the Crude Drug Platform business



### Crude drug platform

- Increase the number of items supplied by leveraging the strengths (pricing, quality, volume) of Tsumura
- Accelerate market penetration by the Tsumura brand by strengthening management of the crude drug supply chain

#### Raw material crude drugs

##### Strengthen highly-competitive items

- ◆ No. 1 Chinese ginseng brand
- ◆ Broaden other superior items
- ◆ Strengthen GACP management (Safety/security)
- ◆ Be a leader in industry standards

#### Drug pieces

##### Establish a brand for high-quality drug pieces

- ◆ Continue to expand public hospital sales channels
- ◆ Boost Ping An Health's online sales
- ◆ Promote drug piece supply services

#### "Yakushokudogen" products

##### Promote new product development Build the Tsumura brand

- ◆ Develop high added-value products
- ◆ Expand online sales
- ◆ Build a trusted brand

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In the crude drug platform business, in the First Medium-Term Management Plan we will focus on growing scale to achieve an external sales ratio of 50%-plus through the broadening of our product lineup, including raw material crude drugs, drug pieces and Yakushokudogen products, and sales channels.

In raw material crude drugs, we aim to become a leading company in the crude drug industry, including being a leader in the establishment of industry standards.

In drug pieces, we plan to build a position as a leading company in high-quality drug pieces by continuing to expand, mainly in public hospital sales channels, online sales and added-value services, mainly for priority items.

In the business for Yakushokudogen products, our goal is to utilize superior crude drugs, including ginseng, develop high value-added products that are in line with the treatment and prevention needs of the citizens of China, and utilize the sales channels of Ping An Insurance.

4

Revamp of IT platform and promotion of utilization of AI and robots  
in crude drug sorting and manufacturing processes for  
transformation of the Kampo value chain

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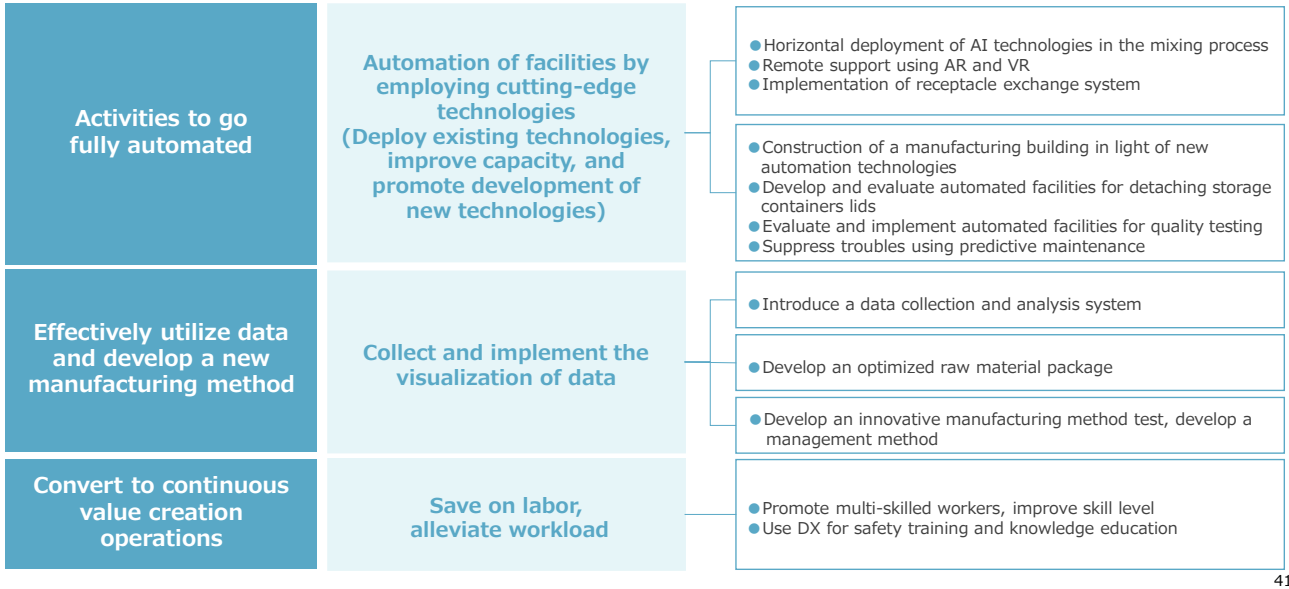
I will now talk about strategic challenge ④, revamp of IT platform and promotion of utilization of AI and robots in crude drug sorting and manufacturing processes for transformation of the Kampo value chain.



# Build a Foundation to Improve Labor Productivity



In anticipation of the realization of a smart factory, improve labor productivity 20% (vs. FY2021)



In “Cho-WA” 2031, our goal here is the doubling of productivity through the smartification of plants.

In the First Medium-Term Management Plan, we plan to accumulate data and implement the visualization of data to build a new production system through automation of facilities via cutting-edge technology and the effective use of data, and aim to save on labor and alleviate the workload to shift to value-creation operations.

Through this, we plan to improve our labor productivity by 20% versus fiscal 2021.

## Achieve the Practical Use of Crude Drug AI Automated Selector and Strengthen/Employ GACP



### Crude drug AI automated selector

Implement at 4 manufacturing plants



Ishioka Center  
YUBARI TSUMURA  
SHENZHEN TSUMURA  
CHINA MEDICO CORPORATION



- Boost efficiency of selection operations
- Reduce work headcount

### Strengthen and employ GACP information



Link crude drug production information and quality information

- Improve productivity
- Secure quality and safety

Traceability  
Digitalize information

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In the crude drug supply chain, we are already developing an AI-driven crude drug selection device.

In the First Medium-Term Management Plan, by deploying this device at the four manufacturing sites, namely Ishioka Center, Yubari Tsumura, Shenzhen Tsumura and China Medico Corporation, plan to boost the efficiency of the selection process and shift to value-creation operations by workers.

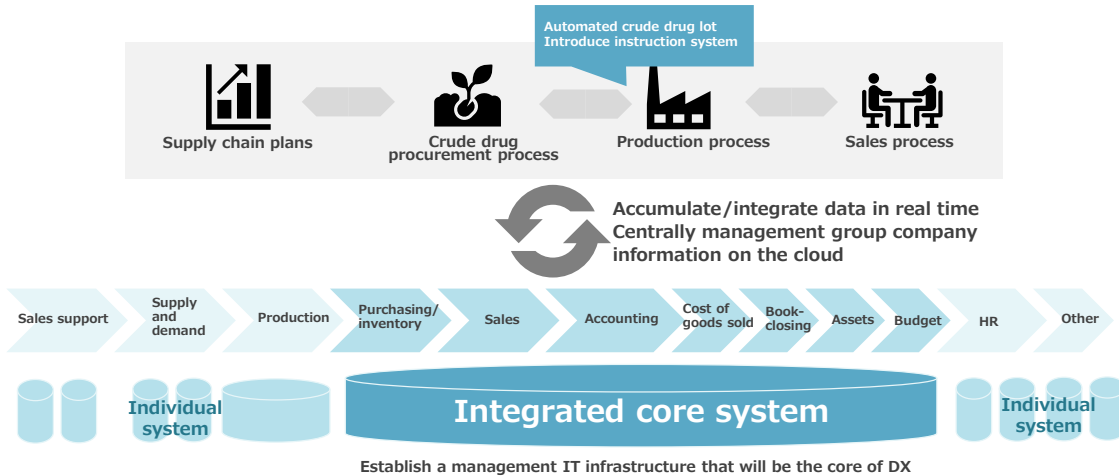
In addition, we look to move forward with research that contributes mainly to productivity improvements, and the securing of quality and safety at a higher dimension.

This includes utilizing various information related to crude drug cultivation that is accumulated by using the Tsumura crude drug GACP.

This information includes data on yield improvements, pest control measures and linked to agritech.

Introduce an integrated core system

- Digitalize the Kampo value chain
- Realize data-driven management



In “Cho-WA” 2031, we are promoting the digitalization of the Kampo value chain.

In the First Medium-Term Management Plan, we plan to complete the introduction of an integrated core system, which will become its foundation.

We need to deliver the necessary types, amount and balance of raw material crude drugs to manufacturing plants and input them into manufacturing at the right time to ensure quality and uniformity in the manufacturing of Kampo formulations. The raw material crude drug supply chain is very long and diverse.

We also aim to achieve manageable inventories in appropriate locations and the enhancement of crude drug processing efficiency by realizing appropriate control over the supply chain by employing a system that mainly utilizes AI and sensor technologies.

In the First Medium-Term Management Plan, we plan to complete the introduction of a system that automatically gives lot orders for crude drugs. This will become a core system.

5

Creation of value through organization capital and human capital and implementation of job satisfaction reform

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Here is strategic challenge ⑤, creation of value through organization capital and human capital and implementation of job satisfaction reform.

## Cultivate Management Personnel



Train personnel that will implement philosophy-based management and drive the Tsumura Group



**Management personnel**



**Global management personnel**



**Candidates for division head**

45

We are conducting training for group management personnel and cultivating our corporate culture, mainly at the Tsumura Academy, which is an in-house institute for human resources training.

We are implementing three 3-year training programs. The first is the “basic program.” This program mainly targets mid-level employees. The aim is to continuously produce management personnel that will implement philosophy-based and vision-based management that promotes the purpose of the Company and will become impetus for the Tsumura Group. Second is the “advanced program,” which will target junior management-level personnel. Last is the “basic management course,” which is a program that aims to train personnel to become management for the next-generation.

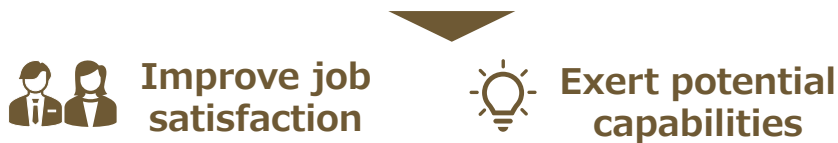
Tsumura is implementing a cycle so that employees that participated in the programs can implement what they learned. Challenges with high hurdles and tough assignments are assigned, personnel assessments are carried out and then personnel are selected.

In the First Medium-Term Management Plan, we plan to implement this cycle to enhance this system.

Nurture corporate culture that heightens individual job satisfaction and exerts one's own "potential capabilities" by creating an organization driven by its philosophy



**Dialogue that focuses on goals and values**



The nurturing of our corporate culture will focus training for employees so that they learn to be independent and think for themselves. This training will consist of off-site meetings to instill our corporate philosophy and training on being resourceful and on coaching.

In the Tsumura Group overall, we aim to cultivate a culture of dialogue that will propel goals and values. We are also undertaking organizational development by implementing team-building meetings based on coaching in each department.

Our goal is to nurture a corporate culture that heightens individual job satisfaction and exerts the "potential capabilities" of an individual by creating an organization driven by its philosophy.



## Initiatives for realization of the Sustainability Vision



Lastly, I will explain our initiatives to realize the Sustainability Vision.

**FY2031 Targets in Sustainability Vision**

- 50% reduction in greenhouse gas emissions
- Circulation of water and waste (crude drug residue)
- Conversion to environmentally friendly packaging materials

	FY2020	FY2024
CO2 emission reduction rate (vs. FY2020)	96,487t	(3)%
Basic unit for energy intensity (year-on-year)	—	(1)%
No. of items using crude drugs grown in the wild (vs. FY 2020)	34 items*	33 items or less
Basic unit for water intake intensity** (vs. FY2020)	113.01t/t	(10)%
Amount of plastic use (vs. FY2020)	3,037.07t/t	(10)%
Basic unit for industrial waste emissions (vs. FY2020)	1.76t/t	(50)%

\*Crude drugs grown in the wild only: 18 items;  
Crude drugs grown in the wild + cultivated products: 16 items

\*\*Amount of water intake/powdered extract only for the  
Shizuoka and Ibaraki Plants

We are promoting a “50% reduction in greenhouse gas emissions,” “the switch to environmentally-friendly packaging materials,” and “the recycling of water and waste materials (crude drug residuals) as our fiscal 2031 targets in the Sustainability Vision.

In the First Medium-Term Management Plan, we have set the environmental goals, including the reduction of CO2 emissions, as shown here.

We are implementing activities to achieve goals for each item.



Improve CDP climate change evaluation

- Apply to acquire SBT certification
- Basic content analysis/disclosure for TCFD
- Achieve environmental goals in the First Medium-Term Management Plan

In addition, along with familiarizing everyone outside of the Company with the activities of Tsumura, we believe Tsumura's accountability also includes obtaining evaluations of our position with the global framework.

We plan to undertake activities to improve the evaluations/rating we receive from environment-related rating agencies.

This ends my presentation of the First Medium-Term Management Plan.

## FY 2022 Earnings Forecast



【Million yen】	FY 2021 Results	FY 2022 Forecast	YoY	
			Amount	Change
<b>Net sales</b>	<b>129,546</b>	<b>138,500</b>	<b>+8,953</b>	<b>+6.9%</b>
Domestic business	—	124,300	—	—
China business	—	14,200	—	—
<b>Operating Profit</b>	<b>22,376</b>	<b>20,800</b>	<b>(1,576)</b>	<b>(7.0)%</b>
Domestic business	—	21,200	—	—
China business	—	(400)	—	—
<b>Ordinary Profit</b>	<b>25,904</b>	<b>21,200</b>	<b>(4,704)</b>	<b>(18.2)%</b>
<b>Profit attributable to owners of parent</b>	<b>18,836</b>	<b>15,000</b>	<b>(3,836)</b>	<b>(20.4)%</b>
<b>Dividends (per share)</b>	<b>64 yen</b>	<b>64 yen</b>		
<b>EPS</b>	<b>246.2 yen</b>	<b>196.1 yen</b>		
<b>ROE</b>	<b>8.2 %</b>	<b>6.0 %</b>		

(Note) The above forecasts were prepared based on the information available as of the date of publication of this presentation. Accordingly, the impact of risks that cannot be predicted at this time, including the impact on socio-economic activities from the further spread of COVID-19, have not been factored in. Actual earnings performance may differ from the forecasts stated herein owing to various factors going forward. We will disclose trends and conditions in a timely and proper manner should there be any changes in the circumstances surrounding our company.

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This is our forecast for fiscal 2022.

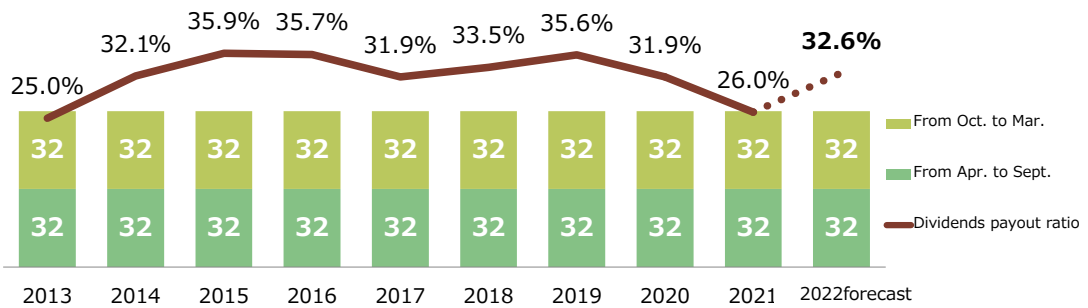
We forecast net sales of ¥138.5 billion, operating profit of ¥20.8 billion, ordinary profit of ¥21.2 billion, profit attributable to owners of parent of ¥15.0 billion, and an ROE of 6.0%.

# Shareholder Returns



## Policy

- We aim to improve our corporate value by continually expanding domestic business and through growth investments in the China business, and by building foundations. Accordingly, we plan to implement stable dividends, taking into account factors such as medium/long-term profit levels and cash flow conditions.



Note: The FY 2021 year-end dividend and payout ratio (forecast) are an estimate based on the assumption that the dividend resolution is approved at the 86th Ordinary General Meeting of Shareholders.

We reiterate the same shareholder return policy we have been implementing thus far. In addition to the further expansion of the Kampo business in Japan, Tsumura plans to execute growth investments, including M&A deals, in the China Business, and will take steps to improve its corporate value through the strengthening of foundations in the China Business.

We ask that everyone continue to provide us with their support.

**Corporate Communications Dept.**  
**Investor Relations Group**  
**investor\_madoguchi@mail.tsumura.co.jp**

### Cautionary items regarding forecasts

- The materials and information provided in this presentation contain so-called forward-looking statements. Readers should be aware that the realization of these statements can be affected by a variety of risks and uncertainties and that actual results could differ significantly.
- Changes in Japan or other foreign countries related to 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 negatively impact the Company's performance or financial position.
- In the unlikely event that sales of the Company's core products currently on the market be halted or should sales substantially decline due to a defect, unforeseen side effect or some other factor, there could be a major impact on the Company's performance or financial position.

# appendix

## Key Points in Performance



Sales and profits increased due to growth in domestic and overseas sales.

<b>Net sales</b>	<b>129,546 million yen</b>	Achievement rate	<b>101.6%</b>	YoY	<b>+ 11.3%</b>
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- Domestic sales totaled 119,567 million yen, increased 8.6% year-on-year.
- Sales of the 129 prescription Kampo products totaled 114,165 million yen, increased 8.1% year-on-year.
- Sales of healthcare products including OTC Kampo medicines totaled 3,915 million yen, increased 29.8% year-on-year.
- Overseas sales totaled 9,978 million yen, increased 56.9% year-on-year.

<b>Operating profit</b>	<b>22,376 million yen</b>	Achievement rate	<b>106.1%</b>	YoY	<b>+ 15.4%</b>
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<b>Operating profit margin</b>	<b>17.3 %</b>	Comparison with the Revised plan	<b>+ 0.8pt</b>	YoY	<b>+ 0.7pt</b>
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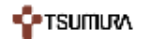
- The cost-to-sales ratio was 48.7%, a climb of 0.6pts year-on-year, mainly impact of increased depreciation burden due to Increased manufacturing costs, and external sales in China.
- The SG&A ratio totaled 34.0%, a decline of 1.3pt year-on-year, mainly impact of improvement due to sales growth.

<b>Ordinary profit</b>	<b>25,904 million yen</b>	Achievement rate	<b>110.7%</b>	YoY	<b>+ 24.1%</b>
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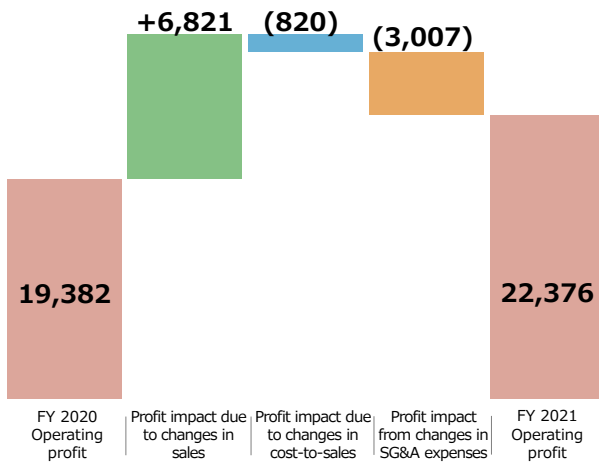
- The impact of the foreign exchange gain: 2,474 million yen

<b>Profit attributable to owners of parent</b>	<b>18,836 million yen</b>	Achievement rate	<b>113.5%</b>	YoY	<b>+ 22.9%</b>
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# Factors Triggering Changes in Operating Profit (YoY)

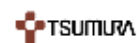


( Million yen )



<b>Changes in sales : +6,821 Breakdown</b>	
Domestic	+4,942
Overseas	+1,879
<b>Changes in cost-to-sales : (820) Breakdown</b>	
Sales composition (Domestic)	+224
Crude drug cost (Domestic)	+1,744
Processing cost etc (Domestic)	(1,574)
Outside sales in China	(1,214)
<b>Changes in SG&amp;A expenses:(3,007) Breakdown</b>	
Sales-related expense	(736)
R&D expense	(682)
Salary allowance	(340)
Advertising expense	(274)
Other	(972)

# Financial Condition/Cash Flow Position

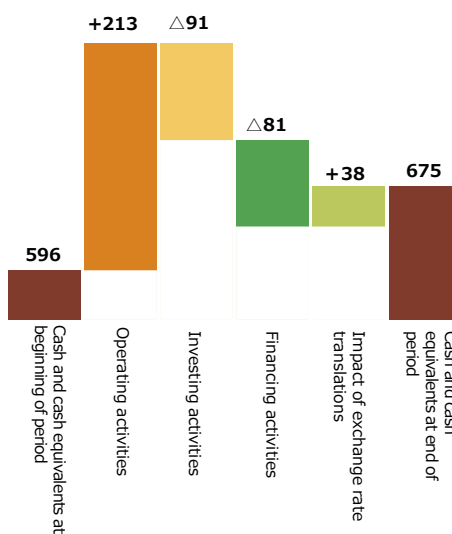


( Million yen )

( Million yen )

	FY 2020 (March 2021)	FY 2020 (March 2021)	Change
<b>Total assets</b>	319,063	<b>350,981</b>	31,917
Current assets	204,273	<b>229,420</b>	25,146
Non-current assets	114,789	<b>121,561</b>	6,771
<b>Total liabilities</b>	85,894	<b>92,871</b>	6,977
Current liabilities	48,380	<b>45,875</b>	(2,505)
Non-current liabilities	37,513	<b>46,996</b>	9,482
<b>Total net assets</b>	233,169	<b>258,109</b>	24,940
<b>Equity ratio</b>	68.3%	<b>68.3%</b>	0

	FY 2020 (March 2021)	FY 2020 (March 2021)	Change
<b>Inventories</b>	80,755	<b>92,751</b>	11,996
Merchandise and finished goods	13,939	<b>10,247</b>	(3,691)
Work in process	13,396	<b>13,614</b>	218
Raw materials and supplies	53,419	<b>68,889</b>	15,469



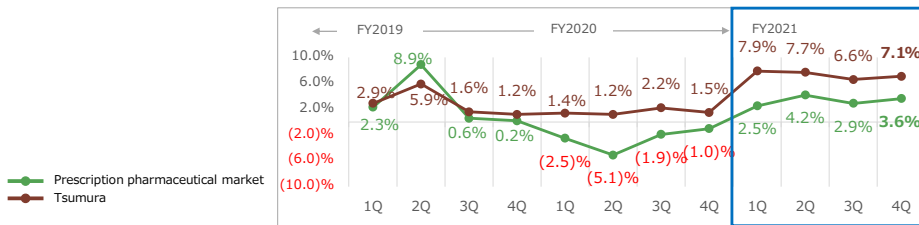


# Comparison with the Prescription Pharmaceutical Market



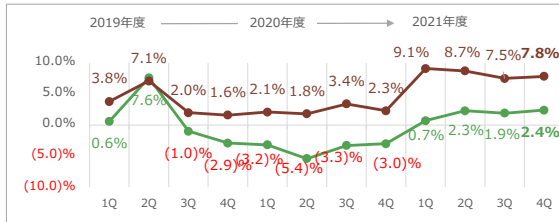
(YoY/drug price basis)

## Overall

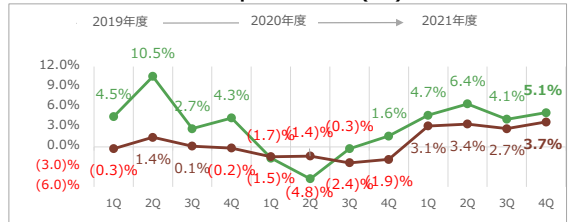


Gap with market  
**+4.0pt**  
(4Q only: +3.5pt)

## General clinics (GP)



## Hospital market (HP)



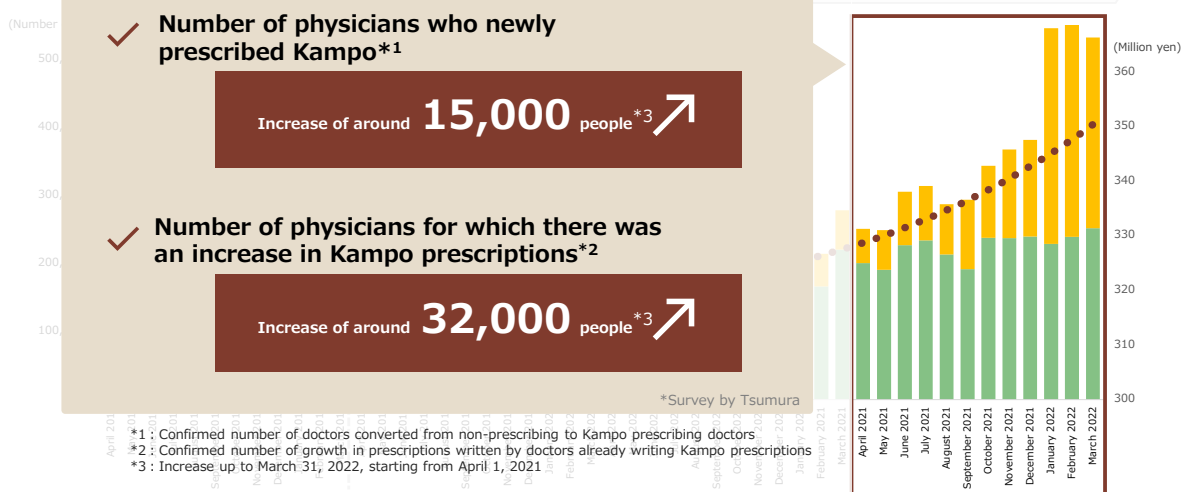
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## Increase in prescription opportunities owing to e-promotions



### Increase in the number of physicians that write Kampo prescriptions owing to the implementation of e-promotions

Third Medium-Term Management Plan



INTAGE Healthcare Inc. survey, Impact Track 58

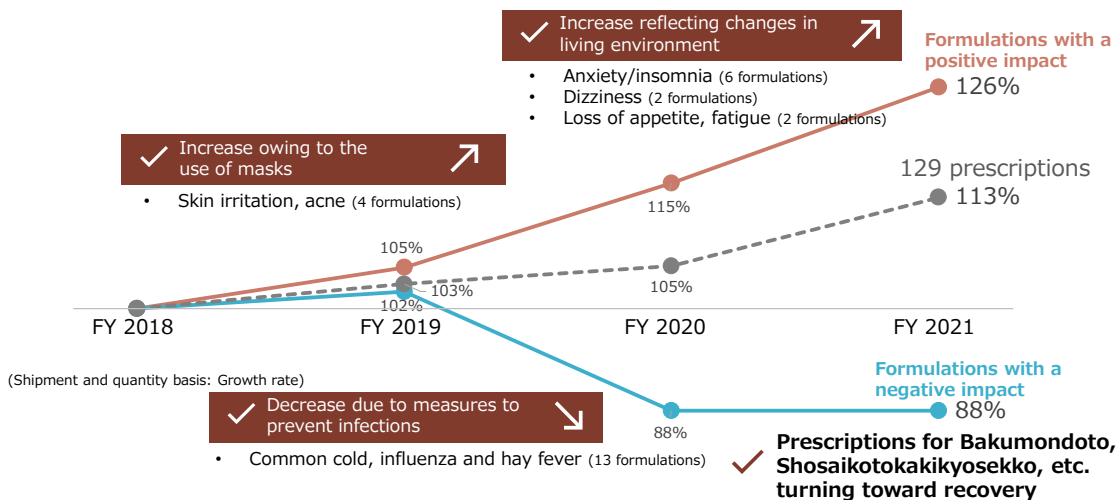
## ■ e-プロモーションによる処方機会の増加

また、e-プロモーションの推進により、漢方薬を処方する医師が増加しました。

2021年度の1年間では、新規に漢方薬を処方した医師数は約15,000人増加し、漢方薬の処方数が増加した医師数も約32,000人増加しました。

e-プロモーションの推進により、これまでコンタクトできなかった医師をはじめ、より多くの医師に情報提供できる環境が整いつつあり、今後もe-プロモーションを拡充することで、漢方薬を処方する医師の増加を加速させていきます。

Positive impact in FY 2021 by addressing needs with a changes in disease structure



■ COVID-19の影響

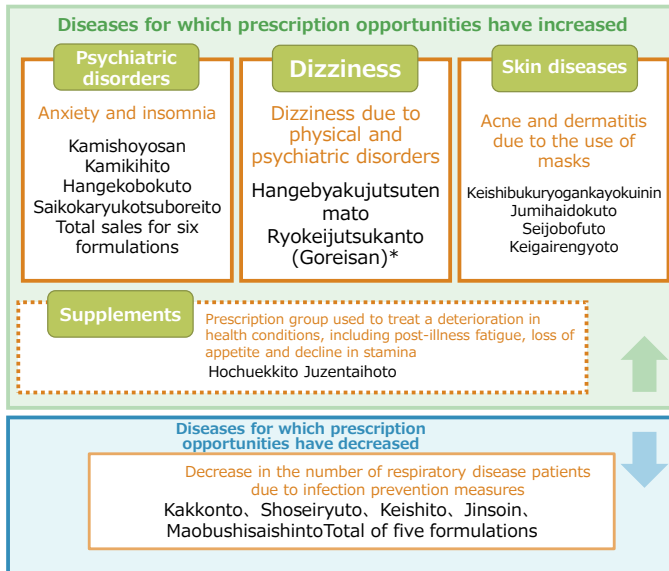
第3期中期経営計画の期間において、COVID-19により疾病構造に大きな変化がありました。

こちらは、COVID-19によりプラスの影響、マイナスの影響を受けた処方と医療用漢方製剤全129処方の数量ベースの伸長率を比較したグラフです。

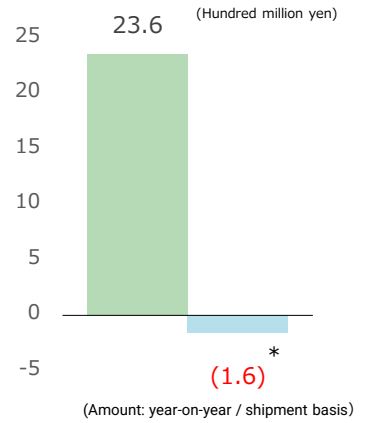
COVID-19の流行が始まった2019年度から、感染予防対策でのマスク着用による肌荒れ、にきび等の疾患が増加しました。さらに、2020年度からは外出機会の減少など、生活環境の変化による不安感、不眠、めまい、食欲不振、倦怠感などの疾患が増加したことで、129処方全体の伸長率を大きく上回りました。

一方で、感染予防対策により風邪、インフルエンザ、花粉症などの疾患が減少し、関連処方はマイナス影響を受けました。2021年度に数量ベースで横ばいとなっている要因としては、麦門冬湯、小柴胡湯加桔梗石膏などの処方が回復に転じたためです。

# COVID-19 Related Symptoms and Prescription Opportunities



Trends in the monetary impact owing to a fluctuation in prescription opportunities (FY 2021)



\* Calculated only for 5 prescriptions decreased from the previous year

\*Goreisan prescription opportunities are also increasing for treatment in areas other than dizziness therefore it has been excluded from the basis of calculations