

First Quarter Business Results for Fiscal 2025

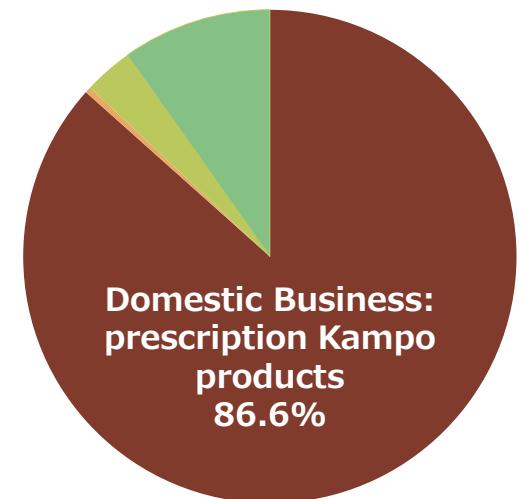
August 5, 2025
TSUMURA &CO.

Overview of financial results for the first quarter of fiscal year 2025

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[million yen]	FY2024 1Q results	FY2025 1Q results	YoY comparison		FY2025 First Half Plan	Progress rate (Compared to the first half plan)
			Amount	Rate of increase/decrea se		
Sales	43,690	43,094	(596)	(1.4)%	91,500	47.1%
Domestic Business	40,134	38,871	(1,263)	(3.1)%	82,000	47.4%
China Business	3,556	4,223	+667	+18.8%	9,500	44.5%
Operating profit	10,575	7,719	(2,855)	(27.0)%	16,000	48.2%
Domestic Business	10,713	7,981	(684)	(25.5)%	16,400	48.7%
China Business	(138)	(261)	(138)	-	(400)	-
Ordinary profit	14,118	6,181	(7,936)	(56.2)%	16,000	38.6%
Profit attributable to owners of parent	11,180	4,367	(6,812)	(60.9)%	11,000	39.7%
PL conversion rate* (JPY/CNY)	20.63	20.94	+0.31	-	-	-

Sales Composition Ratio



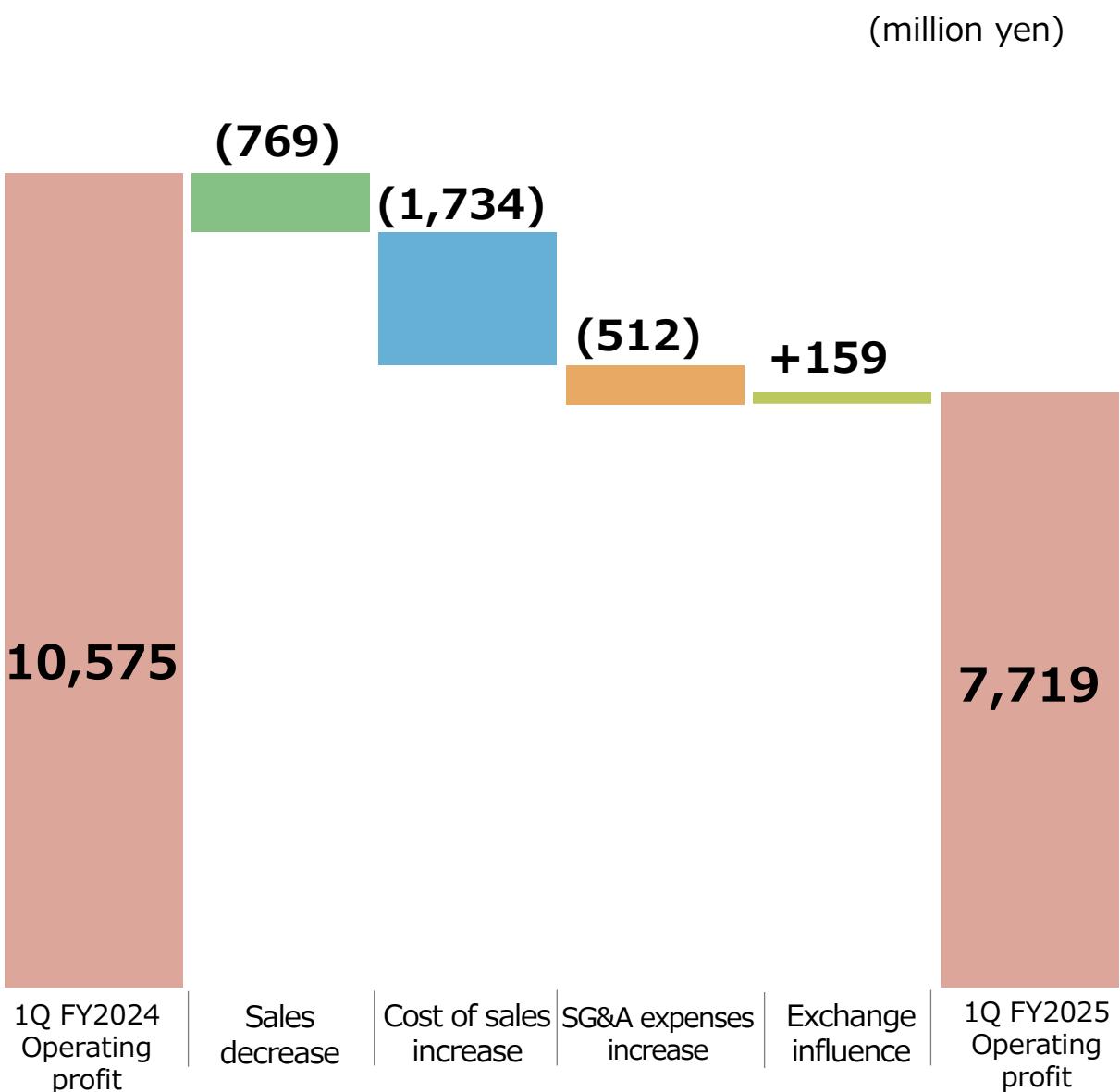
- China Business: Crude drug platform 9.8%
- Domestic Business: OTC Kampo etc. 3.2%
- Domestic Business: Other prescriptions: 0.4%

*This is the average rate for the period, and is different from the import rate for raw material crude drug

Sales	43,094	million yen	YoY comparison	(1.4)%	Progress rate (vs. 1H plan)	47.1%
<ul style="list-style-type: none"> ■ Domestic Business: Total sales for 129 prescriptions Kampo formulations: 37,223 million yen, down 4.1% YoY ■ China Business: Total sales of OTC Kampo formulations and other products: 1,375 million yen, up 39.5% YoY 						
Operating profit	7,719	million yen	YoY comparison	(27.0)%	Progress rate (vs. 1H plan)	48.2%
Operating profit margin	17.9	%	YoY comparison	(6.3)pt		
<ul style="list-style-type: none"> ■ Cost rate: 52.4% YoY +4.7pt: Mainly due to an increase in crude drug costs and processing costs ■ SG&A expense ratio: 29.7% +1.6pt YoY: Mainly due to increased costs associated with strengthening information provision activities and increased costs related to digital transformation 						
Ordinary profit	6,181	million yen	YoY comparison	(56.2)%	Progress rate (vs. 1H plan)	38.6%
<ul style="list-style-type: none"> ■ Foreign exchange loss on loans to overseas subsidiaries: 1,698 million yen ■ Foreign exchange gain in the same period of the previous fiscal year: 3,228 million yen 						
Profit attributable to owners of parent	4,367	million yen	YoY comparison	(60.9)%	Progress rate (vs. 1H plan)	39.7%

Factors behind changes in operating income (year-on-year)

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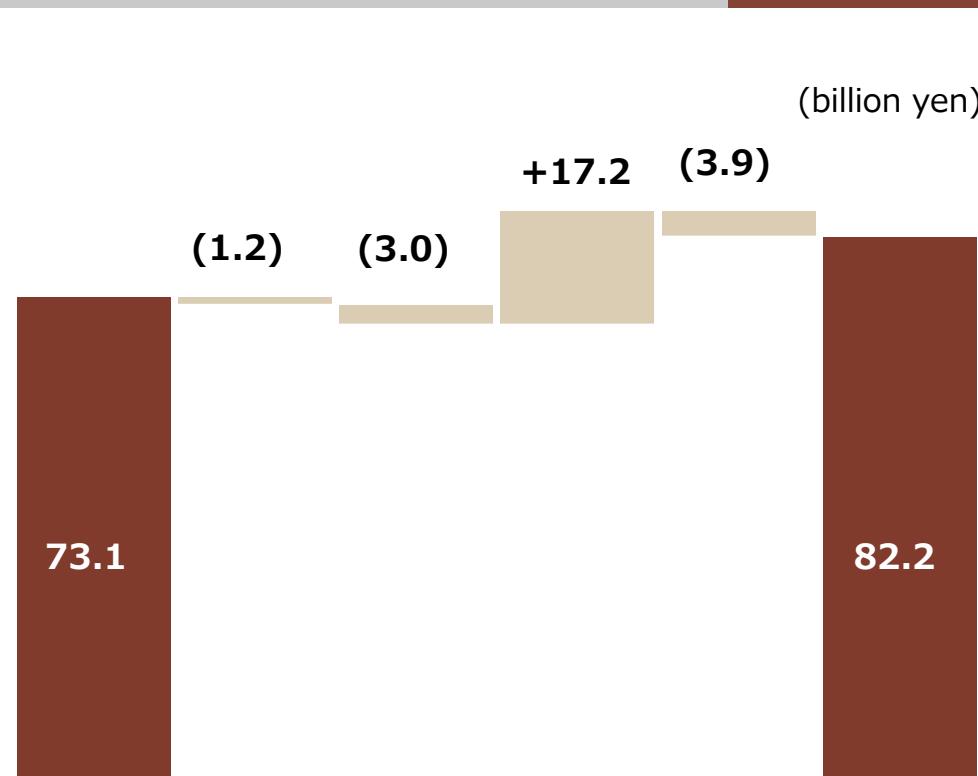


Sales decrease: (769) million yen					
Domestic Business (sales volume, sales composition)			(863)		
China Business			+94		
Increase in cost of sales: (1,734) million yen					
Domestic Business	Crude drug costs	Domestic crude drug costs	(200)		
		Crude drug costs contained in Chinese extract powder	(707)		
	Raw material costs		(128)		
	Processing costs	Domestic processing costs	+ 288		
China Business		Processing costs for Chinese extract powder	(865)		
	Increase in sales composition ratio		(122)		
Increase in SG&A expenses: (512) million yen					
Sales promotion expenses (increase in costs related to providing information, etc.)			(136)		
Outsourcing costs (strengthening infrastructure for information provision, etc.)			(119)		
Salary and allowances			(24)		
Others			(233)		
Exchange rate impact: +159 million yen					

Financial Position and Cash Flows

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	(million yen)		
	FY2024 (as of the end of March 2025)	FY2025 1Q	Increase/ decrease amount
Total Assets	464,380	465,585	1,204
Current assets	295,709	299,261	3,551
Fixed assets	168,670	166,323	(2,346)
Total Liabilities	134,270	146,289	12,019
Current liabilities	61,913	70,305	8,392
Fixed debt	72,357	75,984	3,626
Total net assets	330,110	319,295	(10,815)
Equity ratio	64.7%	62.1%	(2.6)pt



	FY2024 (as of the end of March 2025)	FY2025 1Q	Increase/ decrease amount	Of which, Exchange rate
Total inventory	133,784	134,226	441	(4,164)
Goods and Products	14,939	17,819	2,880	(175)
Work in progress	20,197	21,830	1,632	(205)
Raw materials and supplies	98,647	94,576	(4,071)	(3,784)

Domestic Business: Sales of Drug-fostering Program Formulations/Growing Formulations

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(million yen)

	Sales Ranking	Product No./Prescription Name	FY2024 1Q	FY2025 1Q	YoY comparison		[Reference: Actual sales volume] YoY comparison		
Drug-fostering program formulations	1	100 Daikenchuto	3,877	3,632	(245)	(6.3)%	+4.0%		
	2	54 Yokukansan	3,040	2,763	(276)	(9.1)%	+1.7%		
	5	43 Rokukunshiyu	1,757	1,725	(32)	(1.8)%	+1.0%		
	7	107 Goshajinkigan	1,467	1,391	(76)	(5.2)%	+3.4%		
	25	14 Hangeshashinto	358	366	+7	+2.2%	+2.4%		
	Total drug-fostering program formulations		10,502	9,879	(622)	(5.9)%	+2.8%		
Growing "formulations"	3	17 Goreisan	2,090	2,022	(67)	(3.2)%	+13.4%		
	4	41 Hochuekkito	1,800	1,749	(50)	(2.8)%	(0.1)%		
	10	24 Kamishoyosan	1,199	1,197	(1)	(0.2)%	+1.8%		
	18	137 Kamikihito	539	577	+38	+7.2%	+5.9%		
	19	108 Ninjin'yoeito	527	462	(65)	(12.4)%	(5.4)%		
	Total "growing" formulations		6,157	6,011	(146)	(2.4)%	+5.6%		
Total sales for 119 formulations other than drug-fostering program and "growing" formulations			22,161	21,333	(828)	(3.7)%	+2.3%		
Total sales for 129 prescription Kampo products			38,820	37,223	(1,597)	(4.1)%	+2.9%		

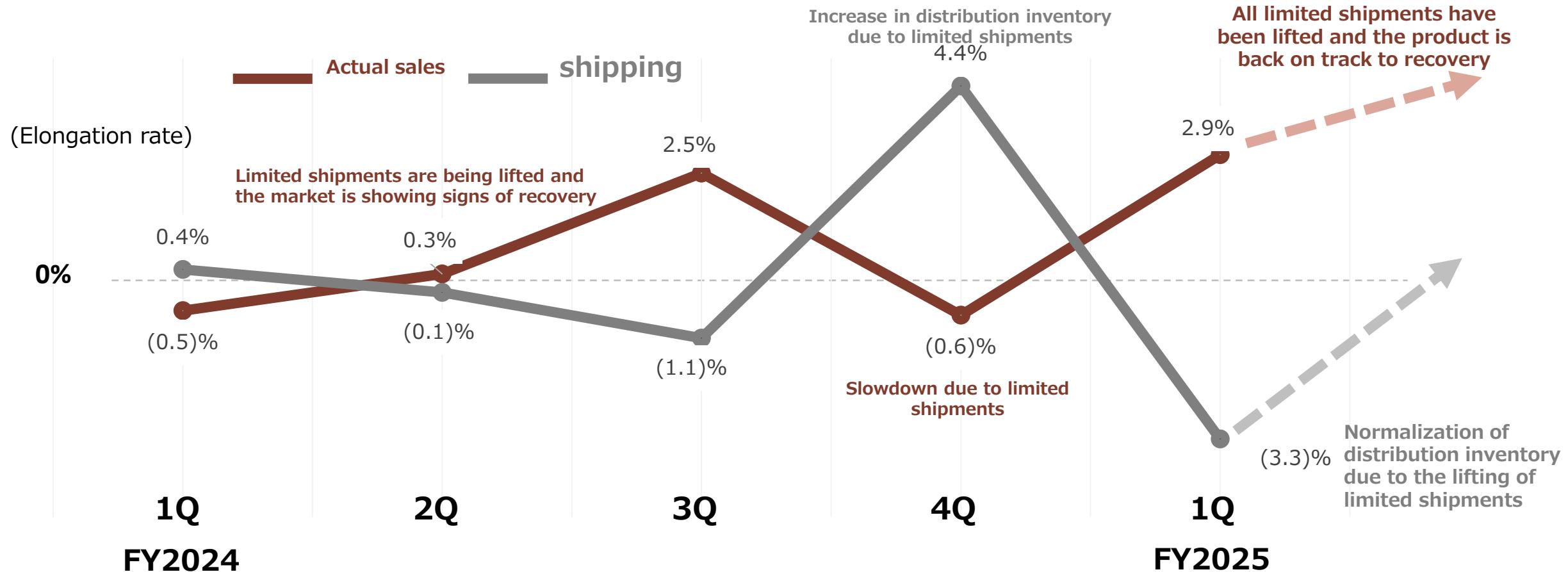
*Actual sales volume is the volume delivered to medical institutions by pharmaceutical distributors and wholesalers.

Domestic Business: Trends in growth rates of shipment volume and actual sales volume

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Shipments in 1Q of FY2025 will be lower than the previous year due to the impact of decreased actual sales and increased distribution inventory in 4Q of FY2024.

Trends in the sales volume growth rate of 129 Kampo prescriptions (shipments and actual sales)



Actual sales volume* in 1Q increased 2.9% year-on-year

(Ten thousand boxes)

129 Actual sales volume of prescriptions

700

680

660

640

620

600

580

560

540

+2.9%

1Q

2Q

3Q

4Q

■ FY2022 ■ FY2023 ■ FY2024 ■ FY2025

Year	Actual sales volume (Ten thousand boxes)	Elongation rate vs. previous year
2022	2,574	5.5%
2023	2,610	1.4%
2024	2,623	0.5%

*Actual sales volume is the volume delivered to medical institutions by pharmaceutical distributors and wholesalers.

■ FY2022 ■ FY2023 ■ FY2024 ■ FY2025

(Ten thousand boxes)

80

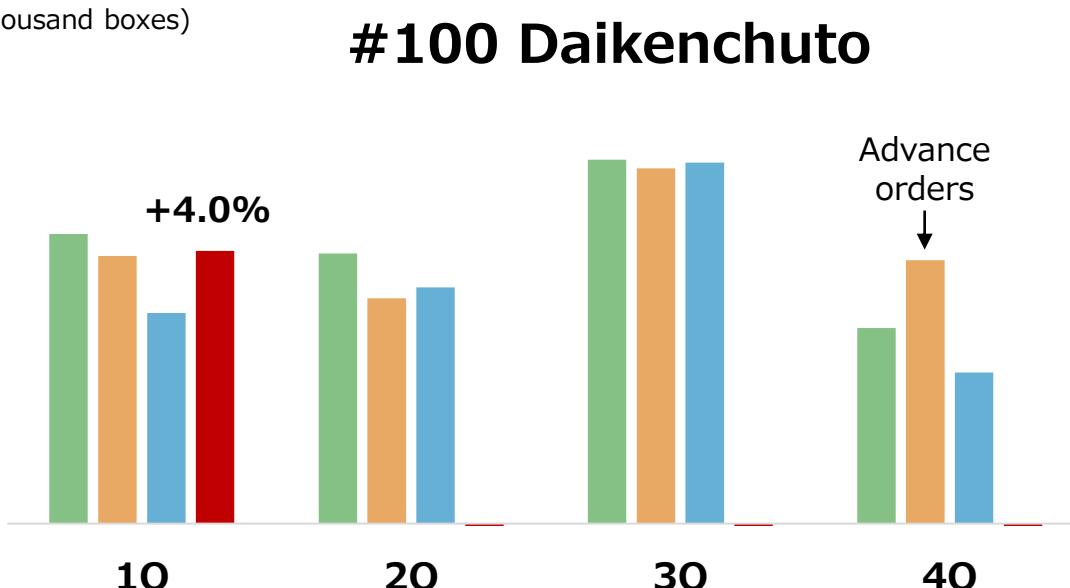
75

70

65

60

#100 Daikenchuto



Limited shipping period: None

FY 2022-2023: Flat due to a decrease in the number of surgeries and the impact of limited shipments of other prescriptions caused by COVID-19.

FY 2024: Considering the impact of advanced orders in Q4 of FY 2023 due to drug price revisions, it remains almost flat.

FY 2025: Recovery trend. Aiming to recover to the quantity levels of FY 2022.

(Ten thousand boxes)

50

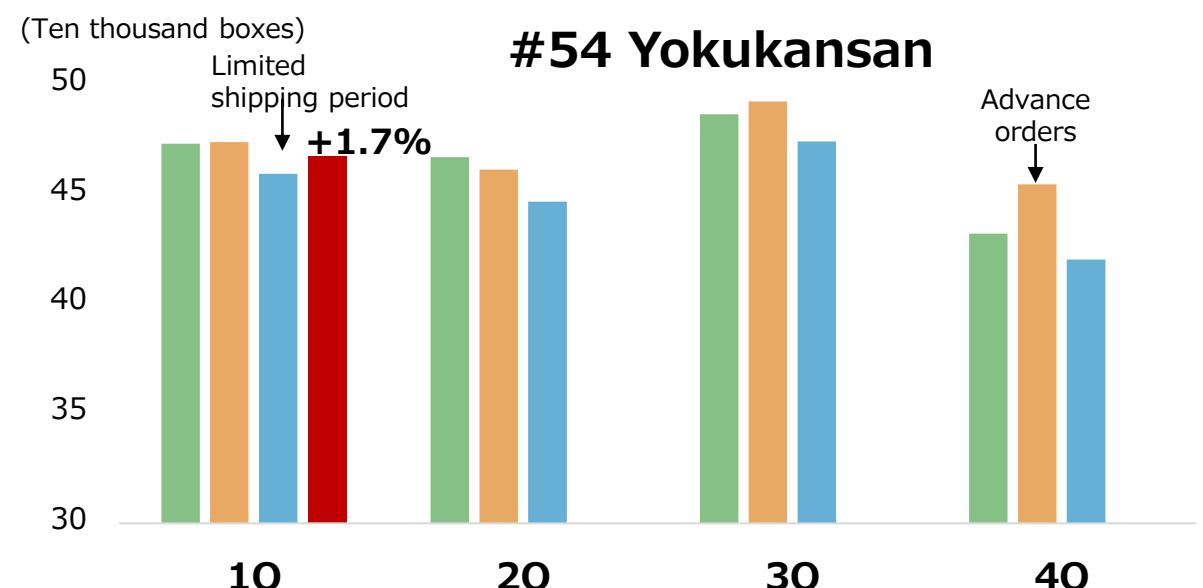
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40

35

30

#54 Yokukansan



Limited shipping period: April to July 2024

FY 2023: Continued growth but decreased due to limited shipments.

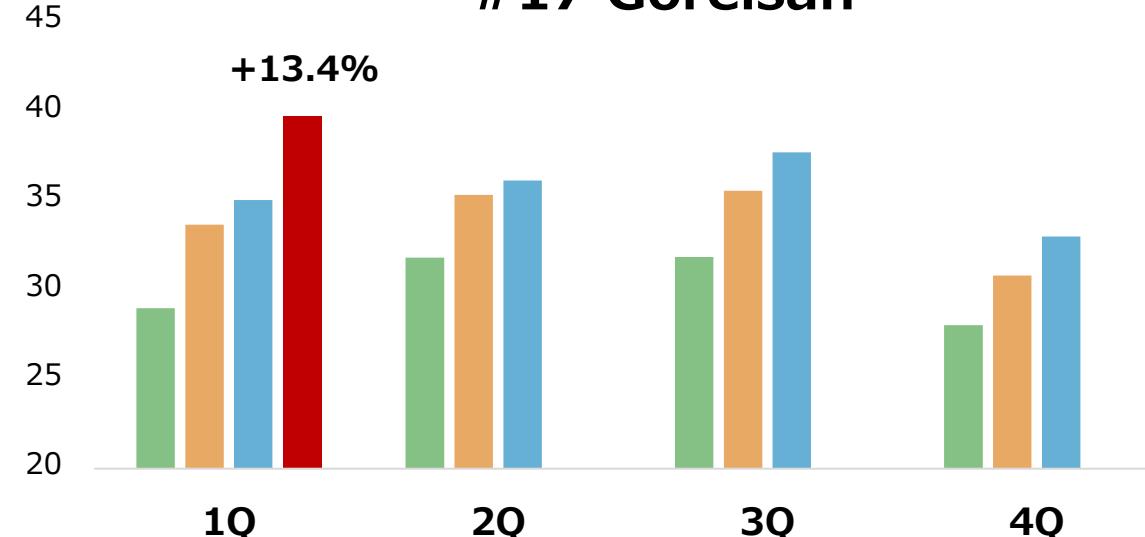
FY 2024: Decrease due to the impact of advanced orders before the limited shipments and the switch to other prescriptions. The recovery is further delayed by the re-limiting of some prescriptions.

FY 2025: Expanding to symptoms such as insomnia and irritability, in addition to psychiatric and neurological symptoms associated with dementia-related peripheral symptoms.

■ FY2022 ■ FY2023 ■ FY2024 ■ FY2025

(Ten thousand boxes)

#17 Goreisan



Limited shipping period: March to May 2024

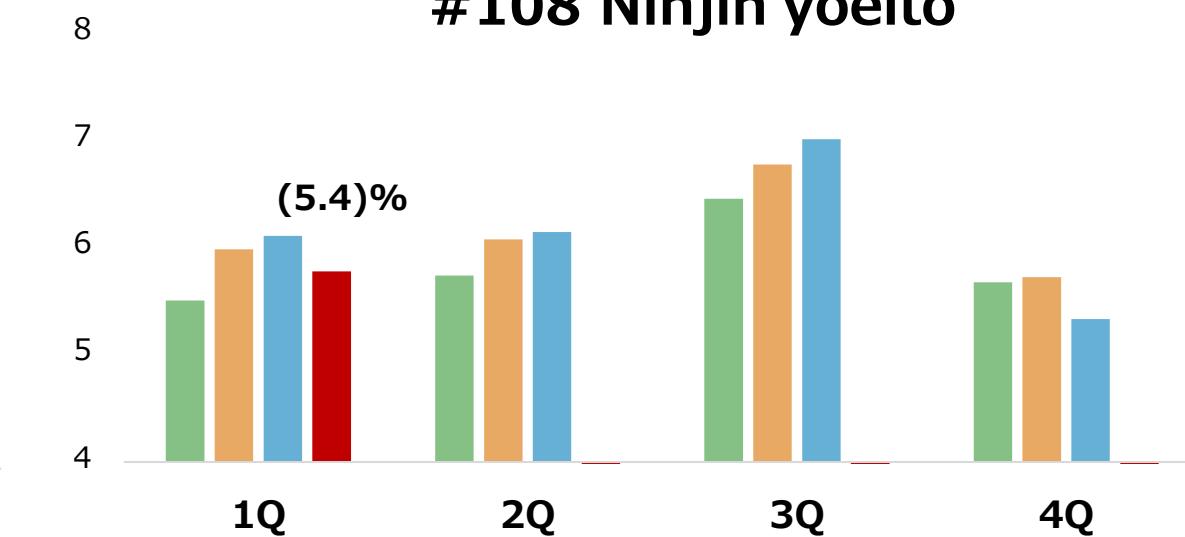
FY2023: Continued growth in neurosurgery, otolaryngology, etc. due to symptoms such as edema, dizziness, and headaches.

FY2024: Decreased during the limited shipping period, but recovered after restrictions were lifted.

FY2025: Included in the heart failure treatment guideline and prescribed for cases accompanied by edema.

(Ten thousand boxes)

#108 Ninjin'yoeito

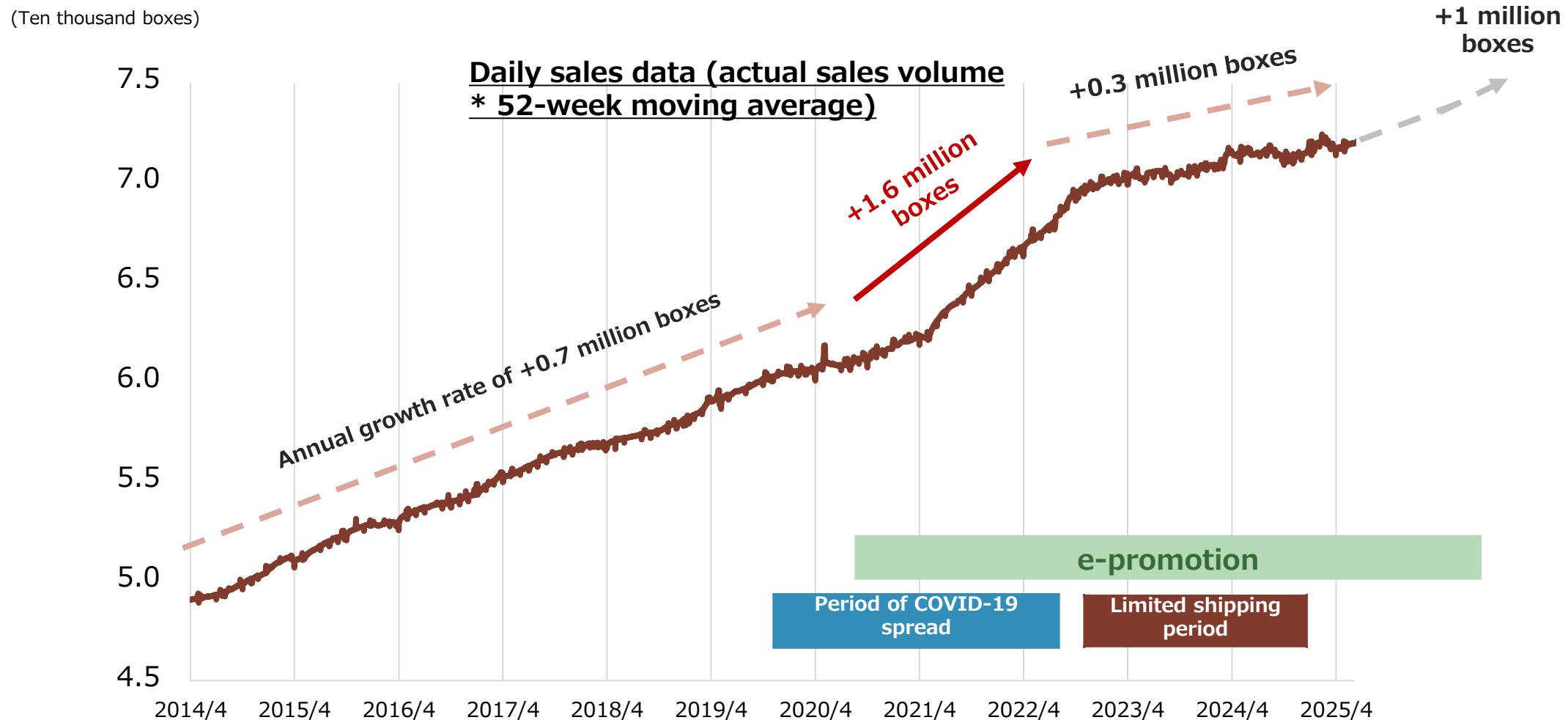


Limited shipping period: December 2024 to January 2025

FY2024: Due to limited shipments, some products were switched to other companies.

FY2025: As limited shipments were only lifted in the first quarter, it will take time for the volume to recover, but it is expected that the volume will recover to by the end of FY2025.

Due to the lifting of the limited shipment and the expansion of information provision activities, aiming for a pace of +1 million boxes

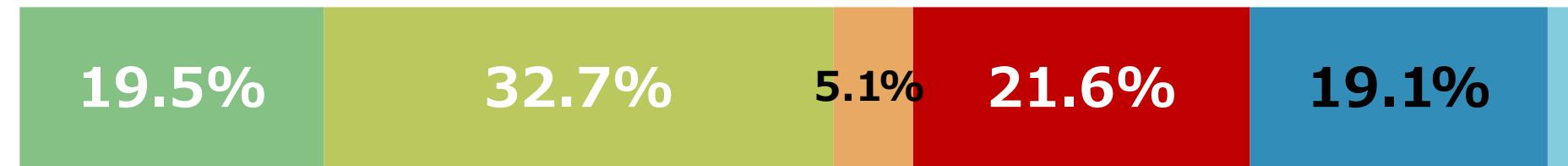


Survey Question (Original Text):

“Are you aware that all Tsumura Kampo products have been released from limited shipments?
Please also let us know about any changes in the frequency of prescriptions for Kampo medicines due to this lifting of limited shipments.”

- Already know (prescription frequency has increased compared to before)
- Did not know (want to increase prescription frequency going forward)
- Already know (no change from before)
- Did not know (no impact on prescription frequency)
- Already know (prescription frequency has decreased compared to before)
- Did not know (prescription frequency will decrease compared to before)

CareNet
Survey Period: 6/17 to 7/15 (n=21,388)



Survey Target: CareNet.com Physician Members

Nikkei Medical
Implementation period:
6/20 to 7/3 (n=5,044)



Survey target: Nikkei Medical Online physician members

Expanded provision of information to doctors who have not yet met with MRs and increased awareness of Kampo Online MRs

Kampo Connector (Medical Information PF)

Target: MR not interviewed/10 prescribing doctors

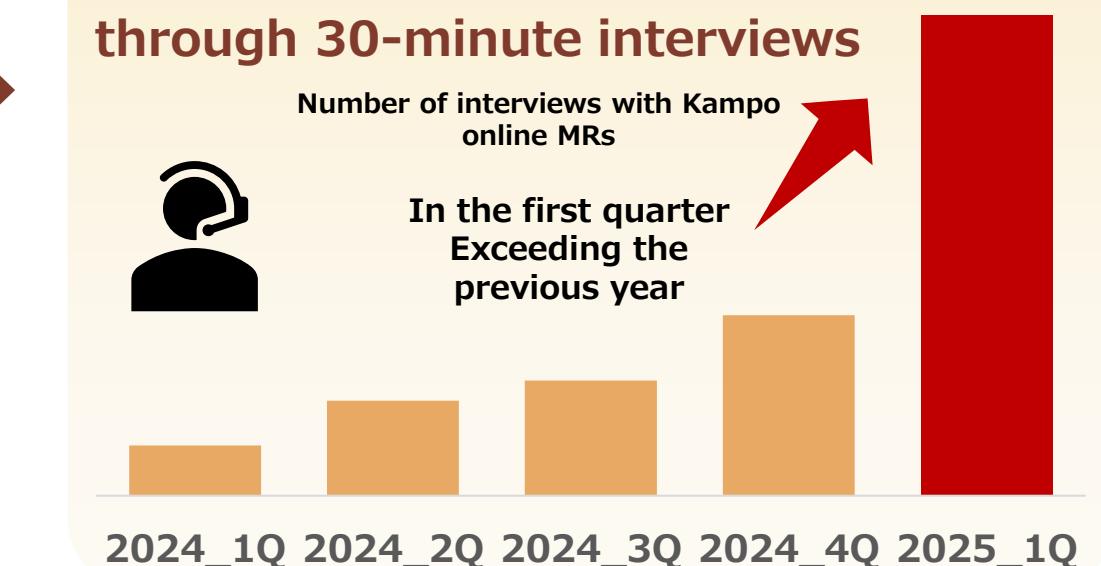
- Message tool
 - Information distributed to 12,000 doctors
 - ➔ **High open rate of 98% and video viewing rate of 77%**
- Two-way chat tool
 - Communication with 2,300 doctors
 - ➔ **Online study sessions**
 - ➔ **Ripple effect on MR activities**

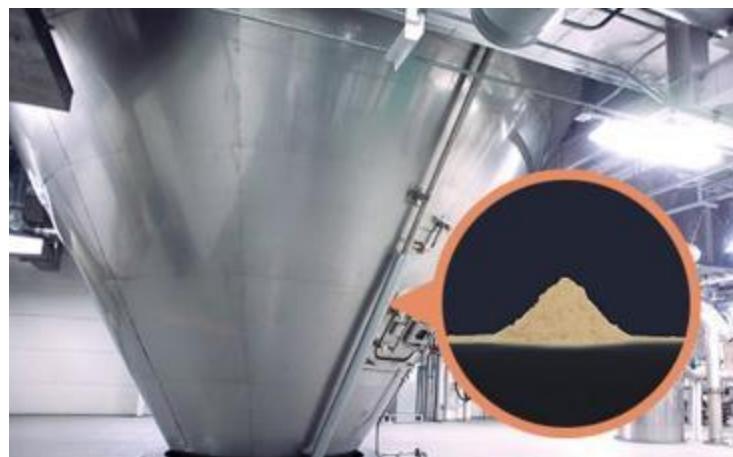
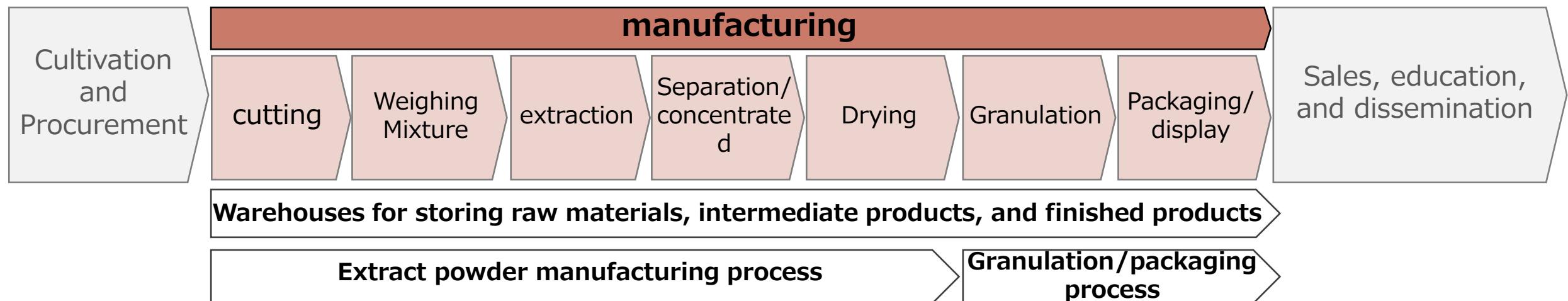


Kampo Online MR

Target: Doctors registered on the medical site

- Providing in-depth information through 30-minute interviews





Japan: Ibaraki, Shizuoka
China: Shanghai, Tianjin



Japan: Ibaraki, Shizuoka

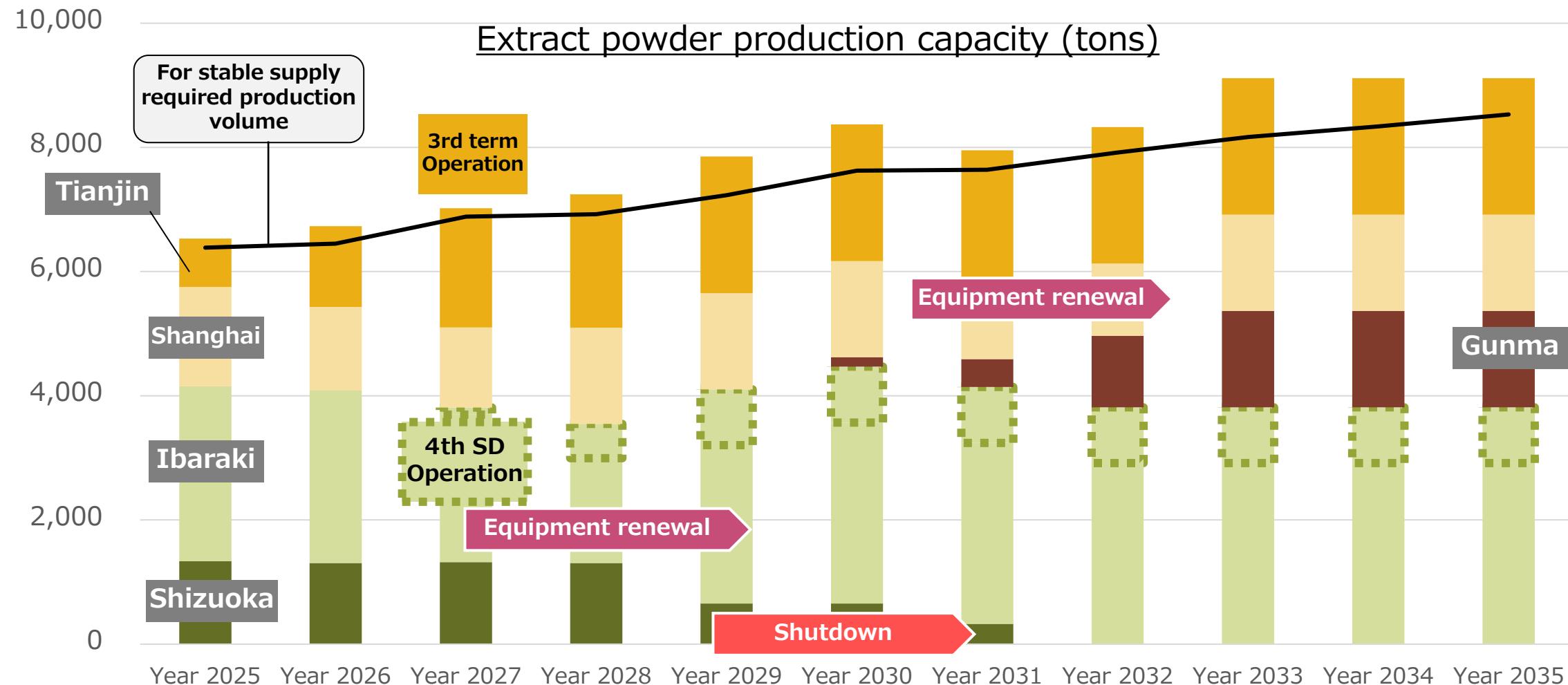
Equipment investment: Extract Powder Manufacturing Process

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Shizuoka Plant: due to aging, planned to cease operations around fiscal year 2031, with Gunma factory being constructed as a replacement.

Ibaraki Plant: production reduction due to equipment renewal from fiscal years 2027 to 2029.

Shanghai Plant: production reduction due to equipment renewal in fiscal years 2031 to 2032.



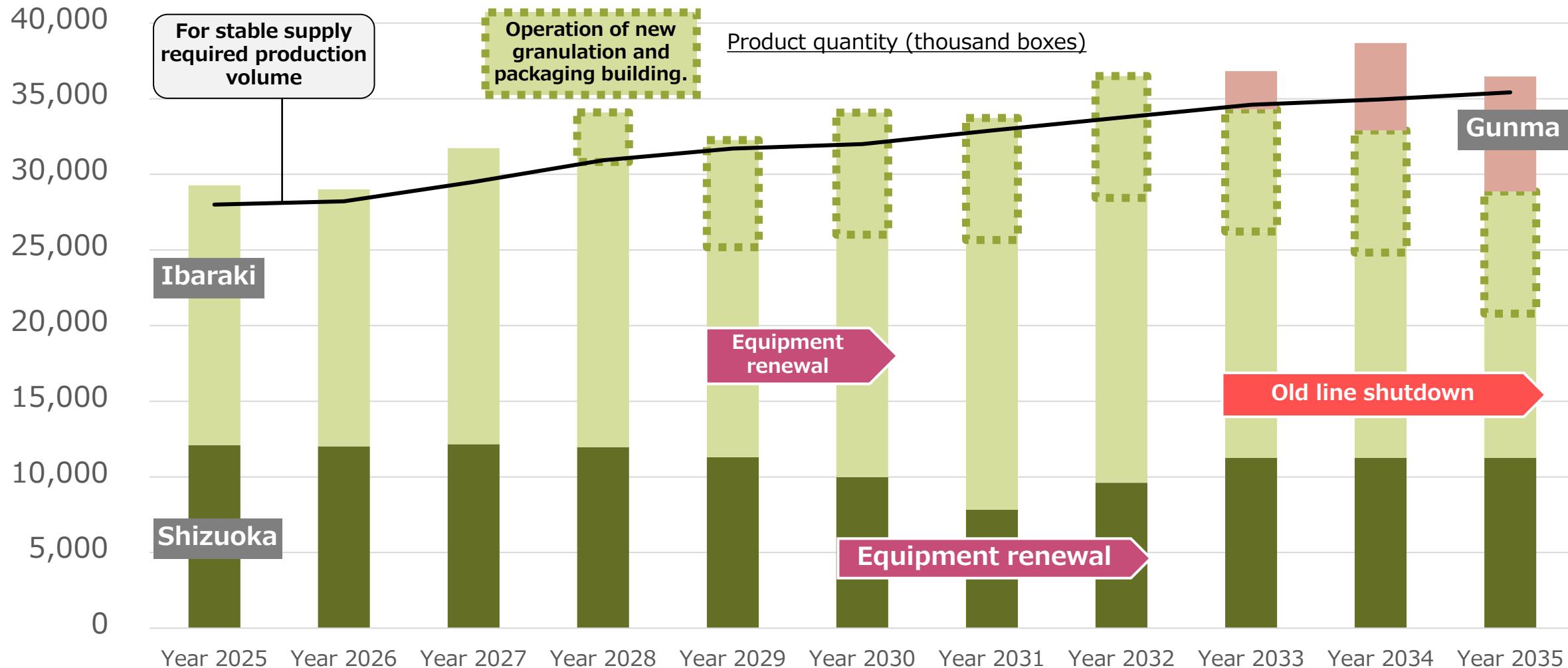
Equipment investment: Granulation/packaging process

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Shizuoka Plant: Production reduction due to equipment renewal in fiscal years 2030 to 2031

Ibaraki Plant: Equipment renewal in fiscal years 2029 to 2030, with the old line scheduled to stop operation in 2035 (life extension under consideration)

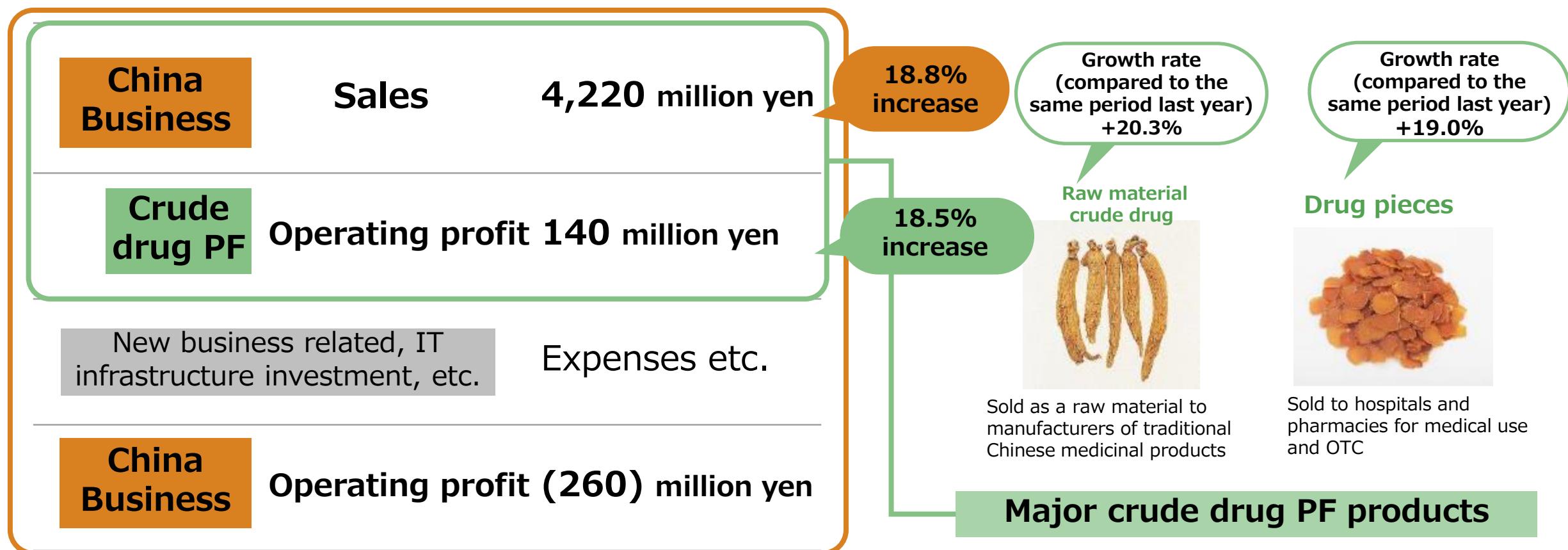
Gunma Plant: Designing aiming for a smart factory, including unmanned night shifts (possibility of postponement)



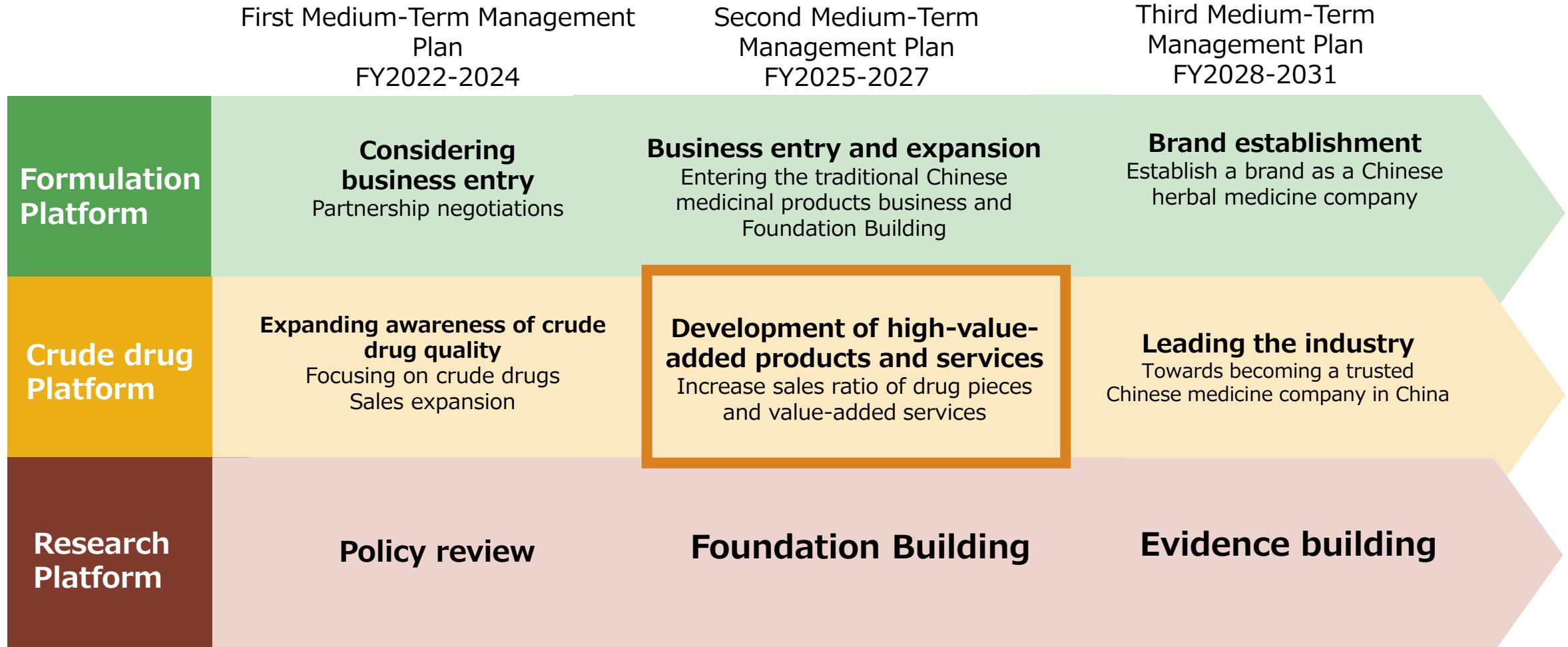
- Investments will be made with a view to increasing sales volume and the suspension of operations at aging factories
- Efforts will be made to compress investment amounts as much as possible for each individual project

Manufacturing process	Main investment details	1st mid-term plan (actual)	2nd mid-term plan (amount TBD)	Total amount
Extract powder Manufacturing process	Tianjin Factory (Phases 1 to 3 manufacturing buildings and ancillary facilities)	22 billion yen	4 billion yen	35 billion yen
	Ibaraki Factory (4th SD building)	8 billion yen	21 billion yen	29 billion yen
	Gunma Factory (1st and 2nd SD buildings and auxiliary facilities, etc.)	1.8 billion yen	50 billion yen	TBD
Granulation and packaging process	Ibaraki Factory (New Granulation and Packaging Building)	2.7 billion yen	39 billion yen	41.5 billion yen
Enhancement of storage capacity	Ibaraki Plant (3rd Crude Drug Building)	2.3 billion yen	5 billion yen	7 billion yen
	Crude drug Warehouses (Yubari, Ishioka, China)	1.4 billion yen	13 billion yen	14.5 billion yen
Others	Quality Control Building (Ibaraki)	-	8 billion yen	8 billion yen
	Renewal of production equipment, labor saving, etc.	19 billion yen	34 billion yen	TBD
Subtotal of Investments Related to the Production of Kampo product		60 billion yen	174 billion yen	
Others			6 billion yen	
Total			180 billion yen	

- Crude drug platform is experiencing increased revenue and profit.
- Due to upfront investment costs for considering and negotiating business partnerships, the operating profit for China Business is in the red.



Aiming to contribute to Health of the Chinese people through drug pieces and personalized medicine



Overview of Shanghai Hongqiao traditional Chinese drug pieces Co., Ltd. (hereinafter referred to as Hongqiao drug pieces)

Location	Shanghai, China
Main business activities	Manufacturing and sales of drug pieces (mainly in the Shanghai area)
Capital	0.16 billion yuan (approx. 3.2 billion yen)
Finance (FY2024)	Sales revenue: 1.05 billion yuan (approx. 21 billion yen) Operating profit: 0.2 billion yuan (approx. 4.2 billion yen)
Number of employees	512 people (as of July 2025, including temporary staff)

Before

Capital Relationship Diagram

Shanghai Hongqiao Pharmaceutical

100%

Shanghai Hongqiao traditional Chinese drug pieces

After

Tsumura China

Shanghai Hongqiao Pharmaceutical

51%

49%

Shanghai Hongqiao traditional Chinese drug pieces

Negotiation progress and future plans

February 6 th	Signed a letter of intent regarding a technical and business partnership aimed at promoting the drug pieces business
June 18 th	Conclusion of equity acquisition agreement
August (planned)	Closing

- In anticipation of future increases in drug pieces sales volume, a new plant will be constructed in 2020, with operations scheduled to begin in 2024
- Establishment of a quality control system based on GMP



Hongqiao drug pieces Plant

Hongqiao Drug Pieces Plant Overview

Location	Qingpu District, Shanghai, China
Business details	<ul style="list-style-type: none">• Production and sales of drug pieces• Providing drug pieces decoction service
Start of operations	2024
Building area	67,000 square meters
Drug pieces production volume	6,000t (FY2024 actual results)
Manufacturing personnel	351 people (as of July 2025)

We manufacture drug pieces, prepare decoctions based on prescriptions from hospitals, and deliver the decoction to patients.

Manufacture and storage of drug pieces



Agency service based on prescriptions from hospitals

Decoction service



Decoction



Individually packaged drug pieces



Patient



Patient

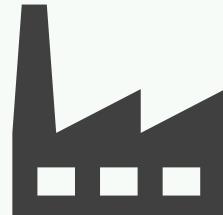


Hospital



Drug pieces improve the effectiveness and convenience of patient treatment (of health issues)

Hongqiao drug pieces



- Manufacturing and sales of a wide variety of drug pieces
- A powerful sales channel in the Shanghai market
- Shanghai drug pieces brand

Characteristics of the crude drug platform



High-quality crude drug
managed from the field based on GACP



Drug Pieces Value-Added Service
"Personalized Medicine"



Main results of the P2T4 trial of TU-100

- Primary endpoint [time to recovery of gastrointestinal function] showed no significant difference
- In the TU-100 7.5g group, significant differences were observed in several secondary endpoints [proportion of patients recovering gastrointestinal function, length of hospital stay, etc.]
- Incidence rates of adverse events were 62.3% in the placebo group, 57.0% in the TU-100 7.5g group, and 59.1% in the TU-100 15g group



Opinions from U.S. KOLs and others

- Despite conditions such as a relatively short hospital stay, the TU-100 7.5g group showed **a favorable benefit-risk profile**
- A one-day reduction in hospital stay is clinically significant
- It is suggested that **multiple mechanisms are involved** in the effect of TU-100



FDA's opinion

- **Recognized a trend toward efficacy** with a daily dose of 7.5g of TU-100
- **No new safety concerns were indicated**

Direction of TU-100 U.S. Development

Based on the TU100P2T4 trial results and the assumption of a considerable market worthy of commercialization, additional clinical trials targeting "patients undergoing complex major abdominal surgery" are being considered.

Market Size (United States)

- Target patients: 500,000 to 1,000,000 per year
- Expected to increase in the future

Competitive Drugs

- Existing drugs include only alvimopan
- The product in development with priority is TU-100

Investment Recovery Plan

Result of consultation with the FDA

<Next Clinical Trial>

- ✓ Agreed to conduct trials in patient populations undergoing complex major abdominal surgery
- ✓ **Generally agreed on the protocol outline**

[Million Yen]	Fiscal Year 2024 Actual Results	Fiscal Year 2025 Forecast	Year-on-Year Comparison	
			Amount	Rate of Increase/Decrease
Net Sales	181,093	188,000	+6,906	+3.8%
Domestic Business	160,459	167,900	+7,440	+4.6%
China Business	20,633	20,100	(533)	(2.6)%
Operating profit	40,125	34,200	(5,925)	(14.8)%
Domestic Business	40,136	34,700	(5,436)	(13.5)%
China Business	(10)	(500)	(489)	—
Ordinary Profit	42,446	34,000	(8,446)	(19.9)%
Profit attributable to owners of parent	32,428	23,000	(9,428)	(29.1)%
PL Conversion Rate (JPY/ CNY)	21.04	20.30	(0.74)	—
ROE	11.4%	7.5%		
EPS	427.15 yen	302.95 yen		

Future plans

- Consolidation of Shanghai Hongqiao traditional Chinese drug pieces
- Control of selling, general and administrative expenses
- Reduction of capital investment amounts
- Sale of policy-held shares

(Note) Non-operating income and expenses (mainly exchange gains related to loans to overseas subsidiaries) and according to extraordinary profits (mainly capital gains from the reduction of policy-held shares), it is difficult to estimate them reasonably due to the conditions of the foreign exchange market and stock markets, and they are not incorporated in the earnings forecast.

Corporate Communications Department

Investor Relations Group

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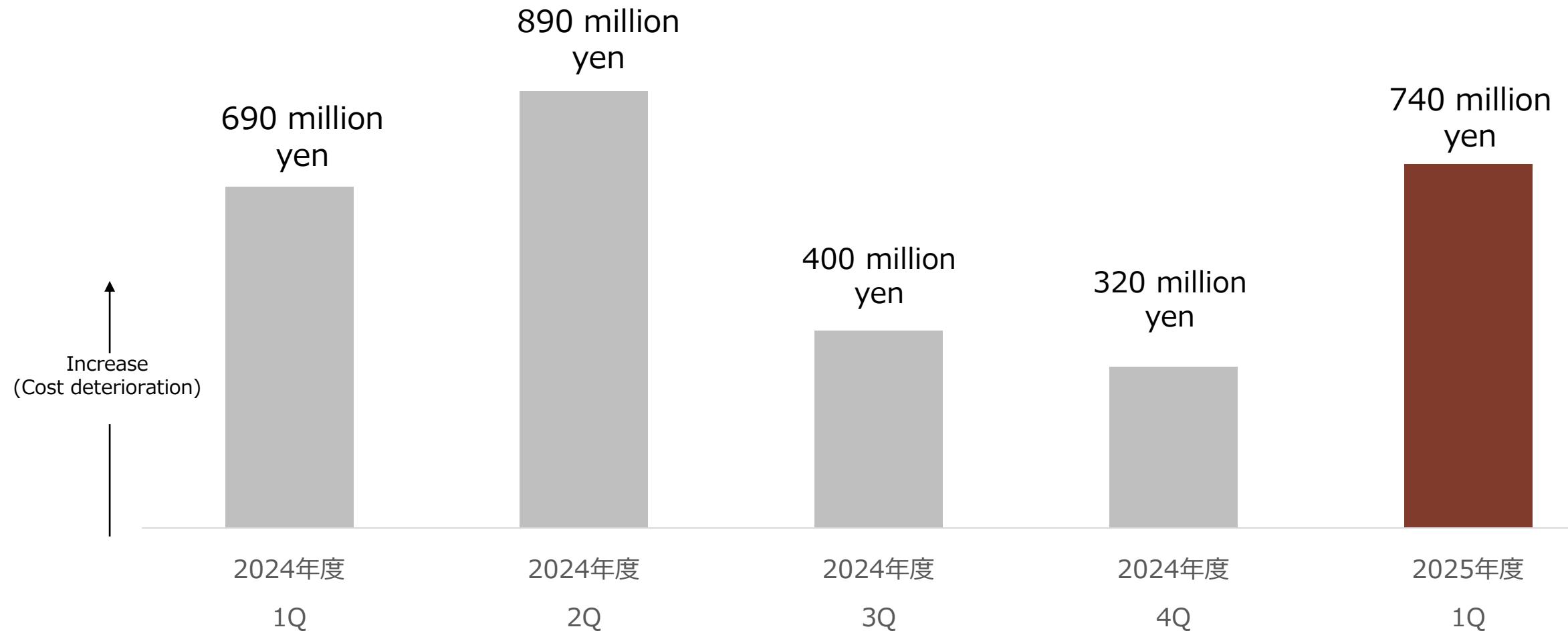
Notes regarding this document

- The information provided in this document includes so-called "forward-looking statements." Whether these forecasts can be realized or not depends on various risks and uncertainties. Therefore, please be aware that actual results may differ significantly from these forecasts.
- Our business performance and financial position may be affected by changes in regulations regarding healthcare administration, such as healthcare insurance systems and drug prices, imposed by the governments of Japan and other countries, as well as by fluctuations in interest rates and foreign exchange rates.
- If a major product currently on the market were to be discontinued or sales were to decline significantly due to product defects, unexpected side effects or other factors, this would have a significant impact on our business performance and financial position.
- This document contains information about pharmaceuticals (including products under development), but it is not intended as advertising or medical advice.
- The materials and information provided in this document may be changed, added, or deleted without notice.

Appendix

- Unrealized profits associated with securing crude drug inventory as part of BCP measures are expected to increase from the second quarter.

Trends in unrealized profits



■ FY2022 ■ FY2023 ■ FY2024 ■ FY2025

(Ten thousand boxes)

35

#43 Rikkunshito

30

25

20

15

10

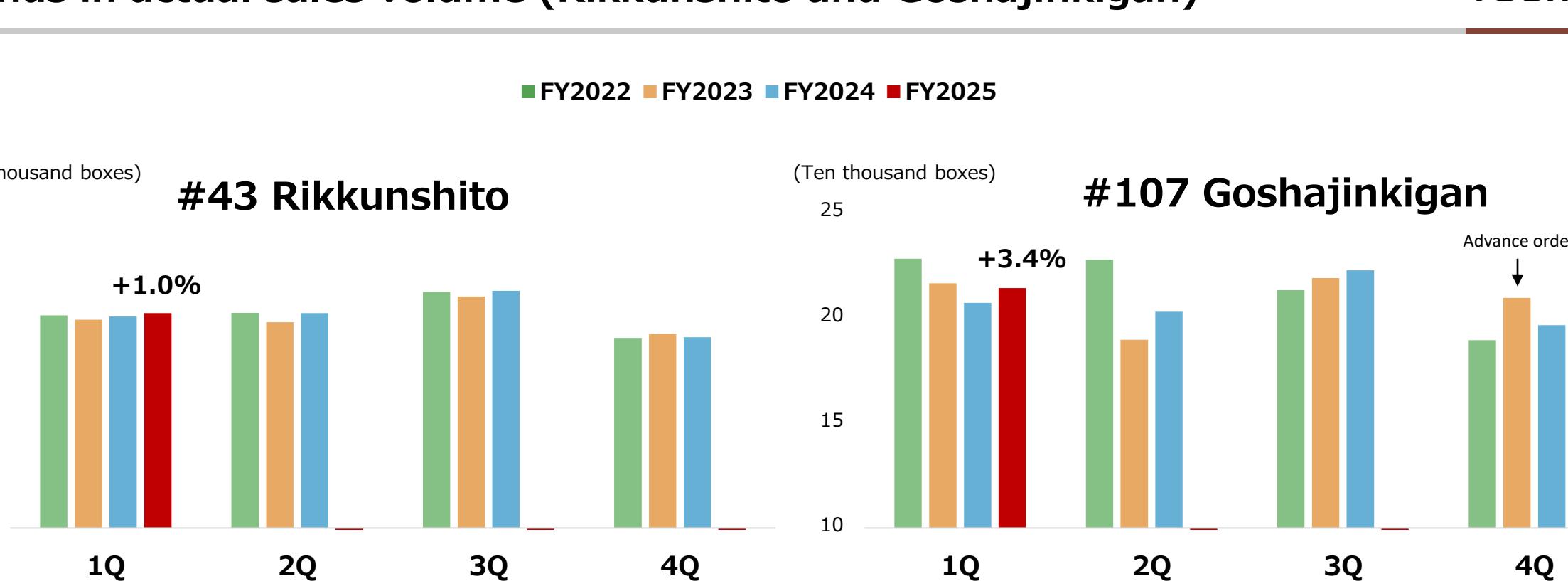
1Q

2Q

3Q

4Q

+1.0%



(Ten thousand boxes)

25

#107 Goshajinkigan

20

15

10

1Q

2Q

3Q

4Q

+3.4%

Advance orders ↓

Limited shipping period: August 2022 to April 2023

FY2022-2023: The company has maintained a flat trend despite the fact that it was unable to acquire new cases due to the limited shipment period and the reduction in information provision.

FY2024-2025: Aim to achieve recovery across the entire field by providing information on how to use different prescriptions for the gastrointestinal field.

FY2022-2023: Recovery was slow due to the long period of limited shipments.

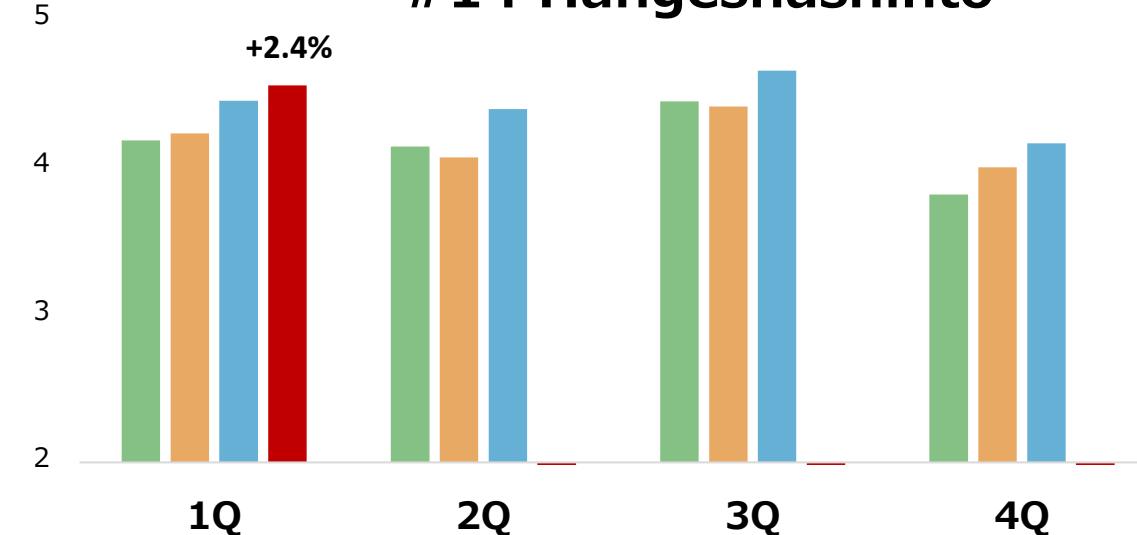
FY2024: Decrease in 1Q due to the impact of frontloaded orders due to NHI drug price revision.

FY2025: Sales are growing, including related prescriptions, due to the use of the drug for treating nocturia and other conditions in the elderly.

■ FY2022 ■ FY2023 ■ FY2024 ■ FY2025

(Ten thousand boxes)

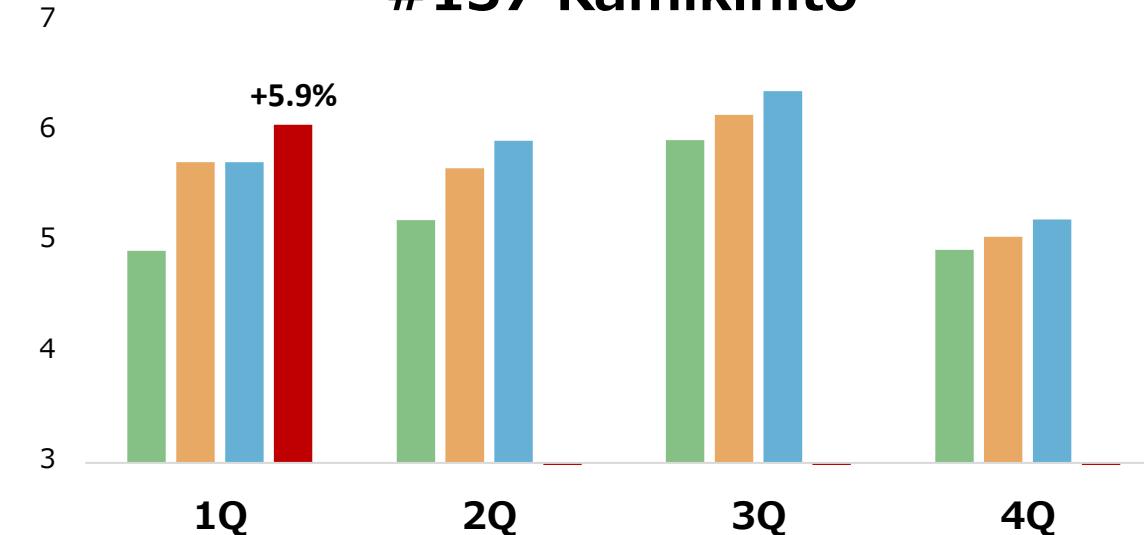
#14 Hangeshashinto



+2.4%

(Ten thousand boxes)

#137 Kamikihito



+5.9%

FY2022-2023: Remaining flat due to limited information provision during the limited shipping period.

FY2024: Steady growth thanks to measures to treat digestive symptoms (heartburn due to reflux esophagitis, diarrhea due to irritable bowel syndrome, stomatitis) etc.

FY2025: Measures for stomatitis in the cancer field will be implemented.

FY2022-2023: Growth due to concerns about the aftereffects of COVID-19 and insomnia.

FY2024: Recognition of the drug as a treatment for anxiety and insomnia continues to grow.

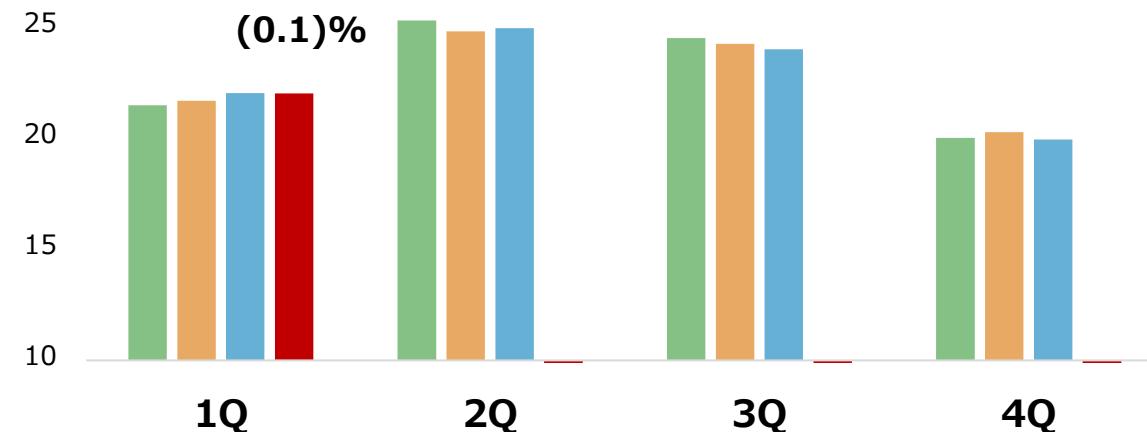
FY2025: Expanded to include the use of premenstrual syndrome (PMS) in women's-related fields.

■ FY2022 ■ FY2023 ■ FY2024 ■ FY2025

(Ten thousand boxes)

30

#41 Hochuekkito

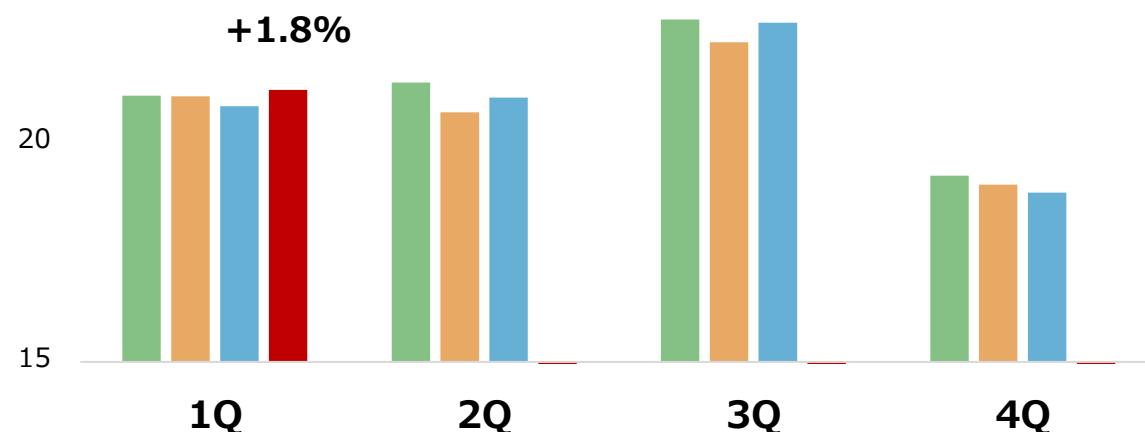


(0.1)%

(Ten thousand boxes)

25

#24 Kamishoyosan



+1.8%

FY2022-2023: Demand is growing due to after-effects of COVID-19 and fatigue.

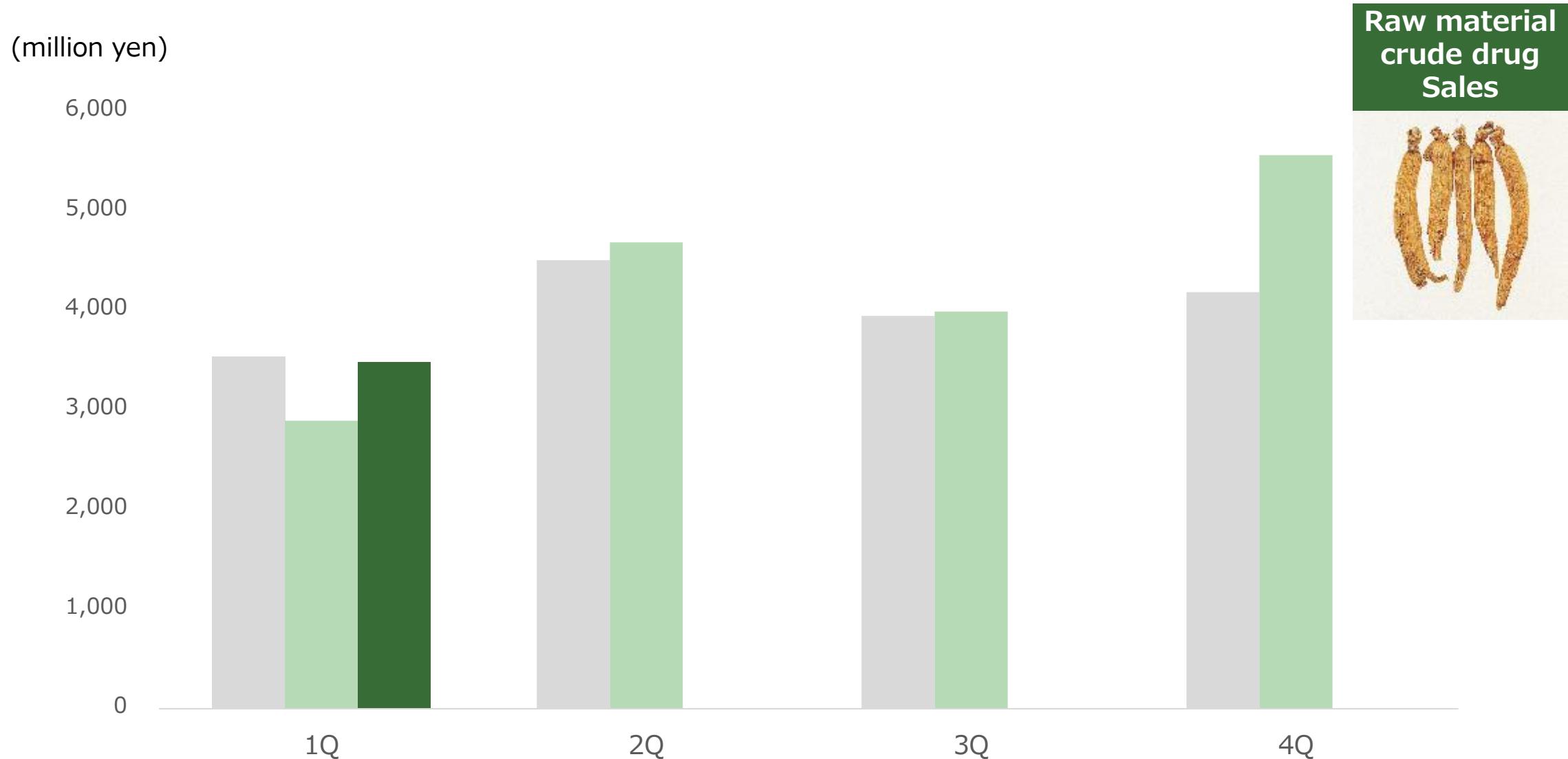
FY2024: It is also used for summer weight loss and remains flat.

FY2025: We will develop measures to address loss of appetite (malnutrition) in the cancer field.

FY2022: Increased due to fatigue and anxiety caused by COVID-19 aftereffects.

FY2023-2024: COVID-19 demand declines and then remains flat.

FY2025: Aim for recovery through measures such as the appropriate use of premenstrual syndrome in women's-related areas.



China Business: Trends in sales of crude drug PF drug pieces

TSUMURA

(million yen)



1,000

800

600

400

200

0

1Q

2Q

3Q

4Q