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NEWS RELEASE

Name of Listed Company: TSUMURA & CO.
Listing: TSE Prime Market
Securities code: 4540
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Notice regarding the conclusion of an agreement for Tsumura China Inc. to acquire an interest in Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd.

TSUMURA & CO. (the “Company”) had previously disclosed the "Tsumura Announces Conclusion of Letter of Intent between Ping An Tsumura Inc. and Shanghai Hongqiao Pharmaceutical Co., Ltd." on February 6, 2025. However, after consultations with Ping An Life Insurance Company of China, Ltd., it has been decided that Tsumura China Inc., (hereinafter, “Tsumura China”), a Chinese group company, will acquire 51% of the shares of Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd. (hereinafter, “Hongqiao Traditional Chinese Drug Pieces”). We hereby announce that a decision was made at the Board of Directors meeting held on June 18, 2025, to conclude a equity transfer agreement.

1. Reasons for the Acquisition

Our group has set a long-term management vision, "TSUMURA VISION "Cho-WA" 2031," based on the theme of "Building an infrastructure to realize a future of "Cho-WA" (a well-balanced state)". Our long-term management vision is to contribute to well-being by providing evidence-based provision of Kampo and traditional Chinese medicines*1 and other products and services tailored to the individual's life stage, symptoms, genetic makeup and living environment, etc. The vision for our business in China is to "Contribute to the health of the Chinese people," and we conduct business through three platforms: the Formulation platform (the manufacture and sale of traditional Chinese medicinal products*2 formulated from raw material crud drugs), the Crude drug platform (the manufacture and sale of raw material crud drugs, drug pieces*3, and health products), and Research platform (the function of formulating quality standards throughout the entire supply chain, from the seedlings of crude drugs to the final finished product).

The purpose of this acquisition is to expand the business of the crude drug platform. Hongqiao Traditional Chinese Drug Pieces is one of the leading companies in Shanghai's drug pieces industry. By utilizing sales power of Hongqiao Traditional Chinese Drug Pieces, and our know-how and expertise in crude drug traceability system, evidence-based research capability, and manufacturing technology of “Personalized Medicine”, we will improve the product quality of Hongqiao Traditional Chinese Drug Pieces and increase convenience for patients through quality visualization, while aiming to "Contribute to the health of the Chinese people" through the company's business.

2. Outline of Tsumura China

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|--------------------------|---|
| (1) Name of company | Tsumura China Inc., |
| (2) Location | Shanghai, China |
| (3) Representative | Koin Toda, Chairman |
| (4) Business description | Management of the Group's companies in China and other related operations |
| (5) Capital | 2,528 million RMB (approximately 50.61 billion yen) 1 RMB = 20.01 yen |
| (6) Date of foundation | December 26, 2016 |

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|--|---------------------|
| (7) Major shareholder and stockholding | TSUMURA & CO.: 100% |
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3. Outline of the subsidiary to be transferred (Hongqiao Traditional Chinese Drug Pieces)

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|-----|---|---|---|---|
| (1) | Name of company | Shanghai Hongqiao Traditional Chinese Drug Pieces Co., Ltd. | | |
| (2) | Location | Shanghai, China | | |
| (3) | Representative | Tang Dehui, Executive Director | | |
| (4) | Business description | Pharmaceutical production, pharmaceutical wholesale, traditional Chinese medicine drug pieces extract decoction service, technical service provision, enterprise management, etc. | | |
| (5) | Capital | 160 million RMB (approximately 3.2 billion) 1 RMB = 20.01 yen | | |
| (6) | Date of foundation | December 22, 2003 | | |
| (7) | Major shareholder and stockholding | Shanghai Hongqiao Pharmaceutical Co., Ltd.: 100% | | |
| (8) | Relationship between the listed company and the company | Capital Relationship | None | |
| | | Human Relationship | None | |
| | | Trading Relationship | None | |
| (9) | The subsidiary's business results and financial condition for the three most recent fiscal years (1RMB = 20.01 yen) | | | |
| | Fiscal Year | December 2022 | December 2023 | December 2024 |
| | Net assets | 626,850,000 RMB (12,543 million yen) | 796,919,000 RMB (15,946 million yen) | 235,357,000 RMB (4,709 million yen) |
| | Total assets | 1,158,976,000 RMB (23,191 million yen) | 1,465,803,000 RMB (29,330 million yen) | 1,375,349,000 RMB (27,520 million yen) |
| | Net sales | 677,034,000 RMB (13,547 million yen) | 938,655,000 RMB (18,782 million yen) | 1,051,587,000 RMB (21,042 million yen) |
| | Operating profit | 124,756,000 RMB (2,496 million yen) | 175,055,000 RMB (3,502 million yen) | 214,231,000 RMB (4,286 million yen) |
| | Net income | 121,648,000 RMB (2,434 million yen) | 171,871,000 RMB (3,439 million yen) | 208,291,000 RMB (4,167 million yen) |

4. Outline of counterparty to the acquisition of equity interest

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|--|---|------|--|
| (1) Name of company | Shanghai Hongqiao Pharmaceutical Co., Ltd. | | |
| (2) Location | Shanghai, China | | |
| (3) Representative | Tang Dehui, Chairman | | |
| (4) Business description | Wholesale sales of pharmaceuticals, sales of medical equipment, sales of food, various types of goods and cosmetics, commercial business consulting, warehouse management, etc. | | |
| (5) Capital | 120 million RMB (approximately 2.4 billion) 1 RMB = 20.01 yen | | |
| (6) Date of foundation | March 30, 1982 | | |
| (7) Net assets | 1,062 million RMB (approximately 21.27 billion yen) 1 RMB = 20.01 yen | | |
| (8) Total assets | 2,214 million yuan (approximately 44.32 billion yen) 1 RMB = 20.01 yen | | |
| (9) Major shareholder and stockholding | -Tang Dehui:32.23% -11 other individual shareholders:26.07% -10 general partnership companies (Equity-based project financing) :41.70% | | |
| (10) Relationship between the listed company and the company | Capital Relationship | None | |
| | Human Relationship | None | |
| | Trading Relationship | None | |
| | Related party status | None | |

5. Acquired interest of Tsumura China, acquisition price and status of ownership interest before and after acquisition

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|-----|---|---|
| (1) | Number of shares held before the transfer | 0 |
| (2) | Number of shares acquired | 51% |
| (3) | Acquisition price | 1,162,800,000 RMB (approximately 23.27 billion yen) 1 RMB = 20.01 yen |
| (4) | Number of shares held after the transfer | 51% |

6. Schedule

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|---------------------------------------|---------------------|
| Date of Board of Directors Resolution | June 18, 2025 |
| Contract date | June 18, 2025 |
| Share transfer execution date | July 2025 (planned) |

7. Impact on business performance

The impact of this matter on our consolidated financial results for the fiscal year ending March 31, 2026 is currently under scrutiny. We will make an announcement as soon as it becomes possible to disclose the information in the future.

*1 traditional Chinese medicines:

Medicines used in traditional Chinese medicine (traditional Chinese medicinal products, drug pieces, etc.).

*2 traditional Chinese medicinal products:

Medicines in the form of granules, pills, etc., based on prescriptions based on traditional Chinese medicine theory.

*3 drug pieces:

The raw material crude drug is cut into pieces.

Chopped crude drugs.