



May 12, 2025

## NEWS RELEASE

Name of Listed Company: TSUMURA & CO.  
Listing: TSE Prime Market  
Securities code: 4540  
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### Notice regarding the continuation of Trust-type Stock Delivery System for Employees

TSUMURA & CO. (the “Company”) today announces that, at a meeting of the Board of Directors held on May 12, 2025, it was resolved that a trust-type stock delivery system (hereinafter the “System”), which was introduced in fiscal year 2023 for its employees (excluding fixed-term employees) (hereinafter the “Eligible Employees”) will be continued. Details are as follows.

#### 1. Overview of the System

(1) The company is based on the principles "In the Spirit of Nature's Laws", which have been unchanged since the Group's founding, and our purpose, "Lively Living for Everyone," which is the Business Commitment we intend to ultimately achieve, looking 50 to 100 years into the future. Starting from this purpose, we have established our management philosophy, "The Best of Nature and Science," which is our unchanging and fundamental corporate value, and our corporate mission, which is our reason for existence, "To contribute to the unparalleled medical therapeutic power of the combination of Kampo medicine and Western medicine," and we are working hard every day to realize our two visions: the Tsumura Group's sustainability vision and long-term management vision, "TSUMURA VISION "Cho-WA" 2031." The Long-term Management Vision for corporate growth has been formulated decade by decade, and the Sustainability Vision for corporate continuity has been formulated with milestones in each decade toward the achievement of carbon neutrality in 2050.

To realize these two visions, we must continue to create new values for society and the Group by leveraging and maximizing our organizational capital and human capital, while maintaining the harmony between the Group's businesses, society and the global environment in the future. The Company has positioned human capital, which is the capabilities of people, and organizational capital which is the power of the team as the basis of its corporate management, and believe that even more important to continue to promote the development of work environments so that individuals with diverse values are able to increase their capabilities as human resources, demonstrate their strengths for the realization of the visions and achieve things working in harmony as a team.

Therefore, the purpose of this system is to raise each employee's awareness of the need to realize our purpose and two visions, to develop and demonstrate their potential, and to further foster their desire to make significant contributions. We will continue this system during the current medium-term management plan (FY2025-FY2027).

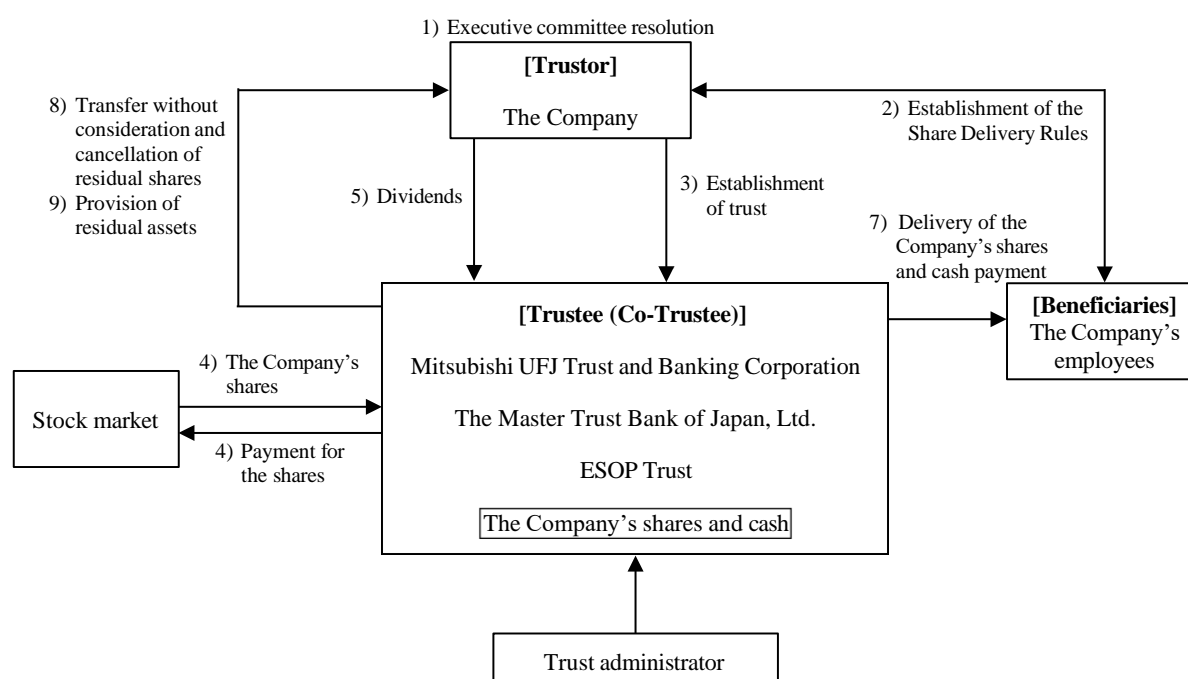
(2) The System will be in place during the period of the Medium-term Management Plan (hereinafter the “Applicable Period,” and the extended applicable period will be from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028.), whereby shares in the Company and the cash equivalent to the conversion amount of the Company’s shares will be delivered or provided (hereinafter “Delivery of the Company’s Shares, etc.”) in accordance with degree of achievement of progress targets<sup>1</sup> for the achievement of the two new visions. Employees who are not residents of Japan are also eligible under the System. However, if eligibility under the System is difficult due the laws of the country of residence, the Company may pay a cash equivalent to the Delivery of the Company’s Shares etc. in lieu of the System.

<sup>1</sup> Indicators for evaluating the degree of achievement of progress targets are set for employees and for some executive-level employees, respectively. At the same time, targets for the Sustainability Vision are set related to sustainability, governance and productivity.

Employees	Targets for the Sustainability Vision of the organization the employee belongs to, etc.
Some executive-level employees	Entire company’s performance targets for consolidated net sales, consolidated operating profit and consolidated ROE (average in the Applicable Period) and individually set targets concerning the Medium-term Management Plan and the Sustainability Vision, etc.

(3) This program adopts the system called the Employee Stock Ownership Plan Trust (hereinafter “ESOP Trust”). The ESOP Trust is an employee incentive plan inspired by the U.S. ESOP system, under which shares bought back by the ESOP Trust are issued to eligible employees who have met the requirements prescribed in the Share Delivery Rules established in advance.

## 2. Structure of the System



- 1) To extend the term of the System, the Company will execute the necessary procedures including a resolution of the executive committee.
- 2) The Company will revise Share Delivery Rules approved by the executive committee, etc. to be the internal rules for the System.
- 3) The Company will contribute cash to extend the trust term of the ESOP Trust (the “Trust”) for the employees who satisfy the beneficiary requirements.
- 4) The Trust will acquire the Company’s shares from the stock market with cash entrusted in 3) as the source of funds, in accordance with the instructions of the trust administrator.
- 5) Dividends on the Company’s shares held by the Trust will be paid in the same manner as for the other Company’s shares.
- 6) Voting rights of the Company’s shares held by the Trust will not be exercised throughout the trust period.
- 7) After the expiration of the Applicable Period, Delivery of the Company’s Shares, etc. will be implemented in accordance with the points calculated by the degree of achievement of progress targets etc. for the achievement of the two new visions pursuant to the Company’s Share Delivery Rules.
- 8) If residual shares occur upon expiration of the trust period, the Company may, by amending the trust agreement and making additional contribution to the Trust, continue to use the Trust as part of the System as it is, or as a similar trust-type stock delivery system. If the Trust is not continued and is terminated, the Trust will transfer any residual shares to the Company without consideration and the Company will cancel these based on a resolution of the executive committee, as a way of providing returns to shareholders.
- 9) Any residual dividends pertaining to the Company’s shares in the Trust when the trust period expires will be utilized as acquisition funds for shares if the Trust continues to be used, but if the Trust is terminated upon expiry of the trust period, the portion in excess of the trust expense reserve will be donated to organizations that have no interest in the Company and the Directors, Etc.

(Note) If, during the trust period, it becomes possible that the number of the Company’s shares in the Trust will fall short of the necessary number of shares, or that the amount of cash in the Trust’s assets will fall short of the payments necessary for trust fees and expenses, the Company may entrust additional cash to the Trust for the additional acquisition of the Company’s shares by the Trust.

(Reference 1)

[Details of the trust agreement]

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|-------------------------|--|
| 1) Type of trust        | Trust of cash other than individually operated cash trust (third-party benefit trust)              |
| 2) Purpose of the trust | Grant of incentives to the employees   |
| 3) Trustor              | The Company  |
| 4) Trustee              | Mitsubishi UFJ Trust and Banking Corporation<br>(Co-trustee: The Master Trust Bank of Japan, Ltd.) |
| 5) Beneficiaries        | Employees that meet the beneficiary requirements   |
| 6) Trust administrator  | Third party with no special interests with the Company (Certified Public Accountant)               |

7) Date of trust agreement	May 10, 2023 (Plan to conclude amendments to the trust agreement to extend the trust period)
8) Period of trust	May 10, 2023 (planned) to August 31, 2025 (Due to changes to the trust agreement, the trust period is scheduled to be extended until August 31, 2028.)
9) Exercise of voting rights	None
10) Type of shares to be acquired	Common shares of the Company
11) Amount of trust money	To be determined (will be announced as soon as it is determined)
12) Method of share acquisition	Acquisition in the stock market
13) Timing of share acquisition	To be determined (will be announced as soon as it is determined)
14) Rights holder	The Company
15) Residual assets	Residual assets that may be received by the Company, the rights holder, shall be within the range of trust expense reserve after deducting share acquisition funds from the trust money.

The above scheduled dates may be changed at an appropriate time considering applicable laws and regulations.

(Reference 2)

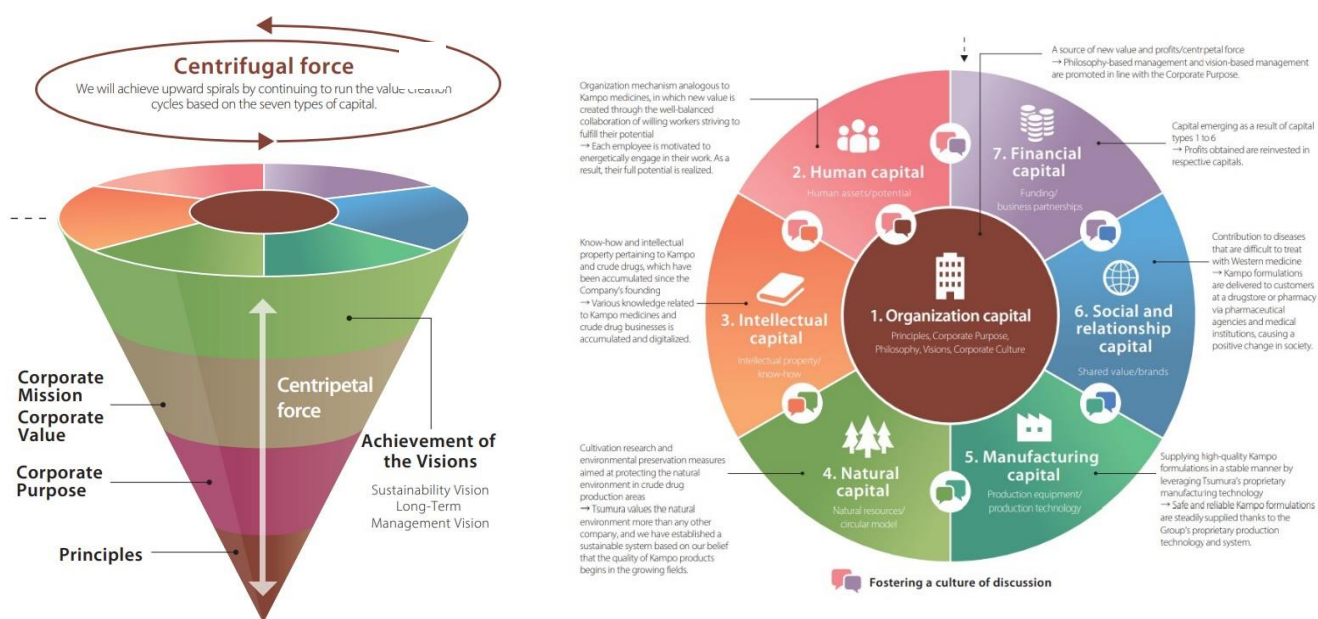
#### ○ Positioning of the System in the Company's story of value creation based on seven types of capital

Through realizing our visions, we strive to enhance our corporate value in a sustainable manner by harnessing its organization capital as a centripetal force and its value creation cycle built on the seven types of capital as a centrifugal force.

The Company has positioned its human capital, which is the capabilities of individuals, and its organizational capital, which is the power of the team, as the basis of its corporate management. Therefore, since FY2020, it has continued initiatives to enable its employees to exercise their abilities through dialogues focusing on the Purpose and Value in philosophy dissemination meetings and coaching meetings held many times for all employees as well as continuing to promote team building and enhance team capabilities to create an organization that continues to grow.

In addition to the above initiatives, this system is seen as an incentive to strengthen the human capital and organizational capital necessary to realize our vision, and to encourage steady progress toward realizing our vision.

By continuing this system, we aim to raise awareness among all employees about realizing our purpose and vision, develop and demonstrate their potential, and foster a desire to make significant contributions. Going forward, we will continue to aim to accelerate the cycle of value creation by utilizing and maximizing our human and organizational capital, which are the sources of corporate value creation.



## ○ Basic policy concerning the System

The Company determined the details of the System in accordance with the following policy based on the Pay-for-Purpose model.

- 1) The Company will reward contributions toward the realization of the TSUMURA Group's vision, which stems from the Principle and Purpose that are the foundation of the Group's Philosophy-Based Management.
- 2) The Company will reward contributions toward the earning of stakeholders' trust and the sustainable growth of the TSUMURA Group through initiatives addressing sustainability, corporate governance, social issues and other issues.
- 3) The Company will increase the awareness of each employee and their willingness to contribute to the realization of the Purpose and the two new visions.
- 4) The Company will set evaluation indicators that reflect each employee's efforts toward ambitious goals to reward their efforts.