

Growth Investment in China & Building Business Foundations

November 7, 2019

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President and Representative Director, CEO

China Business Vision

Contributing to the health of China's citizens
 Securing a stable source of crude drug raw materials

Ping An Tsumura Group

Aim to become the No. 1 company in traditional Chinese medicine
 —Become the most trusted Chinese medicine company in China—

2027

Net sales: RMB10 billion

(China Business Vision sales image)

2021

Net sales: RMB240 million

(Medium-Term Management Plan for the China Business)

Selling products made from crude drugs, such as "Yakushoku-dogen" products and Chinese Crude Drug Pieces

Make the traditional Chinese medicine business a pillar

2018

All Tsumura Directors Visited China (Sep 2019)

Talked with Ma Mingzhe, chairman and CEO of the Ping An Insurance Group

- Discuss with Chairman and CEO Ma, co-CEO Chen and other executives
- Exchanged opinions related to the business structure of Ping An Tsumura

Talked with Wang Tao, chairman and CEO of Ping An Good Doctor

- Exchanged opinions concerning matters, including the sales of traditional prescriptions (crude drug pieces)
- Exchanged opinions pertaining to matters such as the sales structure for traditional Chinese medicines

“百年津村、抱擁青春” Ma Mingzhe, chairman and CEO

The Chinese above reads, century-old Tsumura reaches its youth
Tsumura's history expands over 100 years. In China, through the energy sparked by reform and innovation in China, Tsumura will be able to shine brightly and grow with vigor.

China Business: Progress Report

2027

Net sales: RMB10 billion

(China Business Vision sales image)

Make the traditional Chinese medicine business a pillar

2021

Net sales: RMB240 million

(Medium-Term Management Plan for the China Business)

2019

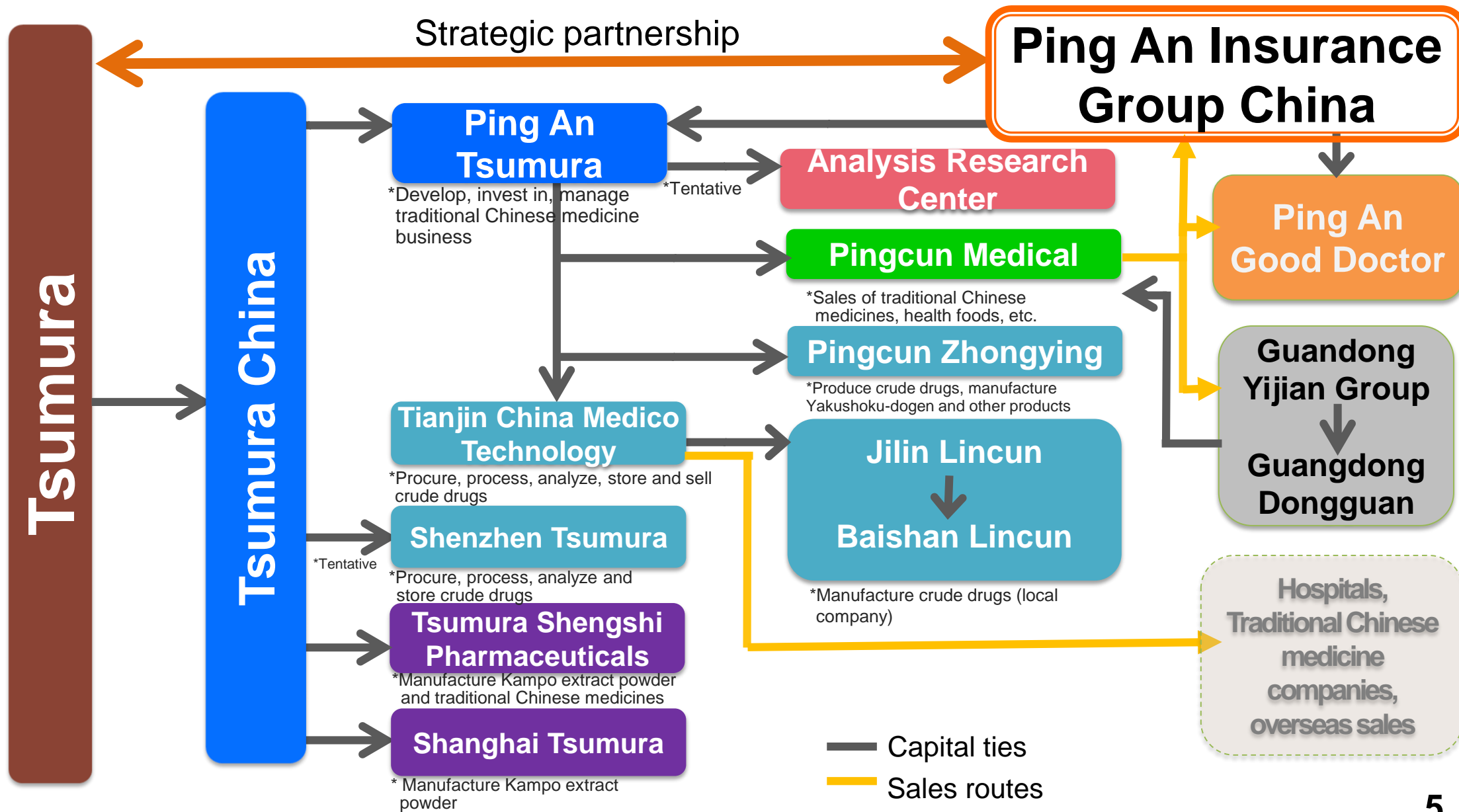
Crude drug platform
Strengthen system for steady crude drug supply

Tianjin Factory
Set up production system
Launch slated for 2022

Establish a sales system
Fortify/expand collaborations

Analysis Research Center

Diagram of Capital Ties/Sales Routes in China Business



Build a Crude Drug Platform

Tsumura/Ping An Tsumura

Share crude drug related technologies

Crude drug platform

Shenzhen Tsumura

China Medico

- Fortify foundation for crude drug business
- Fortify foundation for Kampo business and establish foundation for entry into traditional Chinese medicine business
- Establish a differential advantage in the Chinese market by using crude drug related technologies

Crude drugs for Japan

Crude drugs for China

Crude drugs for traditional Chinese medicines

Drug pieces

Yakushokudogen products

Conclusion of Letter of Intent for Capital Alliance with Tianjin China Medico Technology

Goal of acquisition

1. Fortify system for steady supply of crude drugs to Japan
2. Strengthen system for stable supply of crude drugs for use by China Business (traditional Chinese medicines, etc.)
3. Acquisition of personnel

2018 crude drug/drug piece company ranking by export value

	企業名称
1	盛実百草薬業有限公司
2	深圳津村薬業有限公司
3	肇慶市祥信進出口貿易有限公司
4	湖南信華食品有限公司
5	安徽賀林中藥飲片科技有限公司

*Source: Sorted based on Chamber of Commerce for Importers and Exporters of Medicines and Health Products' customs data

Build crude drug platform & sales system

Tsumura/Ping An Tsumura

Crude drug platform

Ping An Life Insurance

- ◆ Sales promotion by insurance sales staff
- ◆ Online sales of Ping An Insurance

Ping An Good Doctor

【Overview of Ping An Good Doctor】

- ◆ One-stop medical care platform
- ◆ Provide services including medical records, medical services, drug administration services, and healthcare plans
 - ✓ Registered users: 289 million people
 - ✓ Number of consultations daily: more than 650,000 people
 - ✓ Online proprietary doctors: approx. 1,200 doctors

Pingcun Medical

China Medico

Guandong Yijian Group

Operates **Qingping Medicine Market**, a top class traditional Chinese medicine market in China

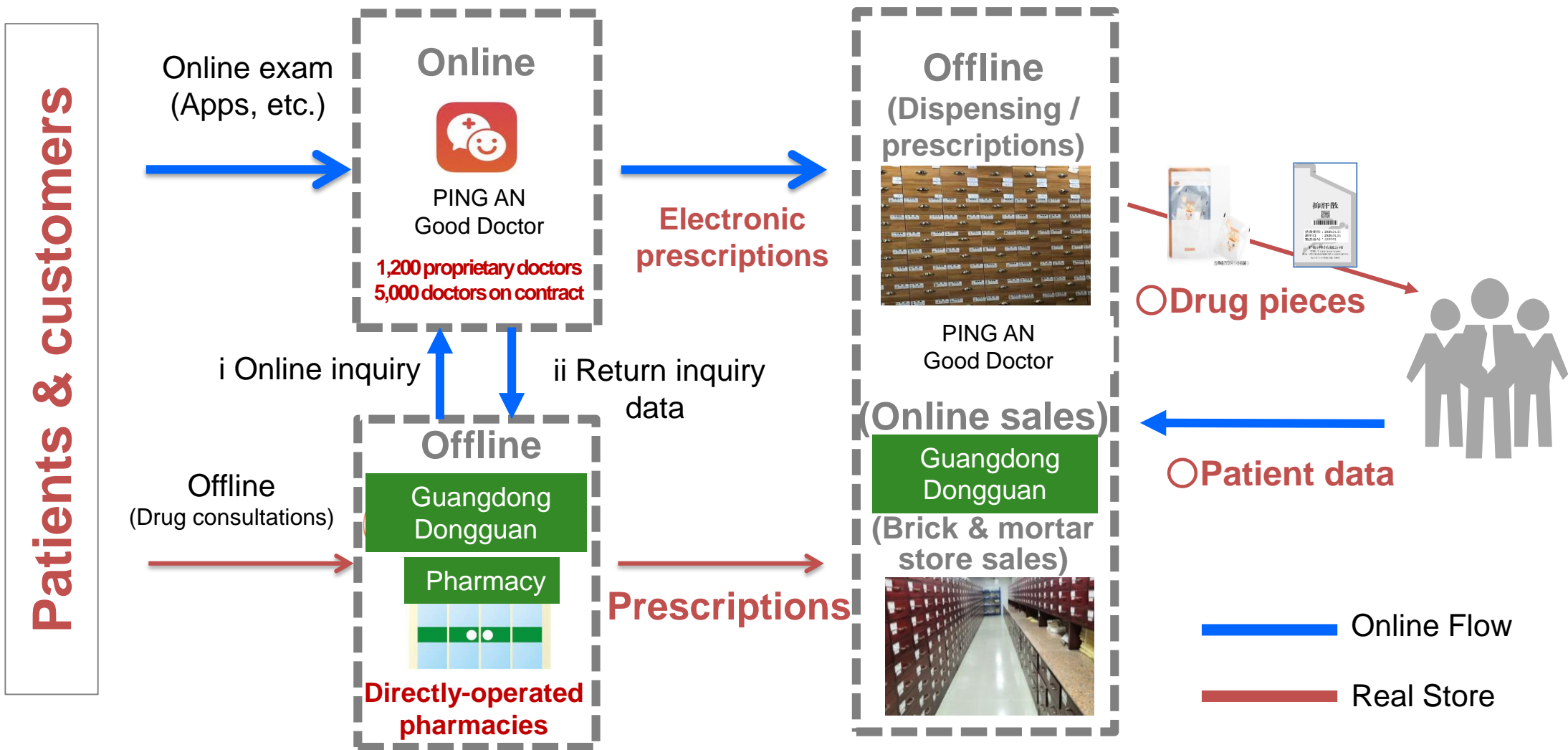
Guangdong Dongguan

Network of 1,579 directly-operated pharmacies. Pharmacy chain that ranks in the Top 10 nationwide. Ranks second in the number of pharmacies in Guangdong Province

China Medico sales route

Sells drug pieces and crude drugs to hospitals, etc.

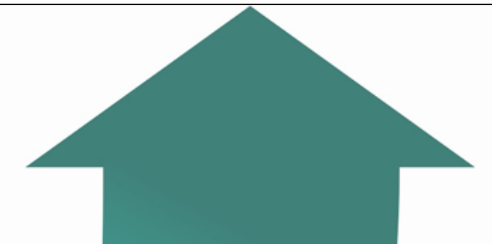
Pingcun Medicine Sales Channels (current)



China Business: NEXT Stage

2027

Net sales: RMB10 billion
(China Business Vision sales image)



Make the traditional Chinese medicine business a pillar

Enter traditional Chinese medicine business
M&A
Approach traditional prescriptions

Establish a sales system
Fortify/expand collaborations

Tianjin Factory
Set up production system
Launch slated for 2022

Crude drug platform
Strengthen system for steady crude drug supply

Analysis Research Center

2021

Net sales: RMB240 million

(Medium-Term Management Plan for the China Business)

2019

Integrated Report 2019



Sustainability Vision

CSR Basic Policy

Based on its corporate philosophy of “The Best of Nature and Science,” the Tsumura Group will contribute to the medical field and to people’s health through the stable supply of high-quality Kampo medicines made using naturally derived crude drugs. At the same time, we will fulfill our corporate social responsibilities by accelerating initiatives for resolving environmental and social issues and reinforcing corporate governance.

Sustainability Vision

The Tsumura Group contributes to value creation and to the realization of a sustainable society through its Kampo value chain.

Key Points in the Integrated Report 2019

- Tsumura's long-term management vision and the governance system that supports this vision
- Tsumura strengths and growth strategies based on our founding spirit and basic philosophy
- Tsumura's value creation cycle driven by its Kampo value chain

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Editorial Policy
Tsumura has been publishing integrated reports since fiscal 2019. Integrated Report 2019 was prepared with the goal of communicating Tsumura's efforts to improve its corporate value from a medium to long-term perspective to stakeholders. We look forward to making our future reports more insightful for stakeholders by gaining valuable input and information via interactions with them going forward.

Scope of Data Collection and Applicable Period
Performance data is from fiscal 2019.
• TSUMURA & CO., LOGITEM TSUMURA CO., LTD., and YUBARI TSUMURA CO., LTD. (fiscal April 1, 2018 to March 31, 2019)
• Sankyo China Inc., SHENJIN TSUMURA MEDICINE CO., LTD., SHANGHAI TSUMURA PHARMACEUTICALS CO., LTD., Ping An Tsumura Inc., and TSUMURA USA, INC. (fiscal January 1, 2018 to December 31, 2018)
Notice will be provided in cases where the scope of data collection differs from the above.

Forward-Looking Statements and Precautions
The information provided in this integrated report contains forward-looking statements. Numerical projections represent the Company's best judgments and assumptions based on information available at the time of publication of this report and therefore contain a certain degree of risk and uncertainty. Accordingly, actual performance could differ materially from these forecasts. In addition, this report contains information on pharmaceuticals. However, this information is not meant to serve as advertisements or medical advice.

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Cautionary items regarding forecasts

- The materials and information provided in this presentation contain so-called forward-looking statements. Readers should be aware that realization of these statements can be affected by a variety of risks and uncertainties and that actual results could differ significantly.
- Changes in the healthcare insurance systems or regulations set by medical treatment authorities on drug prices or other aspects of healthcare or in interest and foreign exchange rates could impact negatively on the Company's performance or financial position.
- In the unlikely event that sales of the Company's core products were halted or declined substantially due to a defect, unforeseen side effect or some other factor, it would have a major impact on the Company's performance or financial position.