



April 27, 2018

NEWS RELEASE

Name of Listed Company	TSUMURA & CO.
Representative	Terukazu Kato President & Representative Director (Code: 4540 First Section of the Tokyo Stock Exchange)
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Capital and Business Alliance with MYFARM

TSUMURA & CO. (hereinafter, “Tsumura”) announces that at a meeting held on April 27, 2018, the Board of Directors passed a resolution to form a capital and business alliance (hereinafter “Capital and Business Alliance”) with MYFARM Inc. (hereinafter, “MYFARM”) and on the same date concluded a Capital and Business Alliance Agreement with MYFARM.

1. Purpose and reason for the Capital and Business Alliance

Tsumura is expanding the cultivation of raw material crude drugs both at home and abroad in tandem with the increase in demand for prescription Kampo products. MYFARM possesses a network with producers in Japan as well as cultivation technologies and knowhow, including those for growing vegetables. The company also has a track record in areas such as the development and expansion of producing areas. In 2017, Tsumura and MYFARM entered into a business outsourcing agreement related to the expansion of crude drug cultivation and have since been undertaking the expansion of production here in Japan. Tsumura aims to form a long-term and strong strategic partnership with MYFARM. Accordingly, it has formed a Capital and Business Alliance to further expand the cultivation of crude drugs in Japan.

2. Details of the Capital and Business Alliance

(1) Details of the capital alliance

Tsumura will acquire 3,000 shares in MYFARM issued by way of third-party allotment for a price of ¥300 million. After the completion of the third-party allotment, Tsumura will hold 12.8% of total voting rights and 12.8% of total shares outstanding in MYFARM.

(2) Details of the business alliance

- i. Expand production of crude drugs in Japan by leveraging the network MYFARM has with producers and production organizations.
- ii. Jointly develop technologies for the purpose of expanding crude drug production.
- iii. Implement crude drug production training, mainly at the Agri-innovation School run by MYFARM.

3. Summary of Capital and Business Alliance Partner MYFARM (current as of March 31, 2018)

(1)	Name of Company	MYFARM Inc.
(2)	Location	KYOCA Kaikan 3rd Floor, 1-1 Sujakushokaicho, Shimogyo-ku, Kyoto
(3)	Representative	Kazuma Nishitsuji, CEO & Representative Director
(4)	Business Description	Regeneration of abandoned farm land and monetization business, seed business (lease farms and publish an information magazine), training and education business (school for new farmers, farm management school), connection business (BtoB retail sales), delivery business (BtoC distribution and retail), personnel referral services and temp agency business, support to companies entering the industry, support for commercialization
(5)	Capital	¥172 million
(6)	Date of Foundation	September 26, 2007
(7)	Total Shares Outstanding	20,375 shares
(8)	Fiscal-year End	December
(9)	Number of Employees	48 full time and 103 part time employees (includes employees working at MYFARM Origin Inc. and MY HONEY Inc.)
(10)	Main Customers	Osaka Prefecture, Nara Prefecture, Chiba Prefecture, and the town of Toyoura, Hokkaido, and the city of Isumi, Chiba Prefecture HITOWA Kids Life Co., Ltd., Mitsui Fudosan Residential Co., Ltd., Nose Electric Railway Co., Ltd. and others
(11)	Main Banks	Sumitomo Mitsui Banking Corporation, The Shiga Bank, Ltd., and The Kyoto Shinkin Bank
(12)	Relationship Between the Parties	
	Capital Relationship	There is no relationship to be disclosed between the parties.
	Personal Relationship	There is no relationship to be disclosed between the parties.
	Transactional Relationship	In 2017, both parties entered into a contract related to the cultivation of crude drugs and related research. Production of some of the crude drugs is being expanded in Japan.
	Status as Related Party	There is no relationship to be disclosed between the parties.

*MYFARM is an unlisted company therefore it does not disclose financial details, including information on its major shareholders, shareholder ratios, business results and financial position.

4. Schedule

(1) Resolution of the Board of Directors	April 27, 2018
(2) Execution of the Capital and Business Alliance Agreement	April 27, 2018
(3) Payment for shares acquired	May 10, 2018

5. Future Prospects

The impact of the Capital and Business Alliance on consolidated results for the fiscal year ending March 31, 2019 will be insignificant. Tsumura will promptly announce any matters that require disclosure in the future.