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Securities Code: 4540

Date of sending by postal mail: June 8, 2023

Start date of measures for electronic provision: June 1, 2023

To Our Shareholders:

Terukazu Kato
President, Representative Director and CEO
TSUMURA & CO.
17-11 Akasaka 2-chome, Minato-ku, Tokyo

Notice of the 87th Ordinary General Meeting of Shareholders

We are pleased to announce that you are cordially invited to the 87th Ordinary General Meeting of Shareholders of TSUMURA & CO. (the “Company”), which will be held as indicated below.

When the Company convenes a general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters subject to measures for electronic provision) in electronic format. The whole matters subject to measures for electronic provision are posted on the Company’s website, while a part of them is attached in writing to the written documents for shareholders’ convenience. Please access the Company’s website by using the Internet address shown below to review the information.

[The Company’s website]

<https://www.tsumura.co.jp/english/ir/shareholders/index.html>

* The materials are also available on the following websites.

Websites on which materials for the General Meeting of Shareholders are posted:

<https://d.sokai.jp/4540/teiji/> (in Japanese)

Tokyo Stock Exchange (TSE) website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “Tsumura” in “Issue name (company name)” or the Company’s securities code “4540” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].)”)

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet or in writing (by mail). Please review the Reference Documents for General Meeting of Shareholders and exercise your voting rights by **5:45 p.m. on Wednesday, June 28, 2023 (JST)**.

1. **Date and Time:** Thursday, June 29, 2023, at 10:00 a.m.
2. **Venue:** “Ho’oh,” 1st floor, THE CAPITOL HOTEL TOKYU
10-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported

1. Business Report and Consolidated Financial Statements for the 87th fiscal year (from April 1, 2022 to March 31, 2023), and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-consolidated Financial Statements for the 87th fiscal year (from April 1, 2022 to March 31, 2023)

Matters to be resolved

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of Three (3) Directors who are Audit and Supervisory Committee Members
- Proposal No. 4:** Election of One (1) Substitute Director who is Audit and Supervisory Committee Member

Other Matters Regarding the Exercise of Voting Rights

- If a voting card is received without giving any indication of approval or disapproval of any or all of the proposals, it will be counted as a vote for the proposal concerned.
- If you vote multiple times via the Internet indicating different positions on the same proposal in each voting exercise, only your most recent vote will count as valid.
- If you exercise your voting rights both in writing and via the Internet, only the vote placed via the Internet will be treated as valid.
- If you are unable to attend the general meeting of shareholders in person, you may appoint another shareholder with voting rights in the Company to attend as your proxy. Please note, however, that it is necessary to submit a document evidencing the authority of proxy.

- ◎ If revisions to the matters subject to measures for electronic provision arise, notice of the revisions along with the matters before and after revision will be posted on the respective websites where they are posted.
- ◎ In accordance with the provisions of laws and regulations and Article 15 of the Company’s Articles of Incorporation, the following matters are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of documents stating matters for which measures for providing information in electronic format are to be taken.
 - i) **“Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” sections of Consolidated Financial Statements**
 - ii) **“Non-consolidated Statement of Changes in Equity” and “Notes to Non-consolidated Financial Statements” sections of Non-consolidated Financial Statements**

Accordingly, the consolidated financial statements and non-consolidated financial statements that are included in the paper-based documents are part of the documents included in the scope of audits by the Accounting Auditor and the Audit and Supervisory Committee when they create their respective audit reports.

Reference Documents for General Meeting of Shareholders

Proposal No. 1

Proposal No. 1: Appropriation of Surplus

The Company regards the return of profit to shareholders as its important policy. We will aim to achieve sustained growth going forward while maintaining a policy to pay stable dividends, taking into consideration such matters as medium- and long-term levels of earnings and cash flows.

The Company will allocate funds from internal reserves for investment in the areas such as capital expenditure and research and development that are deemed to boost the future corporate value of the Company.

In line with the aforementioned policy, the Company proposes to pay year-end dividends for the current fiscal year as follows:

■ Year-end dividends

1) Type of dividend property

Cash

2) Allotment of dividend property and their aggregate amount

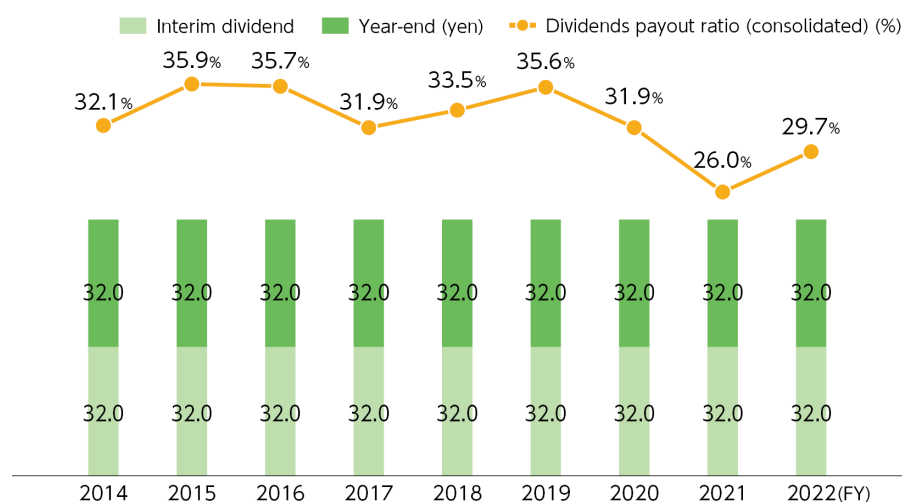
The Company proposes to pay a dividend of ¥32 per common share of the Company.

The total dividends will be ¥2,448,922,560.

3) Effective date of payment of dividends of surplus

June 30, 2023

<Trend of Dividends>



(Note) Concerning the dividends per share and the dividends payout ratio for FY2022 (fiscal year ended March 31, 2023), matters concerning the dividends per share of common stock are being presented as a proposal of the 87th Ordinary General Meeting of Shareholders and the figures shown here are based on the assumption that this proposal is approved.

Proposal No. 2

Proposal No. 2: Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this general meeting.

Accordingly, the Company proposes to elect six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members).

Following discussions by the Audit and Supervisory Committee based on deliberations of the Nomination/Remuneration Advisory Committee attended by all of two (2) Outside Directors who are Audit and Supervisory Committee Members, the Audit and Supervisory Committee believes that the nominating procedure was properly followed and all candidates are adequate to serve as Directors of the Company.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

Candidate No.	Name	Current Position in the Company			
1	Terukazu Kato	President, Representative Director and CEO	Reelection		
2	Kei Sugii	Director, Co-COO	Reelection		
3	Muneki Handa	Director, CFO	Reelection		
4	Hiroshi Miyake	Outside Director	Reelection	Outside	Independent
5	Tadashi Okada	Outside Director	Reelection	Outside	Independent
6	Ryohei Yanagi	-	New Election	Outside	Independent

1	Terukazu Kato (Age 59)	Current Position in the Company
		President, Representative Director and CEO
	Date of Birth August 26, 1963	

Reelection

To our shareholders

In pursuit of our business commitment of “Lively Living for Everyone,” our Corporate Purpose we are trying to ultimately achieve, and our corporate philosophy “The Best of Nature and Science,” the Tsumura Group will promote scientific analysis of mechanism of action in the field of traditional medicines constituted by plant-oriented crude drugs, and contribute to patient treatment based on evidences obtained through basic and clinical studies.

April 10, 2023 marked the 130th anniversary of our foundation. We would like to express our sincere appreciation to our shareholders, and ask for your continued support to us, as we aim to increase business value and corporate value over the medium to long term.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company 	<ul style="list-style-type: none"> ■ Number of the Company's Shares Owned 38,200 Shares
<ul style="list-style-type: none"> Apr. 1986 Joined the Company Aug. 2001 President and Representative Director, TSUMURA USA, INC. Jan. 2006 Head of Public Relations Department, TSUMURA & CO. Apr. 2007 General Manager, Head of Corporate Communications Department, TSUMURA & CO. Jun. 2011 Director and Executive Officer, Head of Corporate Communications Department, TSUMURA & CO. Jun. 2012 President and Representative Director, TSUMURA & CO. Jun. 2015 President and Representative Director and President and Executive Officer, TSUMURA & CO. Jun. 2019 President, Representative Director and CEO, TSUMURA & CO. (incumbent) 	<ul style="list-style-type: none"> ■ Status of attendance to Board of Directors meeting: 18/18 (100%)
	<ul style="list-style-type: none"> ■ Material relationship with in the Company
	None

- Reasons for the nomination as a candidate for Director

As a chairman of the Board of Directors, Mr. Terukazu Kato has operated the Company's corporate governance system and strengthened it in several phases, and worked to structure the Board of Directors to have majority Outside Directors, establish the Nomination/Remuneration Advisory Committee with an Outside Director as its committee chairman, and improve the effectiveness of the Board of Directors, while successfully carrying out his responsibilities in making important management decisions and supervising the execution of business.

In addition, he delegated business execution authority to COO (or Co-COO under to cooperative COO system) and finalized the group-wide management policy as well as corporate strategy as CEO, established management system, carried on external negotiations and made efforts in developing management-level human resources. In order for the Company to implement the corporate philosophy stated in the corporate purpose, and pursue the aim of achieving sustainable growth and enhancing its corporate value through the realization of the long-term management vision, TSUMURA VISION “Cho-WA” 2031, the Board of Directors believes that he is one of the most well-qualified candidates.

If his election as a Director is approved, Mr. Kato will assume the position of President, Representative Director and CEO of the Company.

2	Kei Sugii	(Age 53)	Current Position in the Company
	Date of Birth	December 16, 1969	Director, Co-COO

Reelection

To our shareholders

Celebrating the Group's 130th anniversary in 2023, and having the keynote "Tradition and Innovation" in mind as a creator of shared value with the sustainable society, we strive for the realization of its long-term management vision TSUMURA VISION "Cho-WA" 2031 and the achievement of the first medium-term management plan.

Suffered from an unstable supply of certain products due mainly to the effect of COVID-19 pandemic last year, we will establish a robust supply system this year in order to fulfill its responsibilities as a life science company.

We hope that shareholders look forward to our future with the goal of realizing individualized treatment that is more closely tailored to individuals, and continue supporting us.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company 	<ul style="list-style-type: none"> ■ Number of the Company's Shares Owned 4,100 Shares ■ Status of attendance to Board of Directors meeting: 14/14 (100%) ■ Material relationship with in the Company
<p>Apr. 1994 Joined Mitsubishi Petrochemical Engineering Corporation (currently MITSUBISHI CHEMICAL ENGINEERING CORPORATION)</p> <p>Jan. 2006 Joined Accenture Japan Ltd</p> <p>May 2009 Joined the Company</p> <p>Apr. 2013 Head of Logistics Planning Department, TSUMURA & CO.</p> <p>Apr. 2016 Head of SCM Planning Department, TSUMURA & CO.</p> <p>Apr. 2017 General Manager, TSUMURA & CO. General Manager, SHENZHEN TSUMURA MEDICINE CO., LTD.</p> <p>Apr. 2018 General Manager, TSUMURA & CO. Chairman and General Manager, SHENZHEN TSUMURA MEDICINE CO., LTD.</p> <p>Apr. 2020 Executive Officer, Head of Production Division, TSUMURA & CO.</p> <p>Apr. 2022 Co-COO, TSUMURA & CO.</p> <p>Jun. 2022 Director, Co-COO, TSUMURA & CO (incumbent)</p>	<p>None</p>

- Reasons for the nomination as a candidate for Director

Mr. Kei Sugii has extensive experience and insight accumulated through his work in a general consulting company. He has served as Chairman and General Manager of the Company's group company in China, and since April 2020, he has acquired experience as Executive Officer, Head of Production Division. In addition, from April 2022, as Co-COO, he has been engaged in group-wide business operation based on management policy and corporate strategy and has been controlling the overall business execution to achieve the plan. In June 2022, he assumed the position of Co-COO. Based on the above reasons, the Board of Directors has full confidence in his ability to carry out his responsibilities including making important management decisions at the Board of Directors meetings and supervising the execution of business. Therefore, the Board of Directors nominates him as a candidate for Director.

If his election as a Director is approved, Mr. Sugii will assume the position of Director, Co-COO of the Company.

3	Muneki Handa	(Age 60)	Current Position in the Company
	Date of Birth July 7, 1962		Director, CFO

Reelection

To our shareholders

In Japan, while there is a sense of expectations for another growth as we have entered a post-pandemic era, we are still in a critical situation with souring resource prices and energy costs, among other factors.

The Company, in pursuit of the first medium-term management plan, will strive to realize further value creation through making investments to support the infrastructure of growth and taking on challenges in a new area, while further promoting the innovation of business including non-face-to-face/non-contact operations on which the Company has already worked for some time, and the automation and streamlining of operations, among other things.

We will devote our utmost energies in improving the corporate value of the Company and meet the expectations of our shareholders.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company 	<ul style="list-style-type: none"> ■ Number of the Company's Shares Owned 8,000 Shares ■ Status of attendance to Board of Directors meeting: 18/18 (100%) ■ Material relationship with in the Company
<p>Apr. 1985 Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.)</p> <p>Jun. 2014 Executive Officer and Managing Director, Head, Retail Credit Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Jun. 2015 Deputy President, Mitsubishi UFJ Capital Co., Ltd.</p> <p>Jun. 2016 President, Mitsubishi UFJ Capital Co., Ltd.</p> <p>May 2019 Advisor, TSUMURA & CO.</p> <p>Jun. 2019 Director, Managing Executive Officer and CFO, TSUMURA & CO.</p> <p>Apr. 2021 Director, CFO, TSUMURA & CO. (incumbent)</p>	<p>None</p>

- Reasons for the nomination as a candidate for Director

Mr. Muneki Handa has extensive experience and insight through his many years of working at financial institutions, and served as a representative director and president at a venture capital firm. He has executed business as the Executive Officer in charge of corporate planning, accounting and finance, IT, and other aspects, and he possesses extensive insight of public relations, IR, and sustainability, etc. In addition, as CFO, he has executed business relating to group-wide financial strategies, etc. and has formulated management plan based on management policy and corporate strategy. Based on the above reasons, the Board of Directors has full confidence in his ability to carry out his responsibilities including making important management decisions at the Board of Directors meetings and supervising the execution of business. Therefore, the Board of Directors nominates him as a candidate for Director.

If his election as a Director is approved, Mr. Handa will assume the position of Director, CFO of the Company.

4	Hiroshi Miyake	(Age 73)	Current Position in the Company
	Date of Birth August 4, 1949		Outside Director

Reelection Outside Independent

To our shareholders

Although the COVID-19 pandemic is coming to an end, the outlook for the future is extremely unclear with the Ukraine crisis, interest rate hikes in the U.S., rising materials prices, and many other uncertain factors. Under the effect of these conditions, the Company's management faces an acute inflation, a complete change from the long standing deflationary economy. From a social perspective, the number of births has fallen below 0.8 million for the first time, which highlights again a significant issue to realize a society where it is easy to have children and a healthy and long-lived society. While I do not feel optimistic about the environment surrounding the Company, I will devote my utmost energies to help the Company continue to provide solutions and contributions to the society in pursuit of its Corporate Purpose "Lively Living for Everyone," and continues to practice management based on its philosophy.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company Apr. 1973 Joined Mitsubishi Corporation Oct. 2000 General Manager, Paper & Packaging Raw Materials Division, Mitsubishi Corporation Apr. 2001 Deputy Division COO, General Merchandise Division, Mitsubishi Corporation Apr. 2003 Deputy General Manager, Kansai Branch, Mitsubishi Corporation Apr. 2005 Senior Vice President, Mitsubishi Corporation President, Mitsubishi International GmbH, and Deputy Regional CEO for Europe May 2009 Advisor, Tokai Pulp & Paper Co., Ltd. Jun. 2009 Managing Executive Officer, Tokushu Tokai Holdings Co., Ltd. Jun. 2010 Senior Managing Executive Officer, Tokushu Tokai Paper Co., Ltd. Jun. 2014 Director, Executive Vice President, Tokushu Tokai Paper Co., Ltd. Jun. 2015 Representative Director, Executive Vice President, Tokushu Tokai Paper Co., Ltd. Jun. 2016 Advisor, Tokushu Tokai Paper Co., Ltd. Oct. 2016 Advisor, Nippon Tokai Industrial Paper Supply Co., Ltd. Jun. 2018 Outside Director, TSUMURA & CO. (incumbent) ■ Tenure as an Outside Director At the conclusion of this general meeting, Mr. Miyake will have served in the position for five (5) years. 	<ul style="list-style-type: none"> ■ Number of the Company's Shares Owned 2,500 Shares ■ Status of attendance to Board of Directors meeting: 18/18 (100%) ■ Material relationship with in the Company <p style="text-align: center;">None</p>
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- Reasons for the nomination as a candidate for Outside Director and overview of expected role
- Mr. Hiroshi Miyake has extensive experience and insight as a corporate manager developed over many years and business experience in and outside Japan. He served as a president of the local subsidiary of a general trading company in Germany. In addition, at the Company, he has fully performed his role, including making important management decisions and supervising the execution of business. At the Board of Directors and Nomination/Remuneration Advisory Committee, he proactively makes statements and deepens discussions contributing to sound corporate management. Based on the above reasons, the Board of Directors has nominated him as a candidate for Outside Director and expects that he will continue to fulfill the above role after being elected. It is also planned to appoint him as a member of the Nomination/Remuneration Advisory Committee again after his election.

5	Tadashi Okada	(Age 67)	Current Position in the Company
	Date of Birth	May 1, 1956	Outside Director

Reelection Outside Independent

To our shareholders

The Group has made a start for the first medium-term management plan toward a realization of its long-term management vision, TSUMURA VISION “Cho-WA” 2031. Even in an ever-changing management environment, aiming for continuous growth and an increase in corporate value over the medium to long term, the Company will engage in various measures and activities including proactive investment. In particular, the Board of Directors considers the establishment of a sustainable and stable supply system and the expansion and enhancement of the Chinese business to be the most important issue, in which the Board will engage proactively. I will utilize my experience and knowledge to date to contribute to activities concerning these issues. I will also continue working to strengthen the oversight function of the Board of Directors for higher corporate governance.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company Apr. 1979 Joined Komatsu Ltd. Apr. 2000 General Manager of Business Development Department, Komatsu Ltd. Apr. 2003 Vice President of Komatsu (China) Ltd. Apr. 2006 General Manager of Corporate Communications Department, Komatsu Ltd. Apr. 2007 Executive Officer, General Manager of Corporate Communications Department, Komatsu Ltd. Apr. 2008 Executive Officer, General Manager of Corporate Planning Division, Komatsu Ltd. Feb. 2009 Executive Officer, Vice President of Industrial Machinery General Headquarters, Komatsu Ltd. Apr. 2011 Senior Executive Officer, President of Industrial Machinery Division, Komatsu Ltd. Apr. 2014 Senior Executive Officer, Supervising Corporate Communications, CSR, General Affairs, and Compliance, Komatsu Ltd. Jun. 2017 Representative Director and Chairman of QUALICA Inc. Jun. 2020 Outside Director, TSUMURA & CO. (incumbent) ■ Tenure as an Outside Director At the conclusion of this general meeting, Mr. Okada will have served in the position for three (3) years. 	<ul style="list-style-type: none"> ■ Number of the Company's Shares Owned 400 Shares ■ Status of attendance to Board of Directors meeting: 18/18 (100%) ■ Material relationship with in the Company <p style="text-align: center;">None</p>
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- Reasons for the nomination as a candidate for Outside Director and overview of expected role
- Mr. Tadashi Okada has extensive experience and insight as a corporate manager developed over many years and business experience in and outside Japan. In China, he served as a vice president of the China business headquarters of a construction machinery company. In addition, at the Company, he has fully performed his role, including making important management decisions and supervising the execution of business. At the Board of Directors and Nomination/Remuneration Advisory Committee, he proactively makes statements and deepens discussions contributing to the sustainable enhancement of corporate value. Based on the above reasons, the Board of Directors has nominated him as a candidate for Outside Director and expects that he will continue to fulfill the above role after being elected. It is also planned to appoint him as a member of the Nomination/Remuneration Advisory Committee again after his election.

6	Ryohei Yanagi	(Age 60)	Current Position in the Company
	Date of Birth	July 6, 1962	-

New Election Outside Independent

To our shareholders

Tsumura is committed to a management based on its corporate purpose “Lively Living for Everyone,” with which I feel sympathy. It gives priority on both social value and economic value, which I believe will lead to a creation of shared value. My years of research and practice suggest that non-financial assets and corporate value are positively related to each other. Toward the achievement of the shared value, I, as a representative of shared value for shareholders and other stakeholders, will draw my knowledge and experience gained as a corporate financial officer and a visiting professor of a university, to contribute to a further improvement in appropriate corporate governance and sustainable corporate value.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company 	<ul style="list-style-type: none"> ■ Number of the Company’s Shares Owned 0 Shares ■ Status of attendance to Board of Directors meeting: - ■ Material relationship with in the Company
<p>Apr. 1985 Joined The Saitama Bank, Ltd. (The Asahi Bank, Ltd., currently Resona Bank, Limited)</p> <p>Oct. 2003 Joined Eisai Co., Ltd.</p> <p>Apr. 2005 General Manager of the Finance Dept., Eisai Co., Ltd.</p> <p>Apr. 2007 Joined UBS Securities Japan Co., Ltd., Executive Director</p> <p>Sep. 2009 Rejoined Eisai Co., Ltd., General Manager of the IR Dept.</p> <p>Apr. 2013 Vice President, Deputy CFO & Chief IR Officer, Eisai Co., Ltd.</p> <p>Jun. 2015 Senior Vice President & CFO, Eisai Co., Ltd.</p> <p>Jun. 2019 Executive Vice President & CFO, Eisai Co., Ltd.</p> <p>Apr. 2022 Visiting professor of Waseda University, Graduate School of Accountancy (incumbent)</p> <p>Jun. 2022 Senior Advisor, Eisai Co., Ltd. (incumbent)</p> <p>Jul. 2022 Executive Advisor, ABeam Consulting Ltd. (incumbent)</p> <p>Oct. 2022 Deputy President, M&G Investments Japan Co., Ltd. (incumbent)</p>	<p style="text-align: center;">None</p>

● Reasons for the nomination as a candidate for Outside Director and overview of expected role

Mr. Ryohei Yanagi is a developer of the “Yanagi Model” which indicates a link between non-financial assets and corporate value, and has extensive experience and insights as a corporate financial officer and a visiting professor of a university for many years. In addition, the Company believes that he will enhance and accelerate disclosure of non-financial assets toward the creation of ESG and other value, and play a substantial role in the “visualization” of value of organization and human capital, etc. Based on the above reasons, the Board of Directors has nominated him as a candidate for Outside Director. The Board of Directors expects that he will continue to fulfill the above role after being elected. It is also planned to appoint him as a member of the Nomination/Remuneration Advisory Committee after his election.

(Note 1) The respective ages stated for each candidate are current as of June 29, 2023.

(Note 2) The status of attendance to the Board of Directors meeting stated for each candidate is based on data for fiscal 2022 (from April 1, 2022 to March 31, 2023).

(Note 3) For other notes regarding candidates, please refer to page 16.

Proposal No. 3

Proposal No. 3: Election of Three (3) Directors who are Audit and Supervisory Committee Members

The terms of office of all three (3) Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this general meeting.

Accordingly, the Company proposes to elect three (3) Directors who are Audit and Supervisory Committee Members.

Prior to this proposal, the Company has already obtained the consent of the Audit and Supervisory Committee.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Current Position in the Company
1	Tomihiko Nagafuchi	- New Election
2	Mitsutoshi Matsushita	Outside Director (Audit and Supervisory Committee Member) Reelection Outside Independent
3	Akemi Mochizuki	Outside Director (Audit and Supervisory Committee Member) Reelection Outside Independent

1	Tomihiko Nagafuchi (Age 58)	Current Position in the Company
	Date of Birth September 25, 1964	-

New Election

To our shareholders

Since the breakout of the COVID-19 disease, the global situation and the social environment have changed rapidly, and the Company's business environment has also changed significantly. In these circumstances, the Company has conducted sound corporate management by implementing the corporate philosophy stated in the corporate purpose in order to fulfill its corporate mission. My audit philosophy is that "even the best result can be denied by an error in the process to achieve it." As a member of the Audit and Supervisory Committee, I will devote my utmost energies from the perspective of whether management's decision-making and efficiency are appropriate and whether the internal control system is established and operated properly, in closely working to perform in-depth audit with outside Members of the Audit and Supervisory Committee, and contributing to the development of more robust management foundation.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company <p>Apr. 1987 Joined the Company</p> <p>Apr. 2014 Head of the Internal Auditing Department, TSUMURA & CO.</p> <p>Apr. 2023 General Manager, TSUMURA & CO. (incumbent)</p>	<ul style="list-style-type: none"> ■ Number of the Company's Shares Owned 2,700 Shares ■ Status of attendance to Board of Directors meeting: - ■ Status of attendance to Audit and Supervisory Committee meeting: - ■ Material relationship with in the Company <p>None</p>
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● Reasons for the nomination as a candidate for Director

Mr. Tomihiko Nagafuchi has extensive business experience in the fields of internal auditing and internal control over many years as Head of Internal Auditing Department of the Company. Independent and objective assurance and consulting activities, risk management/control and governance, etc., require a wide range of insights including effectiveness assessment and improvement of each of the processes. The Board of Directors has nominated him as a candidate for Outside Director who is Audit and Supervisory Committee Member as he is well versed in the direction of the Company's businesses, and associated roles of internal auditing and internal control.

2	Mitsutoshi Matsushita	(Age 52)	Current Position in the Company
	Date of Birth	October 3, 1970	Outside Director (Audit and Supervisory Committee Member)

Reelection Outside Independent

To our shareholders

In April 2023, the Company has celebrated the 130th anniversary of its foundation. Since foundation, our predecessors had conquered numerous difficulties in the “Spirit of Nature’s Laws.”

The Group is surrounded by a severe and volatile environment with soaring resource prices, global uncertainties, transformation into a highly digitalized society, and climate change, among other factors. The business in China is under way in a full scale, expecting to face unexperienced difficulties.

To address such difficulties in the “Spirit of Nature’s Law” to promote business, aiming for a sustainable and stable growth, I will devote my utmost efforts as an Outside Director and an Audit and Supervisory Committee Member.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company <ul style="list-style-type: none"> Apr. 1997 Registered as an attorney at law Joined Kajitani Law Offices (incumbent) Jun. 2016 Outside Audit & Supervisory Board Member, PACIFIC SYSTEMS CORPORATION (incumbent) Jun. 2017 Outside Director (Audit and Supervisory Committee Member), TSUMURA & CO. (incumbent) ■ Tenure as an Outside Director <ul style="list-style-type: none"> At the conclusion of this general meeting, Mr. Matsushita will have served in the position for six (6) years. 	<ul style="list-style-type: none"> ■ Number of the Company’s Shares Owned 2,600 Shares ■ Status of attendance to Board of Directors meeting: 18/18 (100%) ■ Status of attendance to Audit and Supervisory Committee: 17/17 (100%) ■ Material relationship with in the Company
None	

- Reasons for the nomination as a candidate for Outside Director who is Audit and Supervisory Committee Member and overview of expected role

Mr. Mitsutoshi Matsushita has extensive experience and excellent insights as an attorney at law that is well versed in corporate legal affairs, is involved in the company management and has sufficient knowledge to oversee management. Other than serving as an outside director, he has never been involved with corporate management. However, at the Board of Directors and Nomination/Remuneration Advisory Committee, he proactively makes statements and deepens discussions contributing to the enhancement of corporate value from both the aspects of taking on challenges and risk management. Based on the above reasons, the Board of Directors has judged that he appropriately executes his duties in order to ensure the soundness and appropriateness of decision-making associated with the Company’s management as well as enhancing its transparency and has nominated him as a candidate for Outside Director who is Audit and Supervisory Committee Member. The Board of Directors expects that he will continue to fulfill the above role after being elected. It is also planned to appoint him as a member of the Nomination/Remuneration Advisory Committee again after his election.

3	Akemi Mochizuki	(Age 69)	Current Position in the Company
	Date of Birth June 10, 1954		Outside Director (Audit and Supervisory Committee Member)

Reelection Outside Independent

To our shareholders

With increasingly uncertain and highly volatile environment surrounding the corporate sector recently, and various internal and external risks, it has become ever more severe and difficult to control such risks. Companies are required to take timely and appropriate actions in their corporate management. Furthermore, the Company's business has its own complex peculiarity as it depends on natural elements and China. In these circumstances, I will devote my utmost efforts as an Outside Director from a delicate and objective perspective to help the Company determine correctly what it should (or should not) do and when and how it should do in pursuit of an appropriate process toward its "business mission" which the Company should accomplish, so that it may result in further improvement of corporate value.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company <ul style="list-style-type: none"> Oct. 1984 Joined Aoyama Audit Corporation Mar. 1988 Registered as a certified public accountant Aug. 1996 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) Jun. 2001 Partner, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) Jul. 2018 Partner, AKAHOSHI AUDIT CORPORATION (incumbent) Jun. 2019 Outside Director (Audit and Supervisory Committee Member), TSUMURA & CO. (incumbent) Jun. 2021 Outside Corporate Auditor, Asahi Kasei Corp. (incumbent) Jul. 2022 Statutory Auditor (Part-time), SBI Holdings, Inc. (incumbent) ■ Tenure as an Outside Director <ul style="list-style-type: none"> At the conclusion of this general meeting, Ms. Mochizuki will have served in the position for four (4) years. 	<ul style="list-style-type: none"> ■ Number of the Company's Shares Owned 1,900 Shares ■ Status of attendance to Board of Directors meeting: 18/18 (100%) ■ Status of attendance to Audit and Supervisory Committee: 17/17 (100%) ■ Material relationship with in the Company
	None

- Reasons for the nomination as a candidate for Outside Director who is Audit and Supervisory Committee Member and overview of expected role

Ms. Akemi Mochizuki has extensive experience and excellent insights as a certified public accountant that is well versed in finance and accounting, is involved in the company management and has sufficient knowledge to oversee management. Other than serving as an outside director, she has never been involved with corporate management. However, at the Board of Directors and Nomination/Remuneration Advisory Committee, she proactively makes statements and deepens discussions from the perspective of group governance. Based on the above reasons, the Board of Directors has judged that she appropriately executes her duties in order to ensure the soundness and appropriateness of decision-making associated with the Company's management as well as enhancing its transparency and has nominated her as a candidate for Outside Director who is Audit and Supervisory Committee Member. The Board of Directors expects that she will continue to fulfill the above role after being elected. It is also planned to appoint her as a member of the Nomination/Remuneration Advisory Committee again after her election.

(Note 1) The respective ages stated for each candidate are current as of June 29, 2023.

(Note 2) The status of attendance to the Board of Directors meeting and that to Audit and Supervisory Committee meeting stated for each candidate are based on data for fiscal 2022 (from April 1, 2022 to March 31, 2023).

(Note 3) For other notes regarding candidates, please refer to page 16.

Proposal No. 4

Proposal No. 4: Election of One (1) Substitute Director who is Audit and Supervisory Committee Member

The effective term of substitute Director who is Audit and Supervisory Committee Member Ms. Seiko Noda, who was elected at the 85th Ordinary General Meeting of Shareholders held on June 29, 2021, will expire at the beginning of this General Meeting of Shareholders. In preparation for lacking the number of Directors who are Audit and Supervisory Committee Members stipulated by laws and regulations, the Company proposes to elect one (1) substitute Director who is Audit and Supervisory Committee Member.

Note that the effectiveness of election of the substitute Director who is Audit and Supervisory Committee Member may be rescinded by a resolution of the Board of Directors if the consent of the Audit and Supervisory Committee has been obtained, only before the assumption of office.

Prior to this proposal, the Company has already obtained the consent of the Audit and Supervisory Committee.

The candidate for substitute Director who is Audit and Supervisory Committee Member is as follows:

Chieko Tsuchiya		(Age 52)	Outside
Date of Birth		January 27, 1971	Independent
<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company 			<ul style="list-style-type: none"> ■ Number of the Company's Shares Owned 0 Shares
Apr. 1993	Joined Citibank, N.A.		<ul style="list-style-type: none"> ■ Material relationship with in the Company
Oct. 2001	Registered as an attorney at law Joined Law Offices of Hideyuki Sakai (Bingham Sakai Mimura Aizawa (foreign law joint enterprise))		
Apr. 2006	Registered as an attorney in New York State		None
Sep. 2012	Legal Officer, International Atomic Energy Agency (IAEA)		
Apr. 2015	Joined Anderson Mori & Tomotsune		
Apr. 2016	Part-time Judge of Tokyo Family Court (Domestic Relations Conciliator)		
Jan. 2019	Special Counsel, Anderson Mori & Tomotsune (incumbent)		
Sep. 2021	Consultant, Tilleke & Gibbins International Ltd. (Thailand)		
<ul style="list-style-type: none"> ● Reasons for the nomination as a candidate for substitute Outside Director who is Audit and Supervisory Committee Member and overview of expected role 			
<p>Ms. Chieko Tsuchiya is well versed in corporate legal affairs as an attorney at law, and, through the engagement in transactions between global companies, etc., has sufficient knowledge to oversee corporate management. Although she has never been involved with corporate management, the Board of Directors has judged that she appropriately executes her duties in order to ensure the soundness and appropriateness of decision-making associated with the Company's management as well as enhancing its transparency and has nominated her as a candidate for substitute Outside Director who is Audit and Supervisory Committee Member.</p>			

(Note 1) The age stated for the candidate is current as of June 29, 2023.

(Note 2) For other notes regarding the candidate, please refer to page 16 and 17.

■ The candidate for Director

1. Independent officer

The Company has deemed that the candidate for Outside Director has a high degree of independence because he/she satisfies the Company's Standards for Determination of Independence of Outside Directors.

The Company has submitted notification to Tokyo Stock Exchange, Inc. that the candidate has been appointed as an independent officer as provided for in Article 436-2 of the Securities Listing Regulations of the aforementioned exchange. Moreover, the newly nominated candidate for Outside Director also satisfies the criteria for independent officers stipulated by the Tokyo Stock Exchange and the Company's Standards for Determination of Independence. If the candidate's election is approved, the Company plans to submit notification that the candidate has been appointed as an independent officer.

2. Entering into a limited liability agreement

Pursuant to Article 427, paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with the candidate for Outside Director to limit his/her liability for damages arising from neglecting his/her duties under Article 423, paragraph 1 of the Companies Act. The limit under the agreement is the amount provided for by the applicable laws and regulations. If the candidates for Outside Director are elected, the Company plans to renew the aforementioned limited liability agreement.

3. Entering into a directors and officers liability insurance policy

Pursuant to Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company. The policy covers losses, such as amount of indemnification and court costs, incurred in cases where an insured receives claims for damages from shareholders, the Company, employees or third parties during the insurance period arising from the performance of the Company's duties of the insured. The insureds in the policy are Directors, Executive Officers, and Officers, etc. of Group companies who have been seconded or dispatched from the Company. The insurance premiums are covered entirely by the Company and its Group companies. If each candidate for Director's election is approved, they will become insureds under the policy, and the Company plans to renew the policy with each candidate on July 1, 2023.

■ The candidate for Director who is Audit and Supervisory Committee Member

1. Independent officer

The Company has deemed that the candidate for Outside Director who is Audit and Supervisory Committee Member has a high degree of independence because he/she satisfies the Company's Standards for Determination of Independence of Outside Directors.

The Company has submitted notification to Tokyo Stock Exchange, Inc. that the candidate has been appointed as an independent officer as provided for in Article 436-2 of the Securities Listing Regulations of the aforementioned exchange.

2. Entering into a limited liability agreement

Pursuant to Article 427, paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with the candidate for Director who is Audit and Supervisory Committee Member to limit his/her liability for damages arising from neglecting his/her duties under Article 423, paragraph 1 of the Companies Act. The limit under the agreement is the amount provided for by the applicable laws and regulations. If the candidates for Director who is Audit and Supervisory Committee Member are elected, the Company plans to enter the aforementioned limited liability agreement with them.

3. Entering into a directors and officers liability insurance policy

Pursuant to Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company. The policy covers losses, such as amount of indemnification and court costs, incurred in cases where an insured receives claims for damages from shareholders, the Company, employees or third parties during the insurance period arising from the performance of the Company's duties of the insured. The insureds in the policy are Directors, Executive Officers, and Officers, etc. of Group companies who have been seconded or dispatched from the Company. The insurance premiums are covered entirely by the Company and its Group companies. If each candidate for Director's election is approved, they will become insureds under the policy, and the Company plans to renew the policy with each candidate on July 1, 2023.

■ The candidate for substitute Director who is Audit and Supervisory Committee Member

1. Independent officer

The Company has deemed that the candidate for substitute Director who is Audit and Supervisory Committee Member has a high degree of independence because he/she satisfies the Company's Standards for Determination of Independence of Outside Directors. If the candidate for Director is elected as a Director who is Audit and Supervisory Committee Member, the Company plans to submit notification to Tokyo Stock Exchange, Inc. that the candidate has been appointed as an independent officer.

2. Entering into a limited liability agreement

If the candidate for substitute Director who is Audit and Supervisory Committee Member assumes the position of

Director who is Audit and Supervisory Committee Member, the Company plans to enter into an agreement with the candidate pursuant to Article 427, paragraph 1 of the Companies Act and the Company's Articles of Incorporation to limit his/her liability for damages arising from neglecting his/her duties under Article 423, paragraph 1 of the Companies Act. The limit under the agreement is the amount provided for by the applicable laws and regulations.

3. Entering into a directors and officers liability insurance policy

Pursuant to Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company. The policy covers losses, such as amount of indemnification and court costs, incurred in cases where an insured receives claims for damages from shareholders, the Company, employees or third parties during the insurance period arising from the performance of the Company's duties of the insured. The insureds in the policy are Directors, Executive Officers, and Officers, etc. of Group companies who have been seconded or dispatched from the Company. The insurance premiums are covered entirely by the Company and its Group companies. If the candidate is elected as Director who is Audit and Supervisory Committee Member, the Company plans to include the candidate as an insured under the policy.

(Reference)

Standards for Determination of Independence

Outside Directors who do not fall under any of the following items shall be determined to have independence.

-
1. Person who is or was in the past ten (10) years an Executive Director, Executive Officer (Shikkoyaku), Executive Officer (Shikkoyakuin), Manager, General Manager, employee, etc. (hereinafter referred to as “executives”) of the Company or its consolidated subsidiaries

 2. Person or executives of a legal entity holding, whether directly or indirectly, 10% or more of the total number of voting rights of the Company

 3. Party for whom the Company or its consolidated subsidiaries ^{(*)1} is a major business partner or executives of such party
 - *1. A party receiving payment from the Company or its consolidated subsidiaries equivalent to 2% or more of its annual net sales (non-consolidated) or monetary finance from the Company or its consolidated subsidiaries equivalent to 2% or more of its consolidated total assets in the most recent fiscal year.

 4. Major business partner of the Company or its consolidated subsidiaries ^{(*)2} or the executives of such business partner
 - *2. A business partner from whom the Company or its consolidated subsidiaries receives payment equivalent to 2% or more of the Company’s annual net sales or monetary finance equivalent to 2% or more of the Company’s consolidated total assets in the most recent fiscal year.

 5. Audit corporation that serves as Accounting Auditor of the Company or its consolidated subsidiaries, or partners and others of the audit corporation

 6. Consultant, attorney, certified public accountant and others who provide professional services and obtain monetary and other financial benefits exceeding a cumulative amount of ¥10 million in the most recent fiscal year from the Company, excluding officer compensation

 7. Person or executives of a legal entity receiving donations, grants and others in the amount exceeding ¥10 million from the Company or its consolidated subsidiaries in the most recent fiscal year

 8. Person to whom items 2 through 7 apply during the past three (3) years

 9. Person who is or was recently a spouse or within a second degree of consanguinity (hereinafter referred to as “close relative”) of executives in an important position of the Company or its consolidated subsidiaries

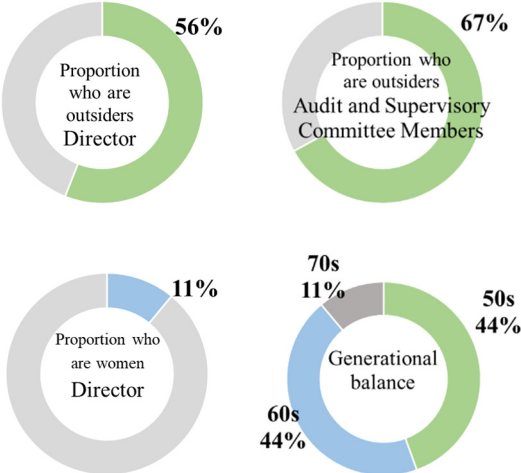
 10. Close relative of a person to whom any of the items 2 through 7 apply (excluding people who are not in an important position)
-

(Reference)
Approach to Diversity of Directors

The Tsumura Group formulates its long-term management visions and medium-term management plans in response to social demand and changes in the operating environment, and initiates various measures to achieve them. Along with our value creation cycle, we have, in particular, pursued and evolved a system for constantly making appropriate and prompt decisions regarding corporate governance, the foundation of management.










At present, Outside Directors account for a majority of the Directors. We have built highly effective governance systems to make decisions on important matters from diverse perspectives, such as those of people with corporate management experience, attorneys at law, and certified public accountants, and to ensure that decisions are not made based solely on the knowledge of inside directors.

We will continue to strengthen corporate governance in order to achieve sustainable growth.



(Reference) Skill Matrix of the Company's Board of Directors

We have selected the following skills that the Board of Directors needs in order to carry out the decision-making and management supervisory function for achieving the long-term management vision, TSUMURA VISION “Cho-WA” 2031. If Proposals No. 2 and No. 3 are approved as originally proposed at this Ordinary General Meeting of Shareholders, the composition of the Board of Directors and the skills possessed by each Director and Audit and Supervisory Committee Member will be as follows:

	Name	Gender	Age	Outside Independent	Corporate Management	Global	Sales/ marketing	SDGs ESG	IT	Financial accounting	Legal risk management	Human resources management
Directors	Terukazu Kato		59		●	●	●	●	●	●		●
	Kei Sugii		53		●	●		●	●			
	Muneki Handa		60		●		●	●	●	●	●	●
	Hiroshi Miyake		73	○	●	●	●	●	●		●	
	Tadashi Okada		67	○	●	●		●	●		●	
	Ryohei Yanagi		60	○	●	●		●		●		
Directors who are Audit and Supervisory Committee Members	Tomihiro Nagafuchi		58					●			●	
	Mitsutoshi Matsushita (attorney at law)		52	○							●	
	Akemi Mochizuki (certified public accountant)		69	○						●		



Represents male



Represents female

Requirements for skill items

Corporate Management	Person who has experienced executive officer at listed companies, or has insights and experience necessary for the formulation of business strategies and has the ability to offer advice	IT	Person who has insights in IT technologies, etc., and has the ability to recognize a challenge and propose solutions toward digitalization
Global	Person who has experienced overseas business management, and has insights and experience regarding global corporate management	Financial accounting	Person who has insights and experience of finance and accounting, person who has operational experience in financial institutions, or person who is qualified as a certified public accountant or a tax accountant
Sales/marketing	Person who has insights and experience regarding sales and marketing, person who is well-versed in the pharmaceutical industry and has the ability to offer appropriate advice on marketing	Legal risk management	Person who has experienced risk management and has insights and experience of legal affairs and risks, or who is qualified as an attorney
SDGs ESG	Person who has insights and experience in handling climate change and other environmental issues, person who has insights and experience regarding expertise of diversity, CSR, CSV, and corporate governance, etc.	Human resources management	Person who has experienced the formulation of human resources strategies, and has insights and experience regarding the field of human resources development

(Reference)

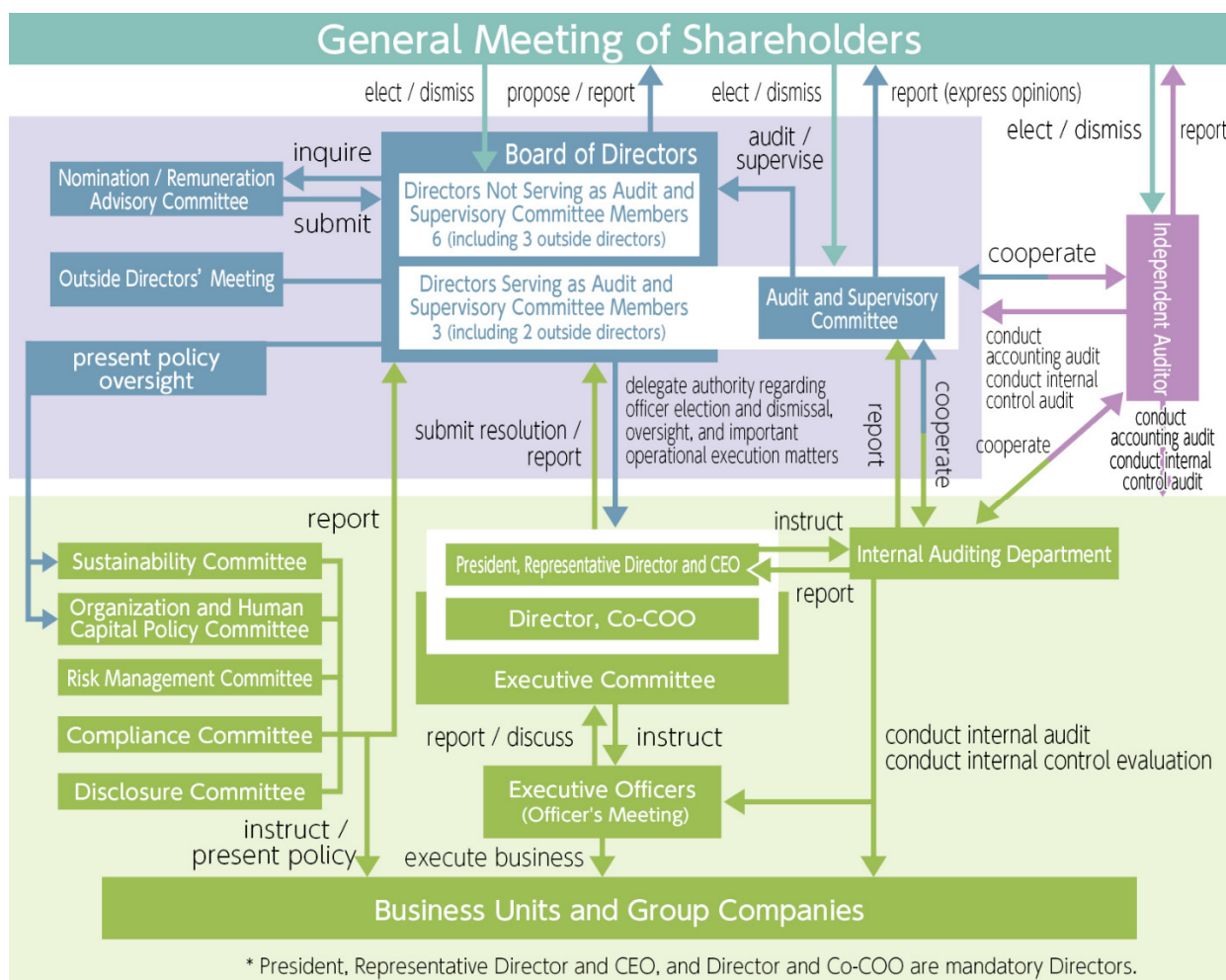
Corporate Governance of Tsumura

Basic Policy

The Tsumura Group is committed to abiding by what we call the “Spirit of Nature’s Laws” and fulfilling our ultimate purpose of facilitating “Lively Living for Everyone.” In conducting our business, we are guided by these two tenets along with our management philosophy, expressed as the “Best of Nature and Science,” and corporate mission: “To contribute to the unparalleled medical therapeutic power of the combination of Kampo medicine and Western medicine.” To achieve sustainable growth and increase our corporate value over the medium to long term, our basic policy is to strengthen our corporate governance in order to ensure sound, transparent, and fair management and make prompt and sound decisions.

In June 2017, Tsumura transitioned from the Company with Company Auditor(s) system described in the Companies Act of Japan to the Company with Audit and Supervisory Committee system. This move was aimed at reinforcing the oversight and monitoring functions of the Board of Directors. Under this system, Tsumura is working to enhance its management supervisory function and innovate its management structure by separating the supervisory function from the executive function and by appointing a majority of Outside Directors to the Board of Directors. These measures are being implemented to continuously establish the systems that will enable the Company to ensure the transparency, improve the efficiency, and maintain the soundness of management.

Overview of Corporate Governance Systems



(Note) The above shows the system in place as of the end of fiscal 2022.

Please see our Integrated Report for details of corporate governance.

Board of Directors

The Board of Directors makes important decisions to ensure sustainable growth and enhance corporate value over the medium-to-long term. The Company aims to accelerate decision-making by separating business execution functions from the Board of Directors. At the same time, we are strengthening the supervisory function of general management by appointing Outside Directors to comprise the majority of the Board of Directors and appropriately reflecting their objective views from an independent perspective as experts with extensive experience.

<Main matters during the 87th fiscal year>

- Checking the progress of the first medium-term management plan;
- Monitoring and following-up the progress of the Chinese business;
- Development of management human resources who will embody the corporate purpose and philosophy;
- Checking the progress of strategic investment deals (Investment in systems including facilities, R&D, M&A, and digital transformation , etc.);
- Evaluating the effectiveness of the Board of Directors and establishing priority themes;
- Discussion on enhancing corporate governance of Group companies; and
- Enhancement of information disclosure, etc.

Nomination / Remuneration Advisory Committee

The Nomination/Remuneration Advisory Committee is a voluntarily established advisory body to the Board of Directors. The committee is composed of a majority of Outside Directors who have also been designated as independent directors as stipulated by the Tokyo Stock Exchange (including one Outside Director who is a member of the Audit and Supervisory Committee). These Outside Directors provide advice on matters related to the nomination and remuneration of Directors and Executive Officers based on inquiries by the Board of Directors and also submit reports to the Board of Directors on these subjects. The committee is composed of six (6) members, five (5) of whom, including the committee chairman, are Outside Directors who have also been designated as the independent directors.

<Main matters during the 87th fiscal year>

- Proposal of election and dismissal of Directors to be submitted to the General Meeting of Shareholders;
- Draft proposals of election and dismissal of the Representative Director to be submitted to the Board of Directors;
- Draft proposals of candidates for Executive Officers to be submitted to the Board of Directors;
- Policies for electing Directors and Executive Officers, election process;
- Draft proposals for individual remuneration to be paid to Directors and Executive Officers; and
- Policy including the composition of Directors' remuneration, procedure for determining remuneration of Directors, etc.

Audit and Supervisory Committee

The Audit and Supervisory Committee audits legality and adequacy of the execution of duties by Directors by conducting systematic audits in cooperation with Internal Auditing Department, and the Audit and Supervisory Committee itself holds hearings on the status of business execution with Executive Officers, attends meetings of the Executive Committee and other important meetings, exchanges information with Directors and Auditors of the Group companies and monitors and verifies the establishment and implementation of internal control systems, including those related to financial reporting.

<Main matters during the 87th fiscal year>

- Audit policy and plan;
- Reelection and remuneration of audit corporation;
- Details of matters to be submitted to the General Meeting of Shareholders;
- Preparation of audit report; and
- Status of the use of hotline, etc.

Outside Directors' Meeting

The Outside Directors' Meeting collects and shares the information necessary for management decision-making. At the same time, it acts as a venue for the exchange of opinions regarding the necessity of discussions and other matters with the Board of Directors.

<Main matters during the 87th fiscal year>

- Advance explanation about matters to be discussed at the Board of Directors;
- Follow-up on the Board effectiveness evaluation;
- Briefing on Executive Committee matters;
- Progress report of Chinese business; and
- Discussion of important matters, etc.

(Note) The above shows the system in place as of the end of fiscal 2022.

(Reference)

Evaluation of effectiveness of Board of Directors

The Company evaluates and analyzes the effectiveness of the Board of Directors every fiscal year for the purpose of enhancing the Board of Directors' effectiveness.

The Company shifted to a company with an Audit and Supervisory Committee in 2017 to strengthen the supervisory function of the Board of Directors and further enhance the soundness and transparency of management. We have put in place a system that enables swift and resolute decision-making by separating the business execution function from the Board of Directors. Therefore, from the perspective of strengthening the supervisory and monitoring functions of the Board of Directors, we are working to ensure continuous improvement with respect to the issues identified through the analysis of the results of the evaluation of the effectiveness of the Board of Directors and are endeavoring to further improve the effectiveness of the Board of Directors.

Regarding the effectiveness of the Board of Directors in fiscal 2021, a questionnaire evaluation was conducted for all nine Directors, and the issues identified and specific measures for addressing them were discussed at the Board of Directors meeting held in May 2022. We designed the questionnaire in house this year. We believe that we were able to conduct a more objective evaluation and analysis by utilizing an external organization to collect responses and compile the result, while securing confidentiality.

1. Details of evaluation (6 categories, 25 items)

The evaluation for fiscal 2021 was conducted from the perspectives of confirming the status of efforts to address issues identified in the results of the analysis of the previous year's effectiveness evaluation, confirming the themes that require priority supervision in order for the Board of Directors to fulfill its role, and identifying issues and considering measures for addressing them so as to further improve effectiveness in the future.

- (1) Priority management themes
- (2) Composition of the Board of Directors
- (3) Roles and duties of the Board of Directors
- (4) Proceedings of the Board of Directors
- (5) Enhancement of discussions at meetings of the Board of Directors and of provision of information
- (6) Relationship between the Board of Directors and shareholders and other stakeholders

2 Overview of evaluation result

As a result of this year's analysis and evaluation, it was confirmed that the Board of Directors is fulfilling its role and function, with active discussions aimed at ensuring substantial supervision and monitoring of business execution.

In the effectiveness evaluation questionnaire for each Director, a certain percentage of the respondents answered "accomplishing sufficiently" or "accomplishing overall" to many of the questions.

Improvement was seen in all items to be focused on in the previous fiscal year as priority issues.

<Reviewing the Board effectiveness in FY2021>

1. As for the composition of the Board of Directors, the number is appropriate for active discussion and exchange of opinions. In addition, the Board of Directors is composed of diverse members with various types of experience and expertise, which is required for matters to be properly discussed at the Board of Directors meetings. Furthermore, the Board of Directors operates in an atmosphere that encourages the frank, free, and open expression opinions.
2. Based on the Group's basic principles, the Board of Directors assessed the status of the realization of the long-term management vision for the period from fiscal 2012 to fiscal 2021 and the achievement of the

goals of the third medium-term management plan for the period from fiscal 2019 to fiscal 2021. After confirming the future long-term management direction and priority issues, it engaged in discussions toward the formulation of a new vision to be accomplished by fiscal 2031.

3. As Chinese operations constitute a strategic challenge with high level of importance for our sustainable growth and the enhancement of our corporate value over the medium to long term, the activities of Chinese operations have been regularly reported to the Board of Directors. At the Board, discussions have been held concerning policies, plans and strategies for the operations, and resolutions have been passed on important matters.

<The status of efforts to address the issues identified in the previous fiscal year>

1. With regard to the governance of Group companies, as the scale of their businesses and their organizations expand particularly in Chinese operations through, for example, M&A activity, we are striving to strengthen the governance system of our Group companies in China by establishing a governance system to supervise the execution status of each Group company, centered on Tsumura China Inc., the company that controls all our operations in China, and by strengthening supervision and monitoring by the Board of Directors .
2. Regarding climate change, we should always be most sensitive to changes and critical factors of natural environment in order for the Group, a dealer of crude drugs, a natural blessing, to grow sustainably. The Board of Directors makes important decisions to respond to risks and opportunities including climate change, and ensure sustainable growth and enhance corporate value over the medium to long term of the Tsumura Group. In fiscal 2021, the Sustainability Committee which is directed and supervised by the Board was established, and the Sustainability Promotion Office was also newly established. Matters examined at the Sustainability Committee were reported to the Board of Directors periodically, and the Board formulated the Sustainability Vision including action plan after a lot of discussions.
3. With respect to the enhancement of information disclosure, we, among others, hold financial results briefings quarterly and 1-to-1 meetings with analysts and investors, and issue IR materials for overseas institutional investors to increase opportunities for dialogue, while fostering an environment for information dissemination with a wide range of stakeholders, including general consumers, in mind. As part of the effort to improve and enhance disclosure, we held a new vision presentation in the end of March 2022, etc.

Issues and Response Measures

Based on the results of this effectiveness evaluation, we will take the following measures to further improve the effectiveness of the Board of Directors.

1. As for the Chinese operations, to implement M&A aimed at developing the foundation of the traditional Chinese medicines business, the process of M&A is also reported to the Board of Directors periodically in order to tighten oversight and speed up the decision-making of the Board.
2. We strive to secure and develop human resources of Chinese group companies and establish a governance system to supervise the execution status of each Group company, centered on Tsumura China Inc., the company that controls all our operations in China, to strengthen the governance of the entire Group. In addition, we will strengthen the supervision and monitoring of the Board of Directors by, for example, establishing and implementing the system based on the three-lines-of-defense approach.

In this fiscal year also, we will be focusing on tackling five items as key management issues.

The Company will continue to implement PDCA cycle with the aim of realizing further improvements in the effectiveness of its Board of Directors.