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June 18, 2025

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 China Ping An Life Insurance Co., Ltd., it has been decided that Tsumura China Inc., (hereinafter, "Tsumura China"), a Chinese group company, will take the investment stake and the 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 share 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 experience in crude drug traceability system, evidence-building research, and manufacturing technology of "Personalized Medicine", and 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

(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
(7) Major shareholder and stockholding	TSUMURA & CO.: 100%

3. Outline of the subsidiary to be transferred (Hongqiao Traditional Chinese Drug Pieces)

(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

(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

(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

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.