TAISHO PHARMACEUTICAL HOLDINGS CO., LTD.

Annual Report 2022

Fiscal year ended March 31, 2022
(April 1, 2021–March 31, 2022)

Living healthy, living wealthy.

Annual Report **2022**

Fiscal year ended March 31, 2022

Editorial Policy

〈Regarding the Publication of This Annual Report〉

Regarding the Publication of This Annual Report to deepen understanding of the value the Taisho Pharmaceutical Group creates and its pursuit of sustainable growth, the editors explain the management philosophy that guides the Group and introduces the Group's business activities and initiatives to develop its foundations for growth.

〈Cautionary Statement with Respect to Forward-Looking Statements〉

Forward-looking statements made in this annual report, including the future performance of the Taisho Pharmaceutical Group, are based on currently available information and assumptions management believes to be reasonable, and the Group does not guarantee their achievement.

Various factors could cause actual results to differ materially from those discussed in the forward-looking statements.

〈Scope of Reporting〉

Companies subject to reporting: Taisho Pharmaceutical Holdings Co., Ltd., Taisho Pharmaceutical Co., Ltd. and other Group companies
Reporting period: April 1, 2021 to March 31, 2022 (includes some information before March 2021 and after April 2022)

Our goal at Taisho Pharmaceutical is to contribute towards ensuring that the consumers have good health and lead fulfilling lives. Based on a Management Philosophy rooted in its founding spirit, the Company has built a highly sustainable business model through diverse "personnel" and "technology" that is committed to people and health. Based on these, the Company will continue to aim for sustainable improvement in its corporate value in the changing times.

Our Founding Spirit "Shinsho"

Since its establishment in 1912, Taisho Pharmaceutical has grown under the spirit of obeying rules and competing, believing that continuously winning the competition will lead to the prosperity of society and promote human welfare.

"Doing business with integrity and pride (Shinsho)" is one of our Founding Spirits.

Never failing to keep promise (following rules), never lying, never bullying the weak, and being a dignified professional, i.e. walking the path of the "Shinsho" is a prerequisite to continued winning, and this is the spirit that forms the foundation of Taisho Pharmaceutical's Code of Conduct.

In all the countries and regions where we operate, we aim to live up to the expectations of our stakeholders including consumers, customers, and business partners by always conducting ourselves in line with the "Shinsho" spirit.

Mission

The Company's mission is to contribute to society by creating and offering superior pharmaceuticals and health-related products as well as healthcare related information and services in socially responsible ways that enrich people's lives by improving health and beauty

Management Policies

(1) Focus on core businesses

- Self-Medication Operation Group, Prescription Pharmaceutical Operation Group
- Businesses based on clear, scientific, and objective evidence that takes full advantage of the Company's strengths

(2) Continue to drive sustained growth in business activities while fulfilling the following obligations expected of the Company by stakeholders:

- For consumers, the Company will ensure good health and more fulfilling lives, following the theme of "health" in all fields
- For customers and business partners, the Company will build and maintain fair and rational relationships
- For employees, the Company will secure employment and respect the human rights and personality of each individual employee
- For local communities, the Company will remain actively engaged in the community as a corporate citizen while striving to protect the environment and build mutually beneficial relationships
- For shareholders and investors, the Company will disclose accurate information in a fair and timely manner

Code of Conduct

Based on the Company's founding spirits, the Company is working to share the following values internally as it conducts business activities:

- Compliance with laws and regulations
- High ethical standards
- Being honest, diligent, and passionate
- Competitive perspective (Better quality at lower prices with better service)
- Rational thinking
- Value standards from a long-term perspective

Our History of Commitment to Consumers

Taisho started out as a small pharmacy. To prevent beriberi and tuberculosis, which were rampant at the time, Taisho started to manufacture and sell medicines with the aim of commercializing nourishing tonics, which were not dependent on imported materials.

Since the company was founded, we have listened to the direct opinions of our consumers to create products that meet consumer needs such as the medicines being easy to swallow and use, in addition to their effectiveness and safety.

In a time when medicines had an image of being "bitter," Taisho's iconic long-time best-seller, *"Pabron,"* was well received by consumers for being "easy to swallow."

Further, with our Ampoule product which was previously praised for its good taste as a base, we developed *"Lipovitan D"* through continuing pursuit of flavor as an improved product that anyone can easily drink in any situation. Since it was a perfect match for the era of consumer health awareness and emerging desire for luxury goods, *"Lipovitan D"* created a new culture of energy drinks.

In addition, *"RiUP"* was the first in Japan to be recognized for its efficacy in growing hair and preventing hair loss in male pattern baldness. It gained support as a lifestyle medicine that tremendously improved QOL (Quality of Life) despite being released in the market without having a proven track record as a prescription pharmaceutical in Japan.

Taisho Pharmaceutical has a history of building its business foundation and expanding its businesses by considering the consumers' perspectives and commitment to their health.

Philosophy

Based on its Founding Spirit, Taisho Pharmaceutical has established its Mission Statement (Mission), Management Policies (Vision), and Code of Conduct (Values) that are shared by all Taisho Pharmaceutical Group employees.

By conducting our business based on these philosophies, we contribute to our consumers achieving healthy and fulfilling lives and aim to achieve sustainable growth and improve corporate value.

Taisho Pharmaceutical Group's Value

One of our Founding Spirits is "Shinsho," meaning following the rules and conducting fair and open business, is a value shared by all our employees, both in Japan and abroad.

Specifically, in addition to the standards of compliance required in manufacturing pharmaceutical and medical products such as "compliance with laws and regulations" and "high ethical standards," there are evaluation standards and perspectives such as "honesty, diligence, and enthusiasm" required of our personnel, and having a "competitive perspective," "rational thinking," and "value standards with a long-term perspective."

For Consumers Who Want Health and Beauty

Aiming to realize a healthy and prosperous life for our consumers, we have placed great importance on being committed to the health of each consumer.

We offer an extensive range of products from prevention to treatment of illnesses, as well as products centered on health and beauty through the Self-Medication Operation Group (Japan/international) which focuses on OTC drugs, and the Prescription Pharmaceutical Operation Group which handles prescription pharmaceuticals.

Personnel

To realize healthier and more prosperous lives for our consumers, our diverse employees who share the same passion are active not only in Japan but also in countries all across the world.

While respecting human rights, personality, individuality, and diversity, we aim to create an environment in which every employee can manifest their potential and create new value.

9,134 Diverse Employees

We have employed 9,134 people in Japan and overseas, with more than half of the employees being foreign nationals. (As of March 31, 2022)

Our diverse employees mutually accept each other and are actively engaged in business by making the most of their strengths, regardless of attributes such as gender, nationality, lifestyles, and values.

Honesty, Diligence, and Passion

At the Taisho Pharmaceutical Group, as members of a pharmaceutical company, all our employees are expected to follow all laws, regulations, social standards, and business rules, hold themselves to high ethical standards and conduct themselves in line with the principles of “Being Honest, Diligent, and Passionate” to continue meeting the society’s expectations.

Technology

To meet lifestyle and health needs that change with the times, the Company is researching and developing high value-added products including prescription pharmaceuticals, OTC drugs, cosmetics, and health foods with technology that is committed to people and health.

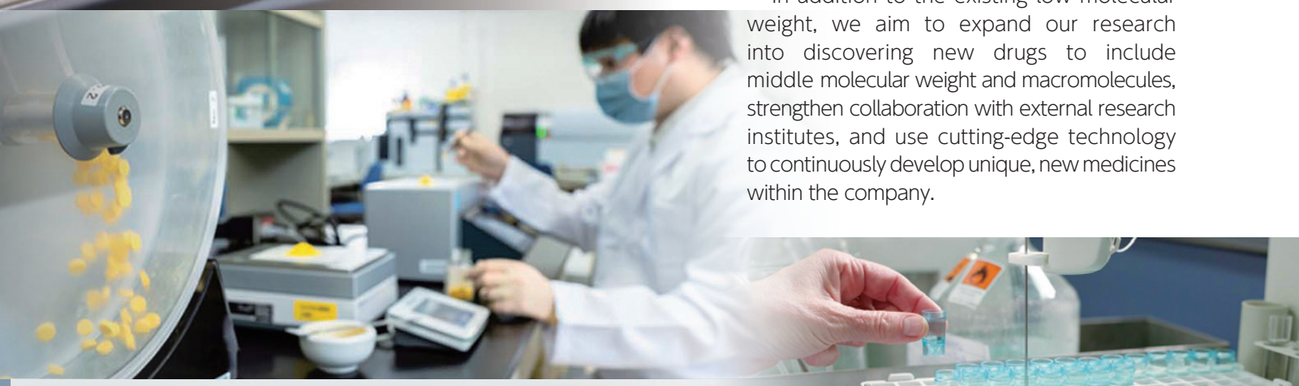
Technology that Meets Consumer Needs

We have the technology to meet the various needs of consumers such as design technology for solid formulations that is capable of rapid breakdown and dissolution of tablets, flavor improvement technology that masks unpleasant odors and tastes, and quality analysis technology that ensures product standards and stability and maintains quality.

For In-house Development of Innovative New Pharmaceuticals

In recent years, the Prescription Pharmaceutical Operation Group has created, developed, and launched *"Lusefi"* and *"LOQOA"* by engaging in research and development in priority areas within the Taisho Pharmaceutical Group.

In addition to the existing low molecular weight, we aim to expand our research into discovering new drugs to include middle molecular weight and macromolecules, strengthen collaboration with external research institutes, and use cutting-edge technology to continuously develop unique, new medicines within the company.



Value Creation Process

We seek to maximize corporate value by leveraging our assets in our business activities to fulfill our roles and responsibilities in line with the expectations of stakeholders.

Diversifying consumer needs

Social issues

Source of value creation

〈Philosophy〉

〈Personnel〉 〈Technology〉

Capital

- History: 110 years of trust and achievements
- Finance: Stable financial base
- Society: Loved brands and products
- Nature: Technologies and equipment that reduce environmental impact
- Human strengths: Diverse human resources who can create value
- Intellectual strengths: Patents, trademarks, and know-how
- Manufacturing: Operations and production sites that span the globe

Realization of value creation

- Quality assurance
- Research and Development
- Self-Medication Operation Group [Japan]
- Self-Medication Operation Group [international]
- Business activities
- Prescription Pharmaceutical Operation Group
- Logistics and shipping
- Procurement and Production

Sustainability and ESG

Healthy and fulfilling living

Improving quality of life
Treatment options
Prevention of illness
Responding to healthcare needs

Value created

Resolution of social issues

Reduction of medical expenses
Technological innovation
Measures on the SDGs

- Local communities: Protect the environment with mutually beneficial coexistence
- Customers Business partners: Establish and maintain fair and reasonable relationships
- Consumers: Achieve healthy and fulfilling living
- Employees: Respect human rights and dignity, Ensure employment
- Shareholders and other investors: Disclose accurate information in a fair and timely manner

Fulfill the obligations expected of the Company by stakeholders

Contributing to the health and beauty of consumers

Living healthy, living wealthy.

The mission of the Taisho Pharmaceutical Group is to contribute to society by creating and offering superior pharmaceuticals and health-related products as well as healthcare related information and services in socially responsible ways that enrich people's lives by improving health and beauty.

Akira Uehara, Chief Executive Officer

Seeing the Bigger Picture: Changing Times

A major trend of the present age is the progress of globalization, and people, money, and goods, which are the "three resources of management," have expanded globally. In addition, in the present age, the importance of using intellectual resources consisting of elements such as technology, research, and databases is increasing, and innovation is materializing by connecting "real things" and "matter." As a result, along with the spread of affluence around the world, advances in medicine have led to population growth, longevity, aging populations, and the emergence of a consumer-dominated society. These are the "positives" brought about by globalization, while the "negatives" include various disparities, greenhouse gas emissions due to overexploitation of the earth's resources, and problems surfacing in political and economic systems.

Various movements have come up in such prosperous societies that possess both the "positives" and "negatives" of globalization. One of them is to work towards solving the problems facing the world through international cooperation, such as with SDGs. To achieve SDG targets, each company has a social responsibility (CSR), and investors and consumers are required to monitor and select companies through their ESG.

How will the trends of these times impact the pharmaceutical industry?

The first problem is the rising cost of social security, especially medical costs, due to aging and longevity. The demand for efficient and effective use of medical expenses has become an issue and separating self-help, mutual aid, and public aid has become increasingly important.

Among these, I believe that the role of self-help, i.e., self-care and self-medication where consumers themselves have a strong awareness of “maintaining their own health for their own sake”, will continue to grow in the future.

Secondly, as mentioned above, I feel that the remarkable progress in intellectual resources such as technology, research, and databases has made interdisciplinary collaboration a necessity. In the medical field, I believe that we should work towards open innovation by using intellectual resources in all domains of different industries, including basic research, clinical medicine, and pharmaceutical research.

The third is that consumer needs are diversifying due to changes in work styles, lifestyles, development in communication technology, and most recently, the COVID-19 pandemic. With the significant changes in information transmission and product distribution channels, the retail business has also changed to meet the changing needs of consumers. In particular, awareness and concern regarding health are increasing which is evident in examples such as information, environments, and online medical treatment where an individual’s status can be discussed specifically, rather than in general terms like maintaining health and preventing illness in a way that is suitable for an individual and even facilitating early detection of diseases. During the COVID-19 pandemic, I feel that the spread of direct sales and delivery to consumers, such as online sales and online shopping services, has significantly changed the transmission of information and distribution channels for products, and the speed of these services has increased significantly.

Seeing The Details: Initiatives of the Taisho Pharmaceutical Group

What path should Taisho Pharmaceutical Group take amidst such trends of these times? I believe that it is important to view this change as an opportunity to take on challenges and move forward step by step in the direction in which we want to proceed.

Self-Medication Operation Group: In Japan, I think that the concept of self-help, mutual aid, and public aid, i.e., the idea of managing your own health for your own sake by yourself, is gaining traction. Because of this, I believe that it is important to enhance the support in promoting this idea. To do that, it is necessary to understand consumer needs and information, develop products that meet those needs, and expand distribution channels such as through online shopping and online sales. Given that the retail business is changing, it is also important to consider the response to changes in sales and distribution systems. Further, in terms of our businesses, the Company intends to deal with this through ingenuity amidst the changing business environments focusing on consumers, such as expanding into new areas like health foods and testing equipment.

Self-medication: Regarding our international business, we have been working on centralizing and integrating the quality, manufacturing, and information with UPSA SAS from France and the Vietnamese Duoc Hau Giang Pharmaceutical JSC, two companies which joined the Taisho Pharmaceutical Group in 2019. In addition, since our earnest entry into the OTC drug business in Southeast Asia in 2009, we have worked on strengthening our businesses focused on OTC drugs by using brand assets that have established themselves in the region through corporate M&A and brand acquisitions in other Southeast Asian countries as well. The idea is that the Company will continue to expand its business by leveraging its business model fostered in Japan, which includes aspects such as product development, brand development, and marketing know-how to open up the market in a bipolar system that includes the Southeast Asian market and the European market.

Regarding the Prescription Pharmaceutical Operation Group, the business environment continues to be harsh due to the progress in research, testing, and treatment methods caused by the changes in drug discovery targets and the development of new medical technology, in addition to the advancing reforms to the NHI drug price system.Under these circumstances, I believe that collaborative work, drug discovery, and clinical development that go beyond established domains are necessary. The Group is bolstering coordination with outside research facilities and other companies and incorporating cutting-edge technologies to strengthen its research and development capabilities and is working on expanding its pipeline early launch of new products to the market. In addition, by concentrating on new products while promoting and developing prescription pharmaceuticals, the Company will strive to expand its business by focusing on introducing products related to its key domains and releasing original drug products for third-party use.

In Closing

The Taisho Pharmaceutical Group aims to establish strong management foundations to ensure that the Japanese and international Self-Medication Operation Group and Prescription Pharmaceutical Operation Group continue to achieve steady growth and development amid global competition.

At present, pharmaceutical research is growing rapidly through the use of intellectual resources, and the environment around the company is also undergoing rapid changes including changes in what consumers want due to changes in people’s lifestyles and changes to the information transmission and product distribution channels. The Taisho Pharmaceutical Group will build a management decision-making structure that can respond nimbly under a wide range of conditions, strive to reinforce corporate governance, and improve the Group-wide value-creation capabilities.

Finally, I would like to express our sincere thanks to everyone and ask for your continued understanding and support.

Self-Medication Operation Group [Japan]

The Self-Medication Operation Group [Japan] develops products that meet the health and beauty-related needs of consumers, beginning with OTC drugs that can be purchased at drug stores and pharmacies, and also including products in peripheral domains such as health foods, skincare products, and other health-related products.

Roots of Our Business

At the beginning of the 20th century, when Japan's medical standards and the nutritional state of its citizens were still poor, Taisho Pharmaceutical started commercializing nourishing tonics which were not dependent on imported materials, launching an OTC drug business to prevent beriberi and tuberculosis, which were affecting the entire nation at the time.

Taisho Pharmaceutical started out as a pharmacy. We have launched a brand that our customers continue to support over generations by listening to consumers when creating products.

At present, the Group is developing products that meet the wide range of needs of consumers who desire health and beauty by making headway in OTC drugs that cater to diversifying consumer needs with a focus on brands such as *Lipovitan*, *Pabron*, and *RiUP*, that can be purchased at drug stores and pharmacies, as well as products in health-related fields besides OTC drugs such as health foods and skincare products.

Business Characteristics

The core business of the Taisho Pharmaceutical Group's Self-Medication Operation Group is its line of OTC drugs. Unlike prescription pharmaceuticals, which are prescribed to the patient after examination by a physician, OTC drugs are characterized by the fact that they are selected by the consumers who use them. Building these brands requires developing and constantly improving products that respond to consumer needs and persuading consumers to support and consistently choose to purchase them.

Today, the Group is the leader in the Japanese OTC drug market. We offer over 50 brands, arranged by medical effect, with the *Lipovitan*, *Pabron* and *RiUP* brands capturing top market share in their respective categories. Many of the products in the OTC drug market enjoy remarkably enduring consumer appeal. The *Pabron* series launched over 90 years ago, and the *Lipovitan* series launched over 60 years ago, have earned customer support that transcends generations, maintaining stable sales and earnings. At the same time, while continuing to work hard to increase brand value, the Taisho Pharmaceutical Group is also nurturing new brands by meeting the needs of consumers who want reliable effects by introducing revolutionary products that have made the switch from prescription to OTC and capturing the changing needs of contemporary consumers.

Consumer needs in the field of health-related products have broadened in recent years. No longer confined to OTC drugs, these needs now extend to categories such as health foods and skincare products. By leveraging its expertise in pharmaceutical manufacturing to conduct rigorous quality checks and deploy state-of-the-art production technology, the Company creates the trustworthy, safe and high-performance products consumers demand. In this way the Company is expanding the domain of health-related products and responding to consumers' changing needs.

As consumers' purchasing habits evolve, the market is shifting into online shopping channels. The Company is committing efforts to expanding online shopping channels that offer rich benefits to consumers, such as Taisho Pharmaceutical Direct and Taisho Beauty Online, maximizing convenience to consumers.

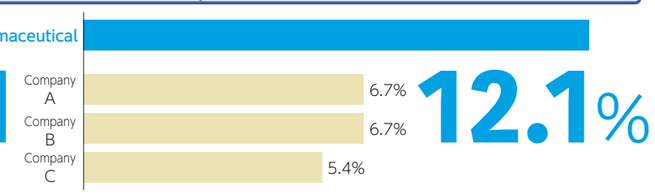
Global Company Ranking

Global sales ranking of consumer healthcare companies (CHC) Manufacturer share **No.7**

Based on MAT Q4 2021 data from Nicholas Hall's CHC sales database, DB6.

Domestic Share in Japan

OTC drug market in Japan Manufacturer share **No.1**



100 mL energy drinks
***Lipovitan* series**
Market share **51.3%**

Cold remedies
***Pabron* series**
Market share **30.6%**

Hair-regrowth treatments/ hair-care products
***RiUP* series**
Market share **38.6%**

Intestinal remedies
***Biofermin* series and others**
Market share **31.1%**

Laxatives
***Colac* series and others**
Market share **19.9%**

Cough suppressant throat lozenges and medicated drops
***VICKS* series**
Market share **46.9%**

*Net-sales basis *Taisho Pharmaceutical's estimates based on INTAGE SRI + data (Period: April 2021 to March 2022)

Overview

In FY2021, the OTC drug market saw a downturn in demand for mouthwash and hand sanitizers, which had surged in the previous year as measures against COVID-19. On the other hand, sales remained at the same level as the previous fiscal year due to an increase in sales of antipyretic analgesics following vaccinations against COVID-19, and a reactionary increase in sales of anti-dizziness drugs and energy drinks following the easing of restrictions on going out. However, due to the establishment of telecommuting and vanishing inbound demand because of the establishment of telecommuting and the significant decrease in foreign visitors to Japan that continued from the previous fiscal year, and the decrease in the number of people suffering from colds due to preventative measures against infectious diseases such as wearing masks, washing hands, and gargling, sales were still lower than FY2019, prior to the COVID-19 pandemic.

As our main initiatives of 2021, in terms of product development, we explored new areas in response to the continuously increasing health awareness among consumers and worked to create new demand by further developing products that met consumers' needs. In the *Lipovitan* series, in addition to expanding the products in the series with new formulations and concepts such as *Lipovitan DX, Lipovitan JELLY* and *Lipovitan for Sports*, the Group launched new products such as *Black Wolf*, a new hair care brand to care for black hair.

We carried out sales promotion for *Claritin® EX*, a sinus drug that changed from a Class 1 drug to a Class 2 drug and was therefore classified as an OTC drug in January 2021.

In terms of promotion, we implemented sales promotion activities to increase our points of contact among consumers and make a connection with them to develop a strong brand that is supported by consumers. In the *Lipovitan* series, new advertisements were developed with the aim of making the *Lipovitan* brand recognizable among more consumers as a brand that stands by and supports people who are positive and hard-working.

In addition, in the Group's online sales business "Taisho Pharmaceutical Direct," by continuously increasing our sales by focusing on "*Tablets for people concerned about Belly Fat (pill type),*" we were able to increase our sales to JPY 16 billion, up JPY 2.5 billion from the previous year.

Lipovitan DX

Lipovitan JELLY

Black Wolf series

Toward Sustainable Growth

Considering the changes in the environment and changes in consumers as opportunities for growth, we will continue to develop, launch, and nurture new products that meet the changing consumer needs as well as enhance support for mail-order and online shopping to match the consumers' changing purchasing channels. We will explore new business opportunities by collaborating with other food companies, launching new beauty and skincare brands, and developing new sales channels.

- **Continuously develop, launch, and nurture new products**
- **Boost initiatives for B to C business – Mail-order/Online shopping businesses**
- **Develop new sales channels**

TOPICS

Demonstration Experiment: OTC Drug Sales Using OTC Vending Machines

Cooperating with JR East Cross Station Co., Ltd. and V-Sync Co., Ltd., the Group installed an (Internet of Things) IoT-enabled OTC vending machine developed by V-Sync in the [Eki RESQ] drugstore at the southern exit of the JR Shinjuku Station and conducted a demonstration of selling OTC drugs from May 31 to August 31.

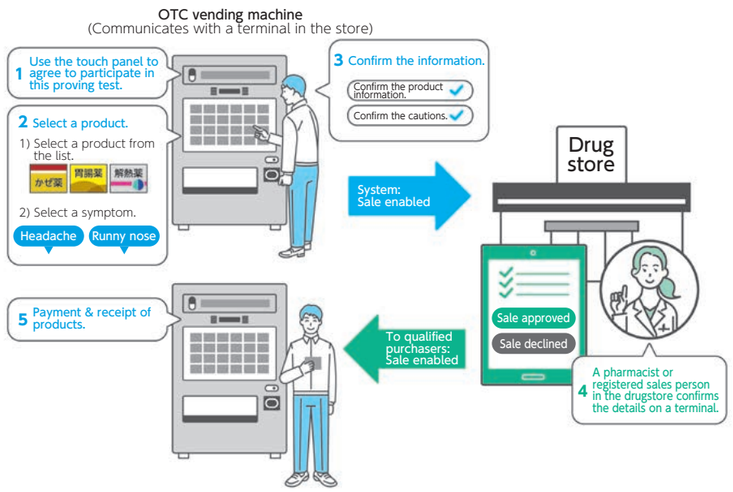
This demonstration was part of the new technology demonstration plan related to "the demonstration of OTC drug sales using OTC vending machines inside station ticket gates," the application for which was made based on the "new technology demonstration system (regulatory sandbox system)." Taisho Pharmaceutical obtained the authorization for this plan from the relevant ministers, i.e., the Minister of Health, Labour and Welfare, and the Minister of Economy, Trade and Industry on April 23, 2021.

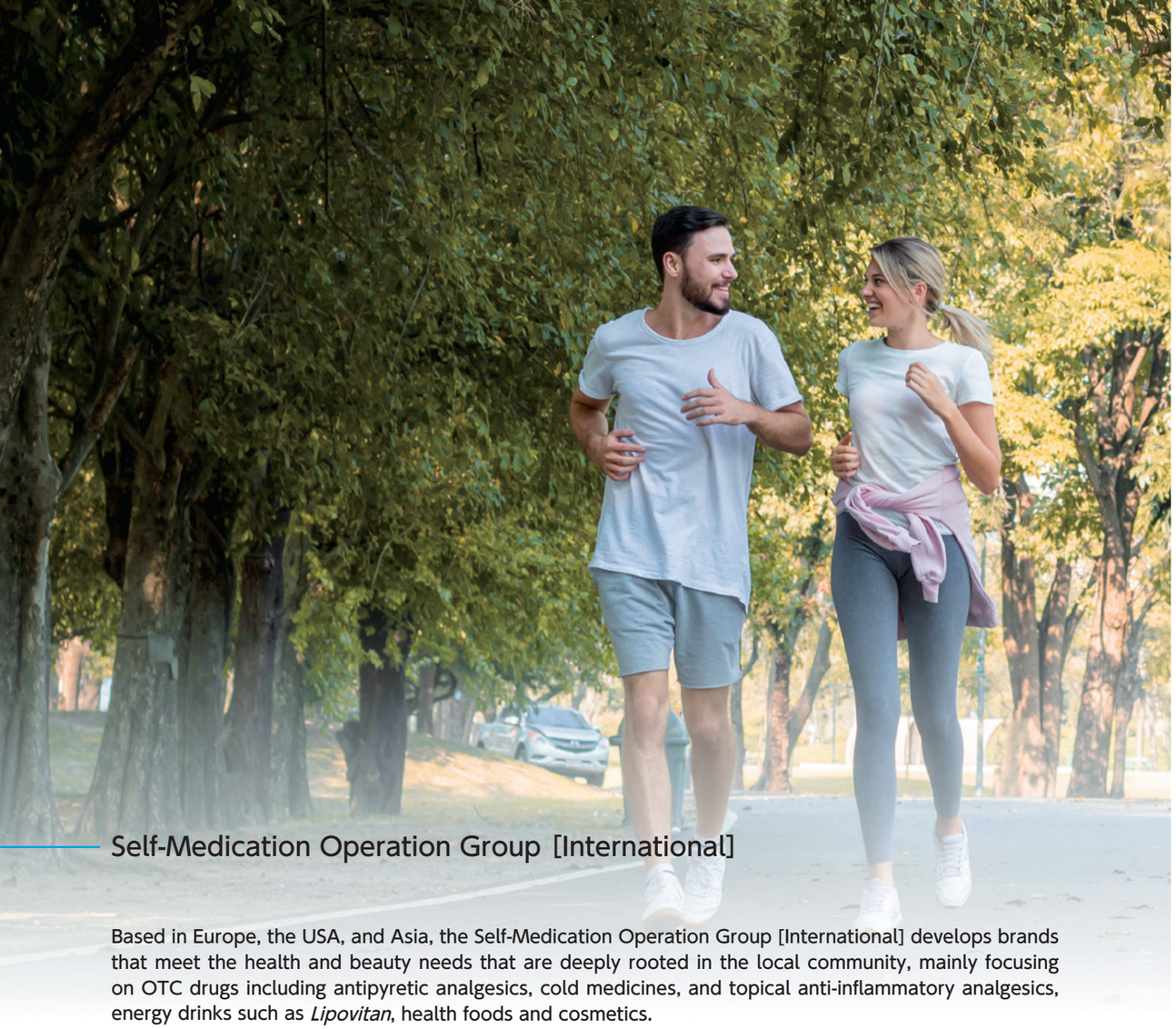
In this demonstration, as a measure for the purchase of pharmaceuticals that may be abused, the Group used IoT automatic vending machines that had functions to get prior consent on the touch panel and restrict sales using facial recognition so that duplicate purchases could not be made within the administration period of the drug. Taisho Pharmaceutical sold about 30 of its Class 2 and Class 3 drugs and quasi-drugs, including the cold medicine *Pabron* series, antipyretic analgesics *NARON* series, and the sinus drug *Claritin®*. Through this demonstration, we confirmed that OTC drugs could be properly managed and sold in compliance with laws and regulations.

As a leading OTC drug company in Japan, we will cooperate with drugstores for this demonstration and implement a new sales method for OTC drugs in line with the new technology in the form of mediation through qualified personnel. In the future, we will improve the convenience of OTC drugs for consumers by creating touch points where consumers can purchase required pharmaceuticals in places like on remote islands and parking areas on highways, where it is difficult to maintain drugstores, and contribute further to developing a healthy society.

How to Use

1. Agree to participate in this demonstration on the touch panel of the OTC vending machine
2. Select the product to be purchased (select from products or select based on your symptoms)
3. If you select a product that contains a specific ingredient, the face recognition system will be activated. Confirm the efficacy, usage, dosage, and precautions of the selected product
4. The pharmacist or registered salesperson at the store will confirm the contents and approve the sale
5. Pay at the OTC vending machine (only prepaid transportation cards (IC cards) are accepted) and take out the product





Self-Medication Operation Group [International]

Based in Europe, the USA, and Asia, the Self-Medication Operation Group [International] develops brands that meet the health and beauty needs that are deeply rooted in the local community, mainly focusing on OTC drugs including antipyretic analgesics, cold medicines, and topical anti-inflammatory analgesics, energy drinks such as *Lipovitan*, health foods and cosmetics.

Roots of Our Business

The year after *Lipovitan D* was released in Japan, the Group launched *Lipovitan* in Taiwan in 1963, marking the beginning of its expansion overseas. Exports to Thailand started in 1965. Since then, we have expanded sales of our energy drinks mainly in Southeast Asia.

To strengthen the position of the Self-Medication Operation Group in Asia ex-Japan, which is expected to enjoy growth in the region, Taisho Pharmaceutical purchased the trademarks for certain OTC drugs held by US-based Bristol-Myers Squibb (BMS) and acquired PT Bristol-Myers Squibb Indonesia Tbk (BMSI) as a consolidated subsidiary to fully enter the Asian OTC pharmaceutical business.

Since then, we have acquired locally rooted brands through M&As and brand acquisitions, mainly in the Asia-ex Japan region, and have expanded the Self-Medication Operation Group overseas by leveraging our marketing know-how.

In 2019, Taisho Pharmaceutical made DHG of Vietnam a subsidiary, further strengthening its foundations in Southeast Asia. Also in the same year, the subsidiary acquisition of France's UPSA, a company which possesses some of the top product brands in its region built through tradition and history, gave the Group a solid operating platform in Europe, centered on France but extending as far as eastern Europe.

At present, the Taisho Pharmaceutical Group's products are sold in more than 80 countries and regions, contributing towards promoting consumer health around the world.

Business Characteristics

The Self-Medication Operation Group [International] operates within a two-pole system, namely the European market (including the USA) covered by UPSA and the Southeast Asian market covered by DHG.

Leveraging our strong business foundations in Europe, the USA, and Asia, we are developing products in a wide range of categories, including OTC drugs, energy drinks, health foods, and beauty foods. In addition to differing laws, regulations, and business practices in each country and region, brands deeply rooted in the local community tend to be supported. Because of this, we are focusing efforts to improve products and increase brand value to meet the needs of local consumers in each region.

Furtherer, in some Asian regions, our products are being expanded under the same brand names as in Japan, such as *Lipovitan, Pabron,* and *Biofermin*. In those countries, we are proceeding with line extensions with our Japanese brands as well as local brands. The Taisho Pharmaceutical Group have many brands that are supported by local consumers across generations overseas. Examples include paracetamol (acetaminophen) antipyretic analgesics brands *Dafalgan* and *Efferalgan* from UPSA SAS in France, DHG's antipyretic analgesic *Hapacol* in Vietnam, antipyretic analgesic *Tempra* sold mainly in Indonesia, the Philippines, Thailand, and other Asian countries, and the topical anti-inflammatory analgesic *Counterpain*.

The Group is centralizing and unifying responsibilities such as quality control, production management, and information management. This process enables the Group to open new markets by applying the business model it developed in Japan, including brand development and marketing expertise, thereby promoting self-medication and growing its business.

Main Local Brands

Antipyretic analgesics
Dafalgan

Key markets
France, etc.

Antipyretic analgesics
Efferalgan

Key markets
France, etc.

Antipyretic analgesics
Hapacol

Key markets
Vietnam, etc.

Topical anti-inflammatory analgesics
Counterpain

Key markets
Thailand, Indonesia, etc.

Antipyretic analgesics
Tempra

Key markets
The Philippines, Indonesia, etc.

Anti-inflammatory analgesics
Flanax

Key markets
Philippines

Overview

In 2021, the sales of our OTC drugs, energy drinks, and health foods were affected by the restrictions on going out in countries and regions under lockdown (city blockades) due to the spread of COVID-19.

On the other hand, fever caused by contracting COVID-19 and the side effects of the COVID-19 vaccine led to a temporary increase in the demand for antipyretic analgesics. We saw a recovery in markets in countries and regions where economic activity was resumed regardless of the number of infection cases.

UPSA SAS in France has been moving ahead with the integration process (Post Merger Integration) since July 2019, when Taisho Pharmaceutical acquired the company as a wholly-owned subsidiary, and the system migration was completed in June 2021. In addition, we reviewed the management system, and under CEO Isabelle Van Rycke, who was appointed in May 2021, the Company expanded its product portfolio, including a vitamin supplement series launched under the 'food' category to meet the growing self-care needs.

DHG in Vietnam, is working to acquire JAPAN/GMP certification, which is a Japanese manufacturing standard, for each production line. More than 100 products, including *Hapacol*, our flagship antipyretic analgesics brand, are already JAPAN/GMP compliant.

As a result, in addition to boosting the competitiveness of our OTC drugs in pharmacy channels, this has also made it possible to enter top-ranking bids in hospital channels for generic drugs, which has contributed to increasing our presence.

In the future, by expanding to EU/GMP production lines in addition to JAPAN/GMP, we aim to grow our product exports and boost our competitiveness in Vietnam.

In the existing Asian regions, in addition to energy drinks focusing on *Lipovitan*, we are working on expanding our product lines that serve as strong points in the Asian regions, such as *Tempra* and *Counterpain*.

Under the *Lipovitan* brand, in addition to launching the new Vietnamese product *Lipovitan Tongkat Ali*, we also launched a non-sugar energy drink called *Lipo Fine* in Thailand and promoted it as a product to support working people.

Left: *Lipovitan D* Right: *Lipo Fine* (Thailand)

Lipovitan Tongkat Ali (Vietnam)

Counterpain (Thailand, Indonesia, and other countries)

Toward Sustainable Growth

To heighten its market presence and respond to consumers' diversifying needs, the Taisho Pharmaceutical Group is expanding into new fields.

UPSA SAS in France is also expanding its product portfolio beyond its mainstay products in the field of antipyretic analgesics. DHG in Vietnam will continue to work on acquiring JAPAN/GMP and EU/GMP. This will allow for top-ranking bids in growing hospital channels and improve profitability.

In the existing Asian regions, we will push forward with growth strategies by supporting lifestyles and needs that differ from country to country with products that are deeply entrenched in the region.

Business expansion into new fields

- **UPSA SAS: Expanding the product portfolio**
- **DHG: Improve manufacturing standards and boost efforts for growing hospital channels**
- **Existing operations in Asia ex-Japan: Pursue growth strategies leveraging business platforms in each country**

TOPICS

Sale of Food Supplement Products

UPSA launched a series of food-supplement products, *UPSA Vitamin C, UPSA Vitamin D3* and *UPSA Digestion Citrate de betaine & Citrate de calcium* in January 2022, and *UPSA Acerola 1000* in July 2022 at pharmacies and drugstores across France.

In recent years the need to support good health and prevent illness has intensified, while awareness of immunity has heightened in the wake of the COVID-19 pandemic. To meet these needs, UPSA has augmented its existing over-the-counter (OTC) vitamin C products with a wide range of products in the food-supplement category, which are more accessible than OTC products. Leveraging its powerful sales and promotional capabilities in France, UPSA aims to establish a new wellness brand. The company also plans to expand both its product lineup and the list of countries in which it markets them.

UPSA Vitamin C 500 mg

UPSA Vitamin C 1000 mg

UPSA Vitamin C 1000 mg chewable tablets

UPSA Acerola 1000

UPSA Vitamin D3

UPSA Digestion Citrate betaine & Citrate de calcium

Promoting Self-Medication Through the Med & Moi app

At UPSA's initiative and with its institutional support, ExactCure, a startup company, has released Med & Moi, a smartphone application based on artificial intelligence to promote the proper use of medication at home.

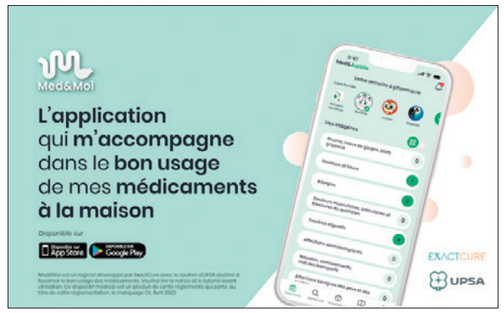
The Med & Moi app builds a profile based on family members' age, sex, weight, allergies and other characteristics. Users can scan purchased pharmaceuticals with their smartphone to virtually arrange them by shelf, similar to the way they would be arranged in their real-life medicine cabinet.

Med & Moi is packed with other features as including an innovative feature that simulates the effect of doses according to the age, weight, height and gender of each family member to respect the interval between doses and thus limit the risks of over- or under-dosing.

Before taking their medicines, users can consult personalized information on the drug in addition to the advice of health professionals: from the dosage to the complete instructions, possible drug interactions, contraindications and risks of allergy. For medicines that are taken regularly, users can set alerts to remind them to take their meds. The application also allows for notifications to be sent when a medication has expired, and sorting instructions for its recycling. In addition, the app has a feature for reporting directly to pre-registered pharmacists and attending physicians when the user feels unwell as well as information about adverse effects.

This raft of helpful features meet the needs of empowerment and accountability of patients consuming self-medication medications, but does not replace the advice and guidance of a healthcare professional.

*By encouraging the widespread use of the Med&Moi app, UPSA is working to advance the practice of safe and responsible self-medication.



Prescription Pharmaceutical Operation Group

The Prescription Pharmaceutical Operation Group is primarily engaged in the development and provision of prescription pharmaceuticals. As an R&D-oriented Company, we launched a number of products developed in-house, such as *Clarith, Lusefi,* and *LOQOA*. The Company aims to obtain early approval for the drugs it develops and strives to nurture and promote its products through detailed disclosure.

Roots of Our Business

In 1957 we entered the prescription pharmaceutical business by launching the first prescription pharmaceutical in the dermatology field called *Psorion*, a therapeutic for psoriasis, based on the results of *Dermarin*, a dermatological medicine, in response to the increased demand for prescription pharmaceuticals due to the spread of universal health insurance.

As an R&D-oriented Company, we are engaged in developing drugs in-house. In 1991, we launched *Clarith*, a macrolide antibiotic that is sold in 130 countries around the world. In 2014 we launched the type-2 diabetes mellitus agent, *Lusefi*, which was developed in-house, and in 2016 we launched the transdermal anti-inflammatory analgesic patch *LOQOA*.

In terms of research and development, we aim to obtain approval for the developed compounds as soon as possible and proceed with expanding our pipeline through licensing activities.

In researching and developing new drugs, we are striving to continuously create original drugs by strengthening our partnerships with outside research institutes and leveraging leading-edge technologies.

Business Characteristics

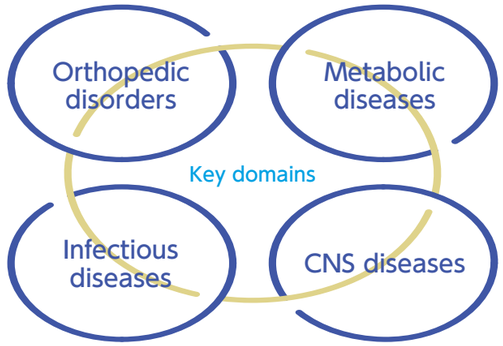
The operating environment for prescription pharmaceuticals presents unique challenges. As science and technology develop, expectations for medicines are ever on the rise. Creating the next breakthrough prescription drug is becoming increasingly difficult to accomplish, and the competition to develop new drugs is intensifying throughout the world. Moreover, as governments everywhere strive to consolidate their finances, one of the focuses is on the need to control medical costs. As measures are advanced to adjust medical expenses, such as encouragement of the use of generic drugs and radical reform of the NHI drug price system, the impact of these measures is creating an increasingly challenging environment for building stable revenue structures.

To ensure sustainable growth against this background, pharmaceutical manufacturers are expected to develop a continuous pipeline of new drugs.

As an R&D-oriented Company, Taisho Pharmaceutical conducts its research focusing on the fields of orthopedic disorders, metabolic diseases, infectious diseases, and CNS diseases. Taisho Pharmaceutical works hard to develop unique and novel pharmaceuticals in-house, by strengthening partnerships with outside research institutions and leveraging leading-edge technologies.

In recent years, the Company has expanded its scope of drug development research to include medium to high molecular weights in addition to the existing low molecular weights. The Company aims to develop drugs that fulfill unmet medical needs while strengthening partnerships with outside institutions by participating in consortiums and partnering with industry, government, and academia, and leveraging leading-edge technologies.

In addition, the Company is working on spreading disease awareness and providing treatment support such as issuing educational materials for diabetes awareness in cooperation with the Japan Association for Diabetes Education and Care in the field of metabolic diseases and awareness activities for the locomotive syndrome in the orthopedic field.



Development Pipeline

As of Thursday, November 10, 2022

	Code name	Formulation	Planned indication	Development	Development stage		
					Phase 1	Phase 2	Phase 3
Japan	*Nanozora*※1 (TS-152)	Injection	Rheumatoid arthritis, which is inadequately managed by the current available treatments	In-house	Approved		
	Nanozora※1※2 (TS-152)	Injection	Rheumatoid arthritis, which is inadequately managed by the current available treatments	In-house	Approved		
	TS-071※3	Oral	Type-2 diabetes (child)	In-house			
	TS-142	Oral	Insomnia	In-house			
	TS-172	Oral	Hyperphosphatemia	In-house			
Overseas	TS-161	Oral	Depression	In-house			
	TS-134	Oral	Schizophrenia	In-house			
	TS-142	Oral	Insomnia	In-house			

*1 Generic name: Ozoralizumab (Gene recombination) *2 Auto Injection (Additional dosage form) *3 Generic name: Luseogliflozin hydrate/Product name: *Lusefi*

Changes in Pipeline (from April 2021)

TS-161: Began overseas Phase 2 trials.
TS-121: Concluded an agreement for third-party use with Ancora Bio Inc.
TS-172: Began Phase 1 trials in Japan.
Lusefi: Obtained the approval to manufacture and sell the orally disintegrating film agent.
TS-142: Began Phase 3 trials in Japan.
Nanozora: Obtained the approval to manufacture and sell
Nanozora: Applied for approval to manufacture and sell for Auto Injection

Overview

In recent years, the market condition surrounding prescription pharmaceuticals has become severe due to factors such as the encouragement of the use of generic drugs to adjust medical expenses in line with fiscal consolidation, radical reform of the NHI drug price system, and the promotion of various policies to optimize medical expenses.

Recently, due to the impact of COVID-19, there have been changes such as curtailment on visits to medical institutions, changes in the number of patients suffering from general infectious diseases, and methods of providing information to doctors and pharmacists through MRs.

Under these circumstances, in FY2021 we focused on developing our flagship products, boosting Research and Development facilities, and licensing activities such as in-licensing and out-licensing.

In terms of activities, although face-to-face interaction to provide information by visiting medical institutions and pharmacies was restricted due to the impact of COVID-19, we continued our regular activities to provide information by holding interviews and WEB seminars using WEB tools and various other tools.

Net sales in the pharmaceutical business decreased in line with the decrease in the sale of products for which the company had terminated its sales partnerships. However, the sales of our flagship type-2 diabetes mellitus agent *Lusefi* increased as the market for the SGLT2 inhibitor grew and the continuous activities to provide information were successful. The transdermal anti-inflammatory analgesic patch *LOQOA* performed better than the pain-relief anti-inflammatory analgesic (tape) market because of the successful launch of its large packaging and activities to communicate its high usefulness. Further, sales of the osteoporosis treatment *Bonviva*® and the drug for intestinal disorders *Biofermin* also grew steadily.

In the R&D field, to continuously create original drugs, the Company introduced recent technologies and strengthened partnerships with outside research facilities, including partnerships between industry, government and academia.

On the introduction of late-stage development items and products, the Company continued to focus on orthopedic disorders and metabolic diseases, seeking to strengthen its pipeline through licensing activities.

In the development pipeline, in addition to obtaining domestic manufacturing and marketing approval for the type-2 diabetes mellitus agent *Lusefi* OD Film 2.5 mg, Phase 2 clinical trials of TS-161, which is planned to be indicated for depression, have started overseas. In addition, Phase 1 clinical trials of TS-172, which is planned to be indicated for Hyperphosphatemia, have started in Japan. The selective vasopressin V1b receptor antagonist TS-121 has been out-licensed to Ancora Bio, and a contract for its worldwide exclusive development, manufacturing, and selling rights has been concluded.

In addition, in March 2021, the Company applied for approval to domestically manufacture and sell the anti-TNFα NANOBODY® formulation "*Nanozora* 30 mg Syringes for S.C. Injection (Generic name: Ozoralizumab (Gene recombination))," which is an indication for rheumatoid arthritis that is inadequately managed by the currently available treatments. We obtained approval for the same in September 2022. Further, we also applied to manufacture and sell an additional dosage form of the anti-TNFα NANOBODY® formulation "*Nanozora* 30 mg Syringes for S.C. Auto Injection (Generic name: Ozoralizumab (Gene recombination))" in September 2022.

*NANOBODY® is a registered trademark of Ablynx.
*NANOBODY® formulation Ozoralizumab was created by Ablynx.
*Ablynx is an affiliated company of Sanofi.

Lusefi

LOQOA

Bonviva®

Biofermin

Toward Sustainable Growth

We will aim for an early launch of new products, including preparations for the launch of "*Nanozora*," the domestic manufacturing and sale of which was approved, and aim to increase sales of our flagship products through marketing, LCM, and evidence creation.

Further, the Company will work on in-licensing late-stage development items and products focused on our key domains and out-licensing original drug products developed in-house. In research and development, we will expand our scope of drug development research to include medium to high molecular weights, in addition to the existing low molecular weights. We will focus on expanding our pipeline by strengthening partnerships and engaging in joint development with external research facilities both inside and outside Japan and strengthening our research and development functions.

- **Rapid product launches and expansion of sale of new drugs**
- **In-licensing late-stage development items and products and out-licensing original drug products developed in-house**
- **Expansion of the pipeline and early market launch by strengthening research and development functions**

TOPICS

Launched *Lusefi* OD Film

In February 2022, we obtained the approval to domestically manufacture and sell *Lusefi* OD film, an OD film formulation that is an additional dosage form for the type-2 diabetes mellitus agent *Lusefi*, and we launched it in June of the same year.

Lusefi OD film is an orally disintegrating film agent of the *Lusefi* tablets created by Taisho Pharmaceutical and launched in May 2014 that is effective against type 2 diabetes. *Lusefi* selectively inhibits the sodium glucose cotransporter 2 (SGLT2), a transporter that reabsorbs sugar in renal tubules and excretes the sugar out of the body through urine to lower blood sugar levels.

Type 2 diabetes is a chronic disease that requires continuous treatment in addition to early correction of hyperglycemia.

Lusefi OD Film is a thin sheet-like drug that dissolves quickly in the oral cavity with fluids such as saliva. It is easy to consume and carry around which is expected to contribute to improving medication adherence*1.

In addition to tablets, we will continue our efforts to contribute to treating diabetes by providing new treatment options such as OD films.

*1 Adherence: A patient actively participates in deciding the treatment course and receives treatment according to that decision

New Chatbot for Medical Professionals

We have setup a new Chatbot on the information website for medical professionals.

To provide information on the proper use of prescription pharmaceuticals sold by Taisho Pharmaceutical, inquiries from medical professionals such as doctors and pharmacists are handled at the Medical Information Center (prescription pharmaceutical call center). However, in January 2022, Taisho Pharmaceutical set up the "Product FAQ/DI*2 Search Chatbot" on Taisho Pharmaceutical's website for medical professionals as a tool to provide information to handle inquiries at any time.

Using the new Product FAQ/DI Search Chatbot, users will be able to batch-search the FAQs (Frequently Asked Questions and Answers) published from inquiries received at the Medical Information Center, as well as information in documents provided with products, interview forms, and RMP*3(select products only) using natural sentences and keywords. We are improving convenience for medical professionals such as doctors and pharmacists and expanding our services by making it possible to quickly search for information in FAQs and DI materials 24 hours a day, 365 days a year, without registration.

*2 DI: Drug Information *3 RMP: Risk Management Plan for pharmaceuticals

Quality Assurance

Fundamental Philosophy and Policies

To ensure the peace of mind and satisfaction of our consumers, it is essential that all employees carry out their work earnestly in a manner based on our shared philosophy. Taisho Pharmaceutical defines its Basic Principle of Quality Assurance on the basis of its management philosophy and implements its approach to quality assurance consistently.

To realize this fundamental philosophy, the Company:

① **At all times takes the opinions of all our consumers with the highest sincerity, and puts these into action to improve our quality and safety management**

② **Acquires all the latest knowledge in response to the progress and changes in quality assurance practices that have accompanied the progress in science and technology and diversification of products**

③ **Establishes a cooperation framework between the departments involved, clarifies the framework of responsibilities, and at all times revitalizes the organization to allow several departments working cooperatively to proceed in their tasks**

For this purpose, ① to ③ above were established as our fundamental policy in quality assurance framework, and we always strive to develop and strengthen the quality assurance systems even further.

Basic Principle of Quality Assurance

We constantly strive to ensure product efficacy and safety and to improve product quality from the consumers' perspective. We are also dedicated to the peace of mind and satisfaction of our customers. This commitment to this responsibility is unwavering.

Policies for Quality Assurance

1. Stance: We will listen to consumers' opinions and meet their expectations.
2. Technology: We will constantly aim for the most advanced technology, adopting a global perspective.
3. Management: We will constantly work on self-management activities that ensure the reliability of our activities.

Quality Policy

We continue to provide products high in quality, efficacy, and safety that earn the trust of our consumers, and bring them peace of mind and satisfaction.

Quality Assurance Framework

In full compliance with the founding spirit, Taisho Pharmaceutical believes that providing products, services and information that are reliable to all consumers is the Group's social responsibility. To fulfill this responsibility, first each area of business concerning our products, research and development, manufacturing and sales, is in compliance with the relevant laws and regulations, where the highest priority must be placed on the effectiveness, safety and quality assurance of the products. In addition, in order for all consumers to have trust in these areas of our business, it is essential that we firmly look over our processes from the consumers' perspective. The work we conduct in this area is our quality assurance.

At Taisho Pharmaceutical, our Quality Assurance Headquarters, having become independent from our research and development, manufacturing and sales lines, is placed at the center and seeks to maintain and improve our system of promoting quality assurance. Pushing forward daily in this work, we are committed to delivering products, information and services that can receive a high level of trust from all consumers.

Quality Assurance Organization for Taisho Pharmaceutical Holdings and Taisho Pharmaceutical

Unit		Operations Overview
Taisho Pharmaceutical Holdings	Quality Assurance Management Section	Quality assurance and safety management of the products of Taisho Pharmaceutical Group companies in Japan and overseas
Taisho Pharmaceutical's Quality Assurance Headquarters	Product Quality Assurance Division	Quality assurance for products including pharmaceuticals, quasi-drugs, skincare products, medical equipment and food
	Prescription Drug Pharmacovigilance Division	Safety management for prescription pharmaceuticals and investigational new drugs
	Postmarketing Surveillance Division	Quality assurance in management of postmarketing surveillance for prescription pharmaceuticals
	Self-Medication Pharmacovigilance Division	Safety management for products including medicines requiring pharmacist intervention, OTC drugs, quasi-drugs, skincare products, food and investigational new drugs and postmarketing surveillance for medicines requiring pharmacist intervention
	GCP Audit Section	GCP* audits and quality assurance for clinical trials
	Non-Clinical Quality Assurance Section	Quality assurance for non-clinical studies and investigational new drugs
	Quality Assurance Management Section	Management of manufacturing and marketing operations, promotion of quality assurance from R&D through postmarketing, and management of the Quality Assurance Headquarters

*GCP (Good Clinical Practice): Standards for conducting clinical trials

Roles of the Quality Assurance Headquarters

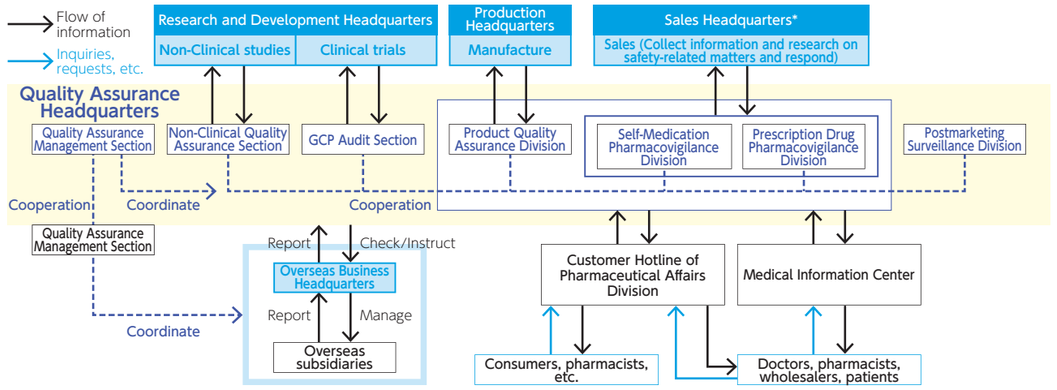
In the research and development stage, various tests to evaluate the efficacy and safety of our products are carried out using the appropriate methods, and other methods are developed to produce high-quality products. We find it highly important that these records are kept in a form in which reliability is guaranteed.

The Non-Clinical Quality Assurance Section and GCP Audit Section are responsible for this quality assurance. In the manufacturing and sales stage, our products are manufactured and shipped using the appropriate equipment and predetermined procedures, and further down the line, the Product Quality Assurance Division is constantly monitoring that the products sold on the market are of our guaranteed level of quality. In addition, to promptly deliver to all consumers and medical professionals information regarding the proper use of our products and safety information, information relating to product efficacy and safety is collected, examined and evaluated, and the work to take the appropriate measures is carried out. Taisho Pharmaceutical, taking into account differences in product characteristics and sales forms, sets up specialist organizations and performs the work responsibilities of each. These organizations include the Prescription Drug Pharmacovigilance Division and Postmarketing Surveillance Division responsible for prescription pharmaceuticals as well as the Self-Medication Pharmacovigilance Division in charge of products such as medicines requiring pharmacist intervention and OTC drugs.

Quality assurance requires the cooperation of numerous departments. Taisho Pharmaceutical maintains a coordinating framework with clear division of duties and responsibilities, with the Quality Assurance Headquarters responsible for management roles.

Operational Framework of Taisho Pharmaceutical's Quality Assurance Headquarters

*Sales Headquarters includes Taisho Pharma Co., Ltd.



Initiatives at Group Companies in Japan and Overseas

To promote quality assurance and safety management at a high level at Group companies both in Japan and overseas, Taisho Pharmaceutical built a management system centered on the Head Office.

We are also actively working to create a global pharmaceutical quality assurance system. In addition, we are creating a pharmacovigilance system with enhanced collaboration between Head Office and Group companies to assess and review safety properly and to take appropriate safety measures to ensure that people overseas can use our pharmaceuticals safely and with peace of mind.

We comply with the laws and regulations of each country, share our fundamental philosophy throughout the Group, and work to provide products, information and services on which our customers overseas can rely.

Ensuring Reliability in Clinical Trials

Taisho Pharmaceutical has formulated a framework for conducting clinical trials that is based on relevant laws and regulations such as the Pharmaceuticals and Medical Devices Act, ICH-GCP* and GCP for countries conducting clinical trials. This framework clarifies our policy of prioritizing subjects' human rights, stipulates such areas as managers and committees, and seeks to secure the reliability of data used in clinical trials with clear assignment of responsibilities and roles.

*ICH-GCP: Good Clinical Practice (GCP) as stipulated by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH)

Research and Development

Self-Medication Operation Group

Research and development in the Self-Medication Operation Group is carried out from the three perspectives of consumers: “Safe to use (safety and quality),” “Good efficacy (effectiveness),” and “Ease of use (convenience).” We are working in a wide range of fields from OTC drugs to foods and skincare products related to health and beauty.

We are continuing with the Research and Development to find high-value-added products that meet the needs of consumers, such as the development of unique and attractive materials, basic research from physiological and pathological points of view, and the acquisition of the latest technologies. Further, in response to the diversification of needs and for the expansion of our lineup in fields where future growth is expected, we are actively working on open innovation and external collaboration with companies, research institutes, and universities in Japan and overseas.

A big idea and variety of technologies consolidated in a small tablet

The small tablets that are often used in OTC drugs for cold and the antipyretic analgesics, are filled with the diverse technologies and know-how that Taisho Pharmaceutical has accumulated over the years, as well as its strong desire to contribute to the health of the consumers.

For example, in case of antipyretic analgesics, it is necessary to improve the “disintegration property” by which the tablet disintegrates and dispersed into fine particles in the stomach, as well as the “Solubility” where the active ingredients from the particles dissolve, so as to meet the needs of consumers who want to relieve pain quickly. Focusing on this point, Taisho Pharmaceutical conducted deep research and developed “Compac-Tab Technology,” which enables the design of miniaturized tablets with excellent adaptability, disintegration, and dissolution properties with as few additives as possible. We then developed antipyretic analgesics using this technology.

As the “Compac-Tab Technology” can reduce the amount of additives in the tablets, it can be used to make the tablets smaller. Going forward as well, we will continue to conduct further research on the optimal usage of “Compac-Tab Technology” and develop highly effective and easy-to-administer OTC drugs that will help us improve the QOL of health-conscious consumers.

Our Insistence on Improving Flavor, Taste, and Smell Using Masking Technology

As the proverb says “Good medicine tastes bitter,” many active pharmaceutical ingredients have unpleasant tastes and smells to humans. Particularly, people are generally more sensitive to the taste and smell of liquid medications compared to tablets, so we are constantly improving the technologies and conducting research to mask the unpleasant tastes and smells of ingredients to meet diversifying needs. Thus, we aim to create flavors that appeal to more people.

There is a team of expert flavor designers at the core of the flavor design, who have passed the in-house original flavor test and are constantly improving their own senses of taste and smell. These flavor designers work on flavor improvement and flavor technology development every day, and perform evaluations of flavors by trying each and every combination of the various flavors owned by the company. They combine 100 or more tastes to create a single final flavor.

Moreover, we are conducting research to theoretically explain human senses and explore the possibility of new flavor designs by combining not only the senses of flavor designers but also instrumental analysis.

Quality Assurance of Raw Materials and Products and Approaches to Further Improvement

“Analysis” is important to ensure the quality of raw materials used and quality of products developed. We analyze raw materials and formulations using the most appropriate analytical techniques. We constantly promote research and development by utilizing the data obtained in these analyses so as to ensure that each consumer is able to use high-quality products safely and with peace of mind.

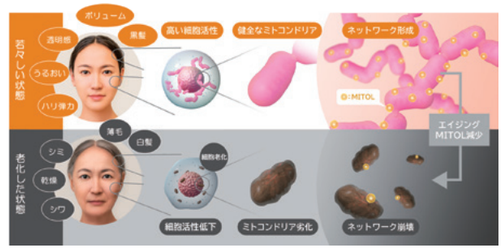
“Ingredient analysis” is mandatory to ensure the product quality, and it requires analysis according to the type of active ingredients to be blended. Especially, OTC drugs may contain a blend of more than 10 types of active ingredients, and it is necessary to check whether these ingredients can be analyzed quickly and accurately. Taisho Pharmaceutical was quick to establish a technology for simultaneous analysis of multiple ingredients, which has made ingredient analysis faster and more efficient. Furthermore, in recent years, we have been positively promoting changes to the testing methods that do not use hazardous reagents, as well as studies for labor saving and for environmental load reduction.

Pioneering the Future of Aging Care through Cell-level Research

We are also conducting research on “Aging care” to retain the youthfulness in order to actualize a beautiful and a better life to the consumers through good health.

Taisho Pharmaceutical is conducting joint research with Professor Shigeru Yanagi of Gakushuin University, and has discovered that the enzyme “mitochondrial ubiquitin ligase (abbreviation: MITOL, also known as MARCH5)” present in mitochondria plays an important role in maintaining hair and keeping skin youthful. MITOL in the hair follicles and skin decreases with aging. Furthermore, it has been clarified that graying and thinning of hair can be prevented, and skin can be firm and transparent by preventing the decrease in MITOL.

Taisho Pharmaceutical considers MITOL to be the key to maintain the youthfulness of the cells, and will continue the research on MITOL so as to contribute to each consumer who wishes to stay youthful, healthy, and to continue to be beautiful. We will utilize the results obtained by conducting MITOL research that focus on the inner part of the body in addition to MITOL research on the hair and skin up until now, in the development of a wide range of anti-aging products.



Prescription Pharmaceutical Operation Group

As an R&D-oriented Company, Taisho Pharmaceutical focuses on the fields of orthopedic disorders, metabolic diseases, infectious diseases, and CNS diseases. Taisho Pharmaceutical works hard to develop unique and novel pharmaceuticals in-house, by strengthening partnerships with outside research institutions and leveraging leading-edge technologies.

Moreover, we seek to obtain early approval of developed products by inlicensing promising new drug-candidate substances from companies in Japan and overseas, and strengthen our drug pipeline through licensing activities.

Strategic Development Aimed at Future Growth

As the competition to create new drugs intensifies, the Prescription Pharmaceutical Operation Group is committed to developing a continuous stream of multiple pharmaceuticals, focusing on key domains.

For this purpose, the Group is conducting joint research and development with outside research institutes as well as companies in Japan and overseas. The Group is also working to inlicense candidate substances and enhance its development pipeline.

The group works on the creation of new active substances by elucidating the three-dimensional structure of molecules targeted for drug discovery using X-ray crystal structure analysis and by utilizing the latest technologies such as artificial intelligence (AI). The group conducts clinical trials for optimized development candidate substances in Japan and overseas, and continues R&D activities day and night so that we can deliver them as pharmaceuticals to the patients suffering from illness as early as possible.

Procurement and Production

Approaches to Material Procurement

Stable and continuous procurement of high-quality materials is indispensable in order to offer a consistent supply of excellent pharmaceuticals and other products that will satisfy consumers. Taisho Pharmaceutical conducts procurement with emphasis on sustainability, by selecting and collaborating with appropriate business partners.
Natural disasters such as earthquakes, windstorms and floods seem to be on the rise recently. To prevent interruption of production of pharmaceuticals and other products due to natural disasters, Taisho Pharmaceutical is preparing a Business Continuity Plan (BCP) list of materials for key products. Every year the content of this BCP list is confirmed with business partners and updated. In addition, the Company regularly maintains its in-house organization, standards of action and procedural manuals for response to natural disasters. By advancing these activities, Taisho Pharmaceutical is working hard to ensure continuous procurement of the materials needed for production and achieve stable supply routes.

Fair Transactions and Purchasing

A fair approach to purchasing that complies with laws and regulations has become increasingly important given the current strict scrutiny of compliance and corporate ethics, even in procurement, including those concerned with human rights issues such as forced labor and child labor, and environmental destruction issues. We have formulated Procurement Code of Conduct to stably provide excellent pharmaceuticals and health-related products. The guidelines are designed to ensure "Stable procurement" of necessary goods and services through "Appropriate methods" and "Appropriate terms and conditions."
Moreover, we have formulated "Requests to Our Suppliers" not only to ensure that our employees are fully aware of this concept but also to request that our suppliers understand it and cooperate with this way of thinking. Furthermore, we are requesting cooperation in promoting CSR activities from various perspectives such as "legal compliance," "human rights and labor," and "environmental considerations," throughout the entire supply chain, including the expansion of our suppliers to their further suppliers.

WEB SITE
Procurement Code of Conduct
https://www.taisho.co.jp/global/sustainability/social/partners/

Production Activities That Support Peace of Mind, Safety and High Quality

Taisho Pharmaceutical strives to provide consumers with the peace of mind and high-quality products they desire through means of rigorous quality-control and quality assurance framework.
Our production activities provide safe, secure and high-quality products that meet consumer expectations, while taking into account the social environment to ensure products can be obtained when needed.
To that end, we are building a production system that enables speedy and flexible response in collaboration with Group factories worldwide.
In recent years, we have added factories in Europe to the Group, following those in Southeast Asia, thereby increasing our overseas production base.
Moreover, we are strengthening our quality assurance framework. Taisho Pharmaceutical provides consumers and medical institutions with the high-quality products they need, including not only prescription pharmaceuticals but also OTC drugs and other health-related products using production systems similar to the above, as well as rigorous quality control.

Worldwide Production Bases

As a pharmaceutical company that is expanding globally, Taisho Pharmaceutical deploys a wide variety of product lines both in Japan and overseas.
The Company's flagship Omiya Factory is working to strengthen the production system by providing various types of supports to overseas factories in the fields of personnel dispatch, technical guidance and quality-control guidance.
Duoc Hau Giang Pharmaceutical JSC in Vietnam has been able to achieve international-level GMP certification such as PIC/S GMP and JAPAN/GMP for various production lines with support through the dispatch of engineers from Japan. This has led to stronger product competitiveness and an improved presence for Duoc Hau Giang Pharmaceutical JSC.

Logistics Policy

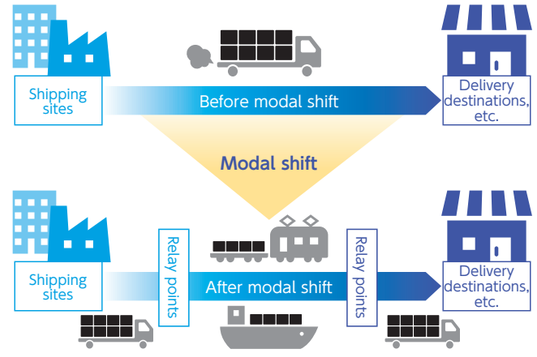
Logistics Policy

Our policy is "Accident-free operation (Safety), reliable delivery as ordered (Delivery), maintaining product quality (Quality), and delivery at a lower cost (Cost)," and we are constantly developing our service system with the aim of building a solid Taisho Logistics brand with innovative ideas and a positive outlook in a rapidly changing business environment.
Taisho Pharmaceutical Logistics Co., Ltd., the Taisho Pharmaceutical Group company at the heart of the Group's logistics operations, is a participant in efforts of "White Logistics Movement" by the government.

Promotion of Energy Conservation to Product Shipping

The annual amount we transport as a cargo owner is 30 million t-km or more, so we constitute a "Specified Consigner" as referenced in the Act on the Rational Use of Energy.
Taisho Pharmaceutical is committed to reducing energy consumption from product shipping. The Taisho Pharmaceutical Group has set a target of reducing energy consumption intensity from shipping by 1% per year on average for five years and has declared an obligation to make efforts to achieve that goal. Last fiscal year, we achieved our goal by expanding the use of the railway container facility for the trunk line transportation between Omiya and Osaka, and by consolidating two distribution bases to improve efficiency. In the current fiscal year, we will promote modal shifts and aim to achieve our targets.
Moreover, the introduction of the "reservation and reception system" has reduced the waiting time of delivery trucks by approximately 68% compared to previous times. CO_2 emission was reduced by decreasing idling during waiting and has contributed to a reduction in drivers' working hours.

Modal shift




Container shipping from Omiya Factory

Effective Use of Limited Resources

We are reducing the size of packaging to reduce the amount of materials used, and moving to paperless forms, so as to make effective use of limited resources.
The Logistics Division has set a goal of halving the amount of paper used in the five years through FY2025, and last fiscal year reduced the amount of A4 size paper used by approximately 80,000 sheets.
In terms of packaging materials such as boxes and cushioning materials used for transportation and delivery, we have switched from plastic products that increase a burden on environment to paper products with a high recycling rate. We have also started using 100% paper/corrugated cardboard for shipping at some of our bases.

Sustainability as a long-established pharmaceutical company

Taisho Pharmaceutical was founded in 1912 and celebrated its 110th anniversary in 2022.

We believe that we have a significant social responsibility and role as a company that has been in business for over 100 years. We also believe that meeting the expectations of these responsibilities will lead to the creation of new corporate value.

Due to the demand for sustainable corporate activities such as strict quality control and appropriate waste disposal which has been a part of the pharmaceuticals industry for many years, Taisho Pharmaceutical has pioneered a wide range of initiatives ahead of other companies, contributing sincerely to the achievement of a sustainable society.

Our concepts of taking good care of things, taking initiatives for the global environment, and investing in and developing human resources, as well as our ideas and initiatives for co-existence and co-prosperity with society, are defined in our management philosophy and have become deeply rooted in our corporate culture.

In addition to the various activities conducted so far, the Taisho Pharmaceutical Group as a whole will tackle the current social issues raised in the SDGs, etc., through our core business activities, thereby enhancing the sustainability of both the company and society.

Examples of Sustainability Initiatives

1985 Establishment of the Uehara Memorial Foundation

1991 Establishment of the Industrial Waste Appropriate Disposal Committee with aim to reduce and recycle waste

1997 Launched the PVC-Free Project
We switched to replaceable materials for PTP for solid formulation, ampoule trays for injections, etc., pillows and carrying bags for eye drops, and cap seals for oral liquid preparations (completed in FY 2004).

1997 Reuse of waste water at Hanyu Factory
We have achieved a 70% reduction in water consumption and a maximum of 80% reduction in wastewater compared to similar factories of the same size.

2003 *Lipovitan* series bottle weight reduction
We reduced the weight of each bottle of *Lipovitan D* by 10g.

2005 Achieved zero emissions at all three domestic factories (Omiya, Hanyu, Okayama)

2010 Started a company-wide shared basic education program
We started a program to provide education and training on common themes to all employees.

2010 Recycling of labels and aluminum caps of the damaged products

2011 Selected as one of the Global 100 Most Sustainable Corporations in the World
It was the only Japanese pharmaceutical company of the 100 selected and ranked 74th.

2012 Developed a comfortable work environment
Started a career reemployment system, nursing care leave, e-learning during childcare leave, and a system of reduced working hours for childcare and nursing care.

2013 Changed the *Lipovitan* series promotional plastic bags to plant-derived raw materials

2019 Lighter packaging box for the 10-bottle set of *Lipovitan* series
In 2007, we eliminated the use of intermediate partitions for packaging, and in 2019, we achieved an annual savings of 50 tons of paper resources and a reduction of 62.7 tons of CO_2 emissions while maintaining the holding strength of the boxes.
(Without including transportation of materials and products)

2020 Launch of UV absorber-free *Coppertone Protection UV Plus Milk*
This was done in consideration to biodiversity, including marine life and coral reefs.

2021 Launched the herbal drink brand *orinasu*
Sustainable materials were used for raw materials, containers, packaging, and in-store promotional materials.

2021 Launched *Lipovitan JELLY* for long-term storage
We responded to the demand for stockpiled food with an expiration period of about 5 years* as preserved food in case of a disaster.

*It has a shelf life of 5 years and 6 months at the time of manufacturing.

SDGs

SUSTAINABLE DEVELOPMENT GOALS

Initiatives for SDGs

As a pharmaceutical manufacturer, our goal at Taisho Pharmaceutical is to ensure good health and fulfilling lives for consumers.

The Taisho Pharmaceutical Group is committed to growing with its employees by solving each consumers' problems with regard to their health. In pursuing this quest, the Company finds particularly strong affinity with four of the Sustainable Development Goals (SDGs): Goal 3, good health and well-being; Goal 8, decent work and economic growth; Goal 9, industry, innovation and infrastructure; and Goal 12, responsible consumption and production. The Taisho Pharmaceutical Group will contributing to the achievement of the SDGs through its business activities.

Response to Disasters

While natural disasters such as earthquakes, windstorms and floods in recent years have raised awareness of disaster prevention, there have also been issues related to stockpiled food such as water shortages, unbalanced nutrition, and insufficient supply of anti-allergic food when disasters occur.

In response to these issues, we launched *"Lipovitan JELLY* for long-term storage" in 2021.

"*Lipovitan JELLY* for long-term storage" is a jelly-type drink that provides 200 kcal per 100 g bag, and is suitable for emergency stockpiling because of its special technology*1 that enables long-term storage*2 for 5 years, is free of allergenic substances (28 substances), and does not contain caffeine.

In April 2022, the company received the "Emergency Foods Award 2022" award of excellence in the "Health and allergy category," sponsored by the Disaster Prevention Safety Association, which is awarded to emergency foods that can be eaten with peace of mind in terms of health and safety at the time of a disaster.

Through "*Lipovitan JELLY* for long-term storage," we support hydration and nutritional intake for people in the event of disaster and emergency. We also provide support to the stockpiling needs of governments, schools, companies, and households, thereby working to help Japan to cope with the natural disasters such as major earthquakes, windstorms, and floods.

*1 "TOKINAX" is a brand of filling technology developed by ONETABLE Inc.
It is a combination of filling technology for long-term storage, four-layer film containing aluminum, and recipe control technology.
*2 It has a shelf life of 5 years and 6 months at the time of manufacturing.

Personnel

The Taisho Pharmaceutical Group considers human resources to be one of the most important assets in fulfilling its corporate mission and continuously improving its corporate value. We aim to realize sustainable enhancement of corporate value together with our employees as our human resource development policy is "Respecting human rights, personality, individuality and diversity," "Encouraging the growth of each employee," and "Ensuring a healthy and safe working environment."

Respect for Diversity

In order to ensure that all employees can fully demonstrate their abilities, we aim to create an environment where everyone accepts each other and can make the most of their strengths, with the basic concept of "creating a foundation and environment in which excellent personnel can play an active role regardless of attributes such as gender and nationality, moreover, the lifestyle, values, etc."

Promotion of active participation of women

Considering the basic concept of "creating a foundation and environment in which excellent personnel can play an active role regardless of gender," we have set a target of "18% women in management positions (section manager or higher) by the end of year 2025," and we are promoting training and other initiatives with an aim to improve the workplace environment and foster employee awareness. The percentage of women occupying the management positions has been increasing year by year with 16.2% as of the end of year 2021, and currently there is one female directors with executive status (including compensation) in Japan and eight female executives overseas. We will continue to strive for further improvement as we continuously develop an environment where women can continue to play an active role.

Female Manager Ratio

Fiscal year-end	2016	2017	2018	2019	2020	2021
Female Manager Ratio (%)	12.0	11.9	14.0	15.0	15.7	16.2

Companies surveyed: Taisho Pharmaceutical Holdings Co., Ltd., Taisho Pharmaceutical Co., Ltd., Taisho Pharma Co., Ltd.

Obtaining "Kurumin" and "Eruboshi" certifications

In February 2022, Taisho Pharmaceutical received certification from the Minister of Health, Labor and Welfare as a "Company that supports raising children" under the Act on Advancement of Measures to Support Raising Next-Generation Children and obtained the "Kurumin Mark" certification. Moreover, based on the Act on Promotion of Women's Participation and Advancement in the Workplace, the company was certified as an excellent company in terms of the status of implementation of initiatives for the promotion of women's activities, and received the highest rank of "Eruboshi."

Promotion of diversity and inclusion

More than half of the Taisho Pharmaceutical Group employees are foreign nationals because of the acquisition of Duoc Hau Giang Pharmaceutical and UPSA SAS as subsidiaries in 2019.

In order to create new value and to achieve sustainable enhancement of corporate value together with employees of diverse nationalities and cultural backgrounds, including those in Japan, we are creating an organizational culture and environment that respects the individuality and fundamental human rights of our employees and recognizes their differences.

In Japan, we regularly conduct diversity and inclusive education for all employees and strive to create an environment that allows each employee to make the most of his or her diversity.

Human Resource Development

We support the growth of each and every employee under the human resource development policy shown on the right. We aim to achieve both "Contribution to the enhancement of corporate value" and "Self-realization."

- **Develop all employees so that they can put the management philosophy of the Taisho Pharmaceutical Group into practice.**
- **Develop professional personnel who can acquire a high level of expertise and can contribute to the improvement of corporate value.**
- **Develop personnel who can think independently, act independently, and achieve self-realization.**

Educational and Training Programs

We have prepared various education and training systems to support the growth of each employee. In addition to the hierarchy-based training, departmental training, language training, self-development, and life plan workshop, we also provide opportunities to gain specialized knowledge and experience at external training institutions, business schools, universities, etc., thus fostering the development and growth of employees who will lead the next generation.

Moreover, once a month, all employees take part in "Company-wide shared basic education program," adopting a different theme each month. Topics include those with which Japanese pharmaceutical manufacturers must be familiar, such as harmful drug side effects and the contents of Japan's Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Pharmaceutical and Medical Devices Act). Study of a wide range of other topics, such as SDGs, Digital technology and matters related to "Diversity and inclusion," improves the basic knowledge levels of all employees. In addition, themes specific to each department are also explored, imparting knowledge and skills specific to each employee's department. The education on the topics of the Company's founding spirit and management philosophy instills in employees the corporate identity of Taisho Pharmaceutical.

Regular Reviews of Performance and Career Development

Taisho Pharmaceutical conducts regular interviews with employees regarding performance and career development. We hold three interviews: one at the beginning of the fiscal year for setting goals, one at mid-term for assessing progress and one at fiscal year-end for overall evaluation. In the fiscal year-end interview, we evaluate the employee's accomplishments during the year and provide an opportunity to discuss challenges and development of capabilities going forward.

Taisho Pharmaceutical Group Company-wide Educational and Training System

	New Employee	Person in Charge Class	Middle Class	Management Class	General Manager Class
	Acquiring basics as a]memberof society	Acquiring business knowledge and skills as a full-fledged person in charge	Awareness and actions as the core of the division	Management skills such as management and leadership	Extensive perspective and knowledge as an executive
Level-Specific Training	New Employee Training		Assistant Manager Training / Managerial Rank Training	New Manager Training	General Manager Training
	Specialized Training in Each Division (Sales, Marketing, Research, Development, Production, etc.)				
	Mid-career Employment Training				
Internal Training	Company-wide shared basic education program				
Language Training	Language Training (Priority given to employees who require it)				
Self-development	Self-development Support Program (Correspondence Education/e-learning)				
Life Plan Workshops	1st 4th year at the company	2nd 32 years old	3rd 42 years old	4th 54 years old	5th 58 years old

Creation of Good Work Environment

The Taisho Pharmaceutical Group aims to provide safe and comfortable workplaces free of discrimination so that all employees can fully demonstrate their abilities, and create an environment where each employee can take on challenges for "Self-realization" in addition to "contributing to the improvement of the Company's corporate value."

Providing a supportive environment for work-life balance

We are working to improve the environment within the company so that employees can continue to work while balancing life events such as childbirth, childcare, and nursing care. In fiscal 2021, 100% of women take childcare leave and return to work, and the number of men taking childcare leave is gradually increasing. In addition, we provide various support, such as the "nursing care leave system" that can be used for up to one year to care for family members, and "fertility treatment leave" that can be used for up to one year for infertility treatment, so that life events are not restricted by work.

Initiatives on Improving the Work and the Quality of Life

We are working to reform working styles so that each and every employee can fully demonstrate their abilities within the limited time they have and improve both their work and life.

Aiming for a well-balanced work style by improving productivity in daily operations, in 2021, we will introduce discretionary work, mainly at our research centers, and a result-oriented work style that is not tied to working hours.

The Company encourages employees to take appropriate, paid leave by offering a number of programs. The Refresh Vacation Program entitles employees to five consecutive days of paid leave, with the aim of promoting mental and physical refreshment. Also providing five days of paid leave is the Spousal Childbirth Leave program, which is granted to those whose spouse is undergoing childbirth. In addition, the Stock Vacation Program, which allows employees to accumulate a maximum of 60 paid vacation days, is used for a wide range of purposes, including illness or injury lasting one week or longer, caring for family members and emergencies. The Stock Vacation Program is also used for relief efforts in the wake of a disaster, recovery after a disaster and various volunteer activities.

Creating an Environment where Employees can take on Challenges for Self-realization

The self-declaration system allows employees to convey their hopes to their superiors and the human resources department regarding those hopes for transfers, relocations, and work environments once a year. In addition, the "internal recruitment system" is a system for recruiting people who wish to transfer within the company for business enhancement and new projects. This leads to increased employee motivation, revitalization of business, and promotion of new projects by providing opportunities for employees to raise their hands and form autonomous careers.

Supporting the Health of Employees

We provide comfortable working environments securing the safety and health of workers in the workplace to maintain and enhance the health of each employee.

Health Promotion

To maintain and enhance the health of employees, Taisho Pharmaceutical encourages all employees to undergo periodic full health examinations along with any necessary follow-up support. For this, we thoroughly follow up with occupational physicians to provide the employees with guidance on improving their lifestyle habits. In addition, we encourage employees to undergo specific health examinations and specific health guidance, as well as special full health examinations (conducted at research centers, etc.), dental checkups, and gynaecological examinations.

Taisho Pharmaceutical actively encourages employees and their family members to undergo lifestyle-disease examinations. In fiscal 2021, some 68.8% of employees' spouses and other families underwent these lifestyle-disease examinations.

By introducing a health application from 2021, we aim to visualize health issues in the organization, support each employee to raise their health awareness, and work to improve their lifestyle habits.

We are also focusing on activities to encourage smokers to quit. Starting in fiscal year 2020, smoking is prohibited on all company premises.

In fiscal year 2021, the percentage of employees who smoke (smoking rate) fell to 9.6%. We will continue efforts to reduce the number of smokers, aiming for a target of zero. As a member of the health-related industry, we continuously and vigorously implement policies to promote health.

Mental Healthcare

Care for employees' mental health is a priority at Taisho Pharmaceutical. We have established a site on the Company intranet exclusively for providing mental health information and have created an environment where any employee can undergo consultation at any time through an outside counseling company and multiple in-house hotlines. In addition, we conduct employee stress checks every year and maintain a high level of participation at 97%. In addition to recommending consultation with an occupational physician for high-stress employees, we are also working on early prevention of mental health disorders by having a program in place at each workplace that leads to swift improvement when an issue arises based on the results of organizational analysis. We are conducting organized efforts in collaboration with the personnel department to strengthen time management to cut down on long working hours at each workplace and to raise productivity.

Initiatives for Occupational Health and Safety

To create an environment where employees can work in a healthy and safe manner, we have established a Safety and Health Committee consisting of personnel-related departments, occupational physicians, the health insurance society, and labor unions to inspect workplaces, reduce overtime work, encourage employees to take paid leave, and conduct surveys and deliberations on infectious disease countermeasures. Labor and management work together to ensure the health and safety of employees and prevent work-related accidents.

For controlling work-related hazards, risk assessments are carried out in the production division, which is particularly dangerous in terms of work that may lead to occupational accidents and health problems, or that may be harmful. We identify hazards or harmful factors such as machinery, equipment, and chemical substances, and implement measures to eliminate or reduce them. In the event of an occupational accident, we use the 4M (people, equipment, work, and management) analysis method to investigate and analyze factors and take countermeasures to identify the root cause behind the accident.

Environment

Key Initiatives for Important Environmental Issues

The Taisho Pharmaceutical Group is making concerted efforts to reduce environmental impact. The Group is tackling the important environmental issues of reducing CO_2 emissions and reducing landfill final waste disposal, while also working hard to lessen other environmental impacts, such as by making effective use of water resources and preventing air and water pollution.

Operational Status of ISO 14001

Taisho Pharmaceutical has obtained ISO 14001 certification as "Production Headquarters" for its three production base factories in Japan. In an external renewal audit in 2021, the Company observed zero major non-conformances, zero minor non-conformances and one remark.

In addition, internal audits are conducted once a year to improve the suitability and effectiveness of the system, and to check the status of compliance.

Implementation Status of ISO 14001 Audit

Office	Certification integration date	Audit date
Production Headquarters	January 2011	December 2021

Findings	
Non-conformances	Remarks
0	1

Reduction of CO_2 Emissions

There are concerns that climate change will adversely affect people's lives and ecosystems, such as frequent occurrences of abnormal weather and disasters, impacts on water resources and agricultural products, and an increase in infectious diseases. Reducing CO_2 emissions is an urgent global issue.

As a corporate Group with responsibility for dealing with climate change, the Taisho Pharmaceutical Group is engaged in reducing the emission of CO_2.

In fiscal year 2021, we worked on upgrading to equipment with higher energy efficiency such as the introduction of heat pumps, and energy-saving activities focusing on factories and research centers in Japan.

At Okayama Factory, we have introduced a highly efficient electric refrigerator to ensure stable cooling capacity.

Factory temperature control is essential in maintaining the quality of stored raw materials and the manufacturing environment. By introducing this refrigerator, it has been possible to reduce energy costs as well as CO_2 emissions, resulting in a CO_2 reduction of 341 tons per year for the entire Okayama Factory.

CO_2 emissions decreased by 11.0% compared to the reference year and by 3.5% compared to the previous fiscal year.

Waste Materials and Recycling

Taisho Pharmaceutical is working to decrease the volume and weight of containers and packaging in order to reduce the waste volume. We are also advancing recycling by sorting waste, choosing appropriate methods of recycling and outsourcing recycling to waste disposal companies. In fiscal year 2021 our final disposal rate was 1.4%.

Initiatives for Environmentally Friendly Containers and Packaging

Taisho Pharmaceutical strives to conserve resources, make effective use of resources, and reduce the burden on the environment while fulfilling the roles and functions of containers and packaging for pharmaceuticals and other products.

As for containers and packaging, we reduced the weight of the packaging box containing six energy drinks and the weight of the outer cardboard box used to transport prescription pharmaceuticals. With these initiatives, we were able to reduce the amount of materials used by 2.9 tons and the amount of CO_2 emitted during material manufacturing by 1.5 tons.

Targets and Results of Environmental Activities and Details of Future Initiatives

	Initiatives	Targets for FY 2021	Results in FY 2021	Future initiatives
1	Rationalization of energy use	Continue to receive "A-class or higher" in the class-based evaluation system under the Act on the Rational Use of Energy	● Continued to receive A class (2016 onwards) 〈Company-wide consumption rate*1: 99.8%〉 Omiya: 100.0% Hanyu: 105.3% Okamaya: 97.0% Sales and back offices: 95.0%	● Monthly consumption rate of each factory ● Renewal of high-efficiency equipment ● Detect and treat waste
2	Reduction of CO_2 emissions	Reduce CO_2 emissions at domestic offices (Scope 1, 2) by 46%*2 by FY 2030, compared to FY 2013 (FY 2013: 56,263 t)	● CO_2 emissions in Japan in FY 2021 50,085 t (11.0% reduction compared to the reference year) (3.5% reduction compared to FY 2020)	● Introduce high-efficiency equipment ● Investigate new reduction measures
3	Promotion of environmentally friendly logistics	Reduce average annual energy consumption rate associated with transport by 1% or more against the baseline year by FY 2021	● Energy consumption rate*3 improved by 0.3% on an annual average (5 years) ● 1.1% improvement compared to the previous year FY 2020: 0.331 kL/10,000 t-km FY 2021: 0.328 kL/10,000 t-km	● Promotion of modal shift ● Use of increased ton trucks ● Improve fuel efficiency
4	Appropriate management of waste handling	Conduct inspections of waste treatment operations, conduct waste management self-checks at each office and continue appropriate management of waste treatment	● Waste management self-checks: Conducted at all 13 offices in May	● Waste management self-checks: Conducted at all 13 offices in May ● Continue to conduct inspections of waste treatment operations and waste management self-checks ● Continue to hold seminars on waste at each office ● Inspect waste management subcontractor at each office
5	Compliance with the Act on Rational Use and Proper Management of Fluorocarbons	Manage fluorocarbons in accordance with the Act	● Conducted simple and periodic inspections ● Calculated degree of leaks (not related to this report)	● Conduct inspections ● Calculate volume of leaks
6	Promotion of environmental risk management	Eliminate environmental risks*4 that have an impact on the external environment	● Environmental risk: Zero	● Identify environmental risks and assess the impact ● Take preventive measures against risks
7	Promotion of environmental communication	Raise employees' awareness of the environment through company-wide environmental month events and group training events, including environmental seminars held at each branch	● July 2021 (Summer): Dissemination of energy saving information ● February 2022 (winter): Environment quiz	● Provide environmental education ● Initiatives in Environmental Month ● Implementation of environmental activities that can be done at home, such as saving electricity and reducing amount of resources used
		Publicly disclose information on environmental activities in a proper, fair and timely manner	● Published an online edition of the Social and Environmental Report (in November)	● Publish an online edition of the Social and Environmental Report ● Participate in environmental activities held by external organizations

*1 Company-wide energy consumption rate
Omiya Factory (including Research Center): Energy consumption / Corrected production quantity x Floor area
Okayama/Hanyu Factory: Energy consumption/Corrected production output x Floor area
Sales and back offices: Energy consumption/Floor area
*2 The target was corrected in accordance with the revised FPMAJ targets in June 2022.
*3 Energy consumption rate: Fuel volume used (kL) / Distance shipped × Weight (10,000 t-km)
*4 Events that have a certain magnitude, calculated by multiplying the impact of accidents or emergencies of which occurrence would have a significant environmental impact by the probability of such occurrence

Sports Promotion

We believe that the pursuit of sports leads to the cultivation of a sound mind in a sound body. We are passionate about supporting the development of sports culture over the medium-to-long term. Through sponsorship and support for various sports, including the Japan National Rugby team, we are creating an environment where consumers can improve their health and enjoy themselves positively.

20 years with the Japan National Rugby team

Rugby is said to be a gentleman's sport that values fair play. The team members are polite, respect each other, and do their best. At the end of the match, regardless of whether they win or lose, they praise each other by saying "no side (no friend or foe)." Rugby has a spirits of fair play, and the sport's concept of a "Shinsho" coincide with that of our company. We have been supporting the Japan National Rugby team as an official sponsor since 2001 because *Lipovitan D* has the same idea to "support those who work hard to pursue their dreams."

The test match "*Lipovitan D* Challenge Cup" was held for the Japan National Rugby team with overseas teams from 2002. We are still the main sponsor and continue to support it. From 2020, as a top partner of the Japan National Rugby team, we are still supporting the further development of Japan Rugby, even 20 years since we started the sponsorship.

JAPAN NATIONAL RUGBY TEAM
TOP PARTNER

Further Development of Rugby

We also served as official sponsor of the Rugby World Cup 2019™ Japan tournament, which marked the first time the competition was staged in Japan. The Japan National team's unexpected run to victory excited all of Japan, and it became an opportunity for many people to feel the fun and splendor of rugby.

We were appointed as an official supplier of the Rugby World Cup 2023™ France tournament as a bridge to the previous tournament. We will continue to bring excitement to the Rugby World Cup™ together with players, rugby officials, and fans.

RUGBY WORLD CUP FRANCE 2023
OFFICIAL ENERGY DRINKS SUPPLIER

Bringing the World's Best to Japan

In January 2022, we became a premium global partner of ALL BLACKS (New Zealand National Rugby Football Team), which continues to lead the world's rugby. Along with activities as a top partner of the Japan National Rugby team, we will create opportunities to experience the essence of world's best play and spirit, and contribute to the further development of Japan rugby by sponsoring ALL BLACKS, which is very popular in Japan.

In addition, from April 2022, we have signed a *Lipovitan* Ambassador agreement with former ALL BLACKS players: Richie McCaw and Dan Carter.

Richie McCaw and Dan Carter, *Lipovitan* Ambassadors, hold rugby clinics for elementary, junior high and high school students who will support the future of Japan rugby world and plan to further increase the number of rugby fans in order to create opportunities in Japan to experience the world's best rugby culture. We will continue to work with our ambassadors to develop the entire Japan rugby world and create an environment where rugby can be enjoyed widely.

PREMIUM GLOBAL PARTNER

Richie McCaw (left) and Dan Carter (right)

Support for SU Agen by UPSA SAS

UPSA SAS, which joined the Taisho Pharmaceutical Group in 2019, is a proud supporter of SU Agen, a French professional rugby union team. With over a century of history, SU Agen boasts deep roots in its native Agen, a town in the southwestern French département of Lot-et-Garonne. UPSA SAS, historically based in Agen, became a supporter of SU Agen in 1996 and continues to be one today.

For the Children's Future

Next-generation Training Plan "JAPAN RUGBY STUDY SESSION"

Taisho Pharmaceutical is a special sponsor of the next-generation training plan sponsored by the Japan Rugby Football Union known as "JAPAN RUGBY STUDY SESSION supported by *Lipovitan for Sports*."

We plan to expand the range of rugby and develop world-class next-generation players. In March, we held online live lectures of the Japan National Team Coaching Session for coaches of high school rugby clubs nationwide and the Japan National Team Strength & Conditioning Session for high school rugby players with the respective coaches of the Japan National team as instructors. Both are study sessions where coaches and players aiming to move up to the next level, can learn the "mind, technique, and body" of Japan rugby directly from the coaches of the Japan National team.

"Masahiro Tanaka Future Support Project"

This was triggered by appointing Masahiro Tanaka (Tohoku Rakuten Golden Eagles), who had returned to the Japanese baseball world, as the commercial character for *Lipovitan D*. In the fall of 2021, we launched the "Masahiro Tanaka Future Support Project for the Future of Children" to support the activities of children who will be forging the future of Hokkaido and Tohoku.

We planned to donate a portion of the amount received from selling various *Lipovitan* products, including *Lipovitan D* at Tsuruha Drug stores in Hokkaido, Aomori, Akita, Iwate, Yamagata, Miyagi, Fukushima, and Niigata prefectures to the Hokkaido Shimbun Social Welfare Promotion Foundation and the Hatachi Foundation with the cooperation of Tsuruha Holdings Inc., with its approval. The total amount donated was JPY 2,325,967.

Value to Society

In addition to promoting business activities, the Taisho Pharmaceutical Group supports life science-related research, promotes self-medication, and contributes to sports and the arts. We will fulfill our responsibilities as a pharmaceutical company and meet the demands and expectations of society by actively promoting various initiatives.

Participation in and Cooperation with Social Activities

Participation in and Cooperation with Social Activities

Aiming for a world free of hunger, we share the goals of the World Food Programme (WFP), an organization that conducts food assistance activities around the world. We have conducted support activities since 2008 as a trustee of the Japan Association for the World Food Programme, an authorized nonprofit organization that supports the WFP. Since 2009, we have supported WFP End Hunger: Walk the World, a support program in which the general public can participate.

Moreover, since 2005 the Company has supported Junior Achievement Japan. This organization conducts support activities with the goal of cultivating socially self-reliant young people by helping them understand how social structures and economies work. Furthermore, we have supported the Disaster Relief Volunteer Promotion Committee since 1997. This association trains disaster preparedness leaders based on the lessons of the Great Hanshin-Awaji Earthquake.

Contributing to Safe Urban Environments

We work closely with the local government and police and fire departments where our Head Office is located (Toshima Ward, Tokyo) to promote safety and security measures for the community. The Mejiro Area Special Organized Crime Prevention Countermeasure Association is a neighborhood association within the jurisdiction of Mejiro Police Station, Tokyo Metropolitan Police Department that aims to eliminate special organized crime within its jurisdiction. We have participated in its activities since its inception.

In addition, we are party to the Takada Area, Toshima City Agreement on Mutual Support during Disasters. This agreement of mutual support unites eight regional organizations, including resident associations, city facilities and companies near our Head Office. The member organizations promote disaster countermeasures in cooperation with the local community, including cooperation in evacuation drills for neighborhood facilities.

Hosting Life Science Forums

We have been holding Life Science Forums since 1986 for science journalists in various media, with the goal of providing the latest medical information and providing a wide array of life science information ranging from cutting-edge technologies to broad life science themes.

We postponed the events in 2020 and 2021 due to the spread of COVID-19, but resumed in April 2022. A total of two events had been held as of the end of June 2022. Professor Urano of the Graduate School of Pharmaceutical Sciences/ Graduate School of Medicine, the University of Tokyo, and Professor Okano of the Keio University School of Medicine both of whom won the Uehara Prize in 2021, gave lectures.

A total of 45 journalists participated, and a lively question-and-answer session was conducted with exchange of opinions.

Lecture by Professor Urano

Support for Career Education

At the Head Office, Taisho Pharmaceutical accepts workplace visits by students as part of their career education support. In addition to providing visiting students with easy-to-understand information on correct knowledge and usage, such as observing the dosage and administration of medicines, we also provide detailed information on laws and systems, such as the differences between OTC drugs and prescription pharmaceuticals, and the safety classification of OTC drugs. In addition, we are building a curriculum that will help students better understand our company and develop an interest in the pharmaceutical industry by introducing the process from research and development to clinical and manufacturing until pharmaceuticals are made, and various technologies and ingenuity there.

Initiatives of International Group Companies

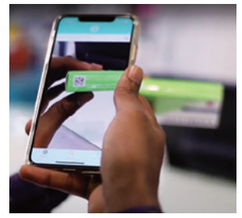
A small can – A big community

Taisho Vietnam implemented a community program to promote the health of local people and create a place for exercise based on the concept of "A small can, a big community."

For each can of *Lipovitan* sold, we donated 100 VND to a local health promotion fund. Using this fund, in 2021 we installed 37 pieces of outdoor exercise equipment in 35 parks.

Getting to Grips with Street Drugs (UPSA SAS)

According to a report from the World Health Organization (WHO), about a tenth of the pharmaceuticals sold worldwide are counterfeit. In developing countries alone, it is thought that fully one-quarter of all pharmaceuticals sold are counterfeit products. Pharmaceuticals that are counterfeited and then sold on the street ("street drugs") are a huge societal problem. In 2013, the use of street drugs to treat malaria resulted in the deaths of around 150,000 children under the age of five in Africa.



In Cote d'Ivoire, France-based UPSA SAS has undertaken a raft of measures to address this scourge. Working with that country's Ministry of Health, UPSA SAS raised public awareness through large-scale TV and poster campaigns. To secure distribution of genuine pharmaceuticals, UPSA SAS partnered with Meditect, a startup company in France's Bordeaux region, to strengthen drug traceability. Under this partnership, UPSA SAS enabled patients and health professionals to confirm a drug's reliability and distribution route by scanning a 2D code printed on the pharmaceutical package, using a dedicated smartphone app. This solution makes it easy for consumers to distinguish between genuine pharmaceutical products and street drugs.

Currently the app has been introduced in over 400 partner pharmacies throughout Cote d'Ivoire.

Uehara Museum of Art

In 2017 the Uehara Museum of Modern Art and the Uehara Museum of Buddhist Art merged to form the Uehara Museum of Art. The Museum's collection includes art from both the East and the West and from many different genres, including Buddhist statues, sutras and other Buddhist art from the Heian and Kamakura periods in Japan, and Western paintings including impressionist paintings and modern Japanese paintings. The Museum displays special exhibitions mainly featuring the Museum's own collection and researches ancient Buddhist art in Izu, Japan. The Museum also contributes to the development of local culture through extensive cultural activities, including the invitation of specialists to lecture, the holding of workshops and collaborations with schools to improve art education.

Uehara Museum of Art

Cultural Outreach Activities in Fiscal 2021

Three special exhibitions were held throughout the year. A selection of masterpieces from the Uehara Collection was exhibited and a special exhibition of "Buddhist art from Shizuoka + Buddhist art from Izu" was held.
Collecting and preserving art.
Lending of its collection to exhibitions held at other museums in Japan.
Research of six temples in Shizuoka prefecture centering on the Izu Peninsula
Holding Buddha statue sculpture classes, sutra-copying classes, a Buddhist art course, sketching and watercolor painting classes and Japanese-style painting classes for the public.
Holding 11 lectures at the request of external parties
Conducting educational collaborations with communities and schools (e.g. facilitating classes taught in the museum and visiting schools for classes).
Raised cultural awareness through lectures about local Buddha statues.
The museum's curator specially cooperates with Mihotoke no Kiseki, a special exhibition held at the Hamamatsu Municipal Museum of Art.
Uehara Museum's curators served as Council for the Protection of Cultural Properties for five different municipalities in Shizuoka Prefecture and were involved in the project compiling a history of Kawazu Town.
Uehara Museum's curators participated in the group promoting the operations of the Shizuokaken Hakubutsukan Kyokai, lectured and were involved in other activities.

The Uehara Memorial Foundation

History of Our Establishment

On February 19, 1985, the Uehara Memorial Foundation was established as a 70th-anniversary project of Taisho Pharmaceutical to commemorate the trail blazed by the late Shokichi Uehara (former president and chairperson of Taisho Pharmaceutical Co., Ltd.). The objective of the Uehara Memorial Foundation is to promote research in pharmaceutical development and other life science fields to enhance people's lives and welfare and support the future of life sciences.

Winners of the Uehara Prize (Titles Omitted)

Year	Winner
1985	Hideo Sugita
	Yukio Yamori
1986	Hiroshi Irisawa
1987	Michio Ui
1988	Satoshi Omura (Winner of the 2015 Nobel Prize in Physiology or Medicine)
1989	Masaji Ohno
1990	Seiichiro Tarui
1991	Fumimaro Takaku
	Shigetada Nakanishi
1992	Akira Ichihara
	Keiya Tada
	Toshiharu Nagatsu
1993	Tadatsugu Taniguchi
	Tasuku Honjo (Winner of the 2018 Nobel Prize in Physiology or Medicine)
1994	Nobutaka Hirokawa
1995	Masatoshi Takeichi
1996	Yoshio Yazaki
1997	Shigekazu Nagata
	Katsuhiko Mikoshiba
1999	Yasushi Miyashita
2000	Makoto Asashima
	Koichi Tanaka
2001	Shuh Narumiya
	Mitsuhiro Yanagida
2002	Shoichiro Tsukita
2003	Masaru Taniguchi
	Tetsuo Nagano
2004	Takao Shimizu
	Keiji Tanaka
2005	Yoichi Nabeshima
	Yoshikuni Mizuno

Year	Winner
2006	Shizuo Akira
	Kenji Kangawa
2007	Takashi Kadowaki
	Shimon Sakaguchi
2008	Masamitsu Iino
	Shinya Yamanaka (Winner of the 2012 Nobel Prize in Physiology or Medicine)
2009	Yuichi Sugiyama
	Eisuke Nishida
2010	Haruo Kasai
	Hiroyuki Mano
2011	Kazutoshi Mori
	Masayuki Yamamoto
2012	Tadaomi Takenawa
	Yoshinori Watanabe
2013	Yoshiki Sasai
	Osamu Nureki
2014	Masanobu Kano
2015	Chikashi Toyoshima
	Noboru Mizushima
	Tamotsu Yoshimori
2016	Hidenori Ichijo
	Seiji Ogawa
	Satoru Miyano
2017	Kunihiro Matsumoto
	Atsushi Miyawaki
2018	Hiroyuki Sasaki
	Hiroshi Takayanagi
2019	Kazuhiro Iwai
	Mitiinori Saito
2020	Ryoichiro Kageyama
	Akihiko Yoshimura
2021	Yasuteru Urano
	Hideyuki Okano

Grants and Other Forms of Assistance

The Uehara Memorial Foundation has provided more than 10,800 grants and other forms of assistance totaling approximately JPY 34.4 billion.

List of grants

Research grants

Research grants (JPY 5 million per grant)
For researchers residing in Japan who are actively engaged in researching the subjects covered by the grant.

Designated research grants
Applications are accepted for designated research themes once every three years. International Symposiums are held to review research.
A : JPY 15 million per grant　B : JPY 9 million per grant
(Granted over three years)

Research incentive grants (JPY 2 million per grant)
For young researchers residing in Japan who are actively engaged in researching the subjects covered by the grant. There are age restrictions for this grant.

Special incentive grants to promote research (JPY 4 million per grant)
For professors who are actively engaged in research on the subjects covered by the grant and have set up independent laboratories in the Medicine or Pharmacy departments. There are age restrictions for this grant.

Overseas fellowships (JPY 6 million or less per grant)

Research fellowship
For young researchers who have a Ph.D or equivalent qualifications. Researchers who will be younger than 37 years old as of March 31 this year. (Under 39 years of age for those who graduate from the 6-year system)
I . Studying abroad for 1 year or longer
II. Studying abroad for 3 months to less than a year

Postdoctoral fellowship
For young researchers who have a Ph.D. or expect to obtain one by April of the following year. Researchers who will be younger than 33 years old as of March 31 this year. (Under 35 years of age for those who graduate from the 6-year system)
I . Studying abroad for 1 year or longer
II. Studying abroad for 3 months to less than a year

Research grants involving visiting Japan

For those who come to Japan to enroll in Japanese graduate schools and research the subjects covered by this grant.
Monthly: ¥150,000
Period: Within 2 years

Sponsorship for international symposiums

We support one international symposium related to life sciences held in Japan that meets certain requirements with up to JPY 1 million.

Uehara Prize presentation ceremony

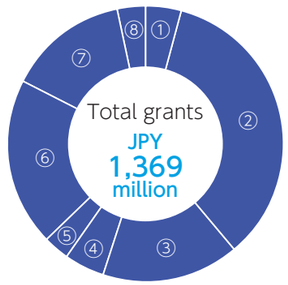
In March 2022, the Uehara Prize presentation ceremony and award speeches were held at the Chinzanso Hotel in Tokyo.

This year's Uehara Prize was awarded to two doctors, Dr. Yasuteru Urano, a professor at the Graduate School of Pharmaceutical Sciences/ Graduate School of Medicine at The University of Tokyo for the research theme "Development of small-molecule fluorogenic probes for realizing rapid intraoperative imaging of tiny tumors," and Dr. Hideyuki Okano, a professor at the Keio University School of Medicine for the research theme of "Regenerative medicine and disease research for the central nervous system using stem cell systems."

After the presentation ceremony, they gave their award speeches online with about 500 people in attendance.

Uehara Prize presentation ceremony (March 2022)

Grants and other forms of assistance awarded during fiscal 2021



① Uehara Prize:	JPY 60 million
② Research grants:	JPY 475 million
③ Research incentive grants:	JPY 220 million
④ Designated research grants:	JPY 66 million
⑤ Special incentive grants to promote research:	JPY 40 million
⑥ Research fellowships:	JPY 270.9 million
⑦ Postdoctoral fellowships:	JPY 194.3 million
⑧ Others:	JPY 42.8 million

Online Seminars to Study Overseas

In June and July, the Foundation held two online study abroad seminars for "doctors who are considering studying abroad."

In the first part, doctors who had received the Uehara Memorial Foundation's overseas fellowships in the past and experienced studying abroad talked about their own experiences studying abroad. In the second part of the second half, there was a Q&A session focused on answers to the questions asked in advance.

Including on-demand streaming, more than 1,000 doctors attended the seminar, and many of them said that the content of the seminar was excellent and that it increased their motivation to study abroad.

Designated Research Grants-Interim Report Session

For the designated research grants (JPY 3 million or JPY 5 million × 3 years) selected for FY 2020 under the research theme "AI/big data-driven life science," we will hold an international symposium to which foreign speakers will be invited, where results will be reported in June 2023, which is the final year of the program.

This year, which is the second year of the program, we had all the recipients come together and held a two-day progress report meeting.

Held on: May 29-30, 2022
Venue: Shimoda Central Hotel
Number of participants: 18 grant recipients and other accompanying researchers, 48 people in total


Scene from the designated research interim report session

Corporate Governance

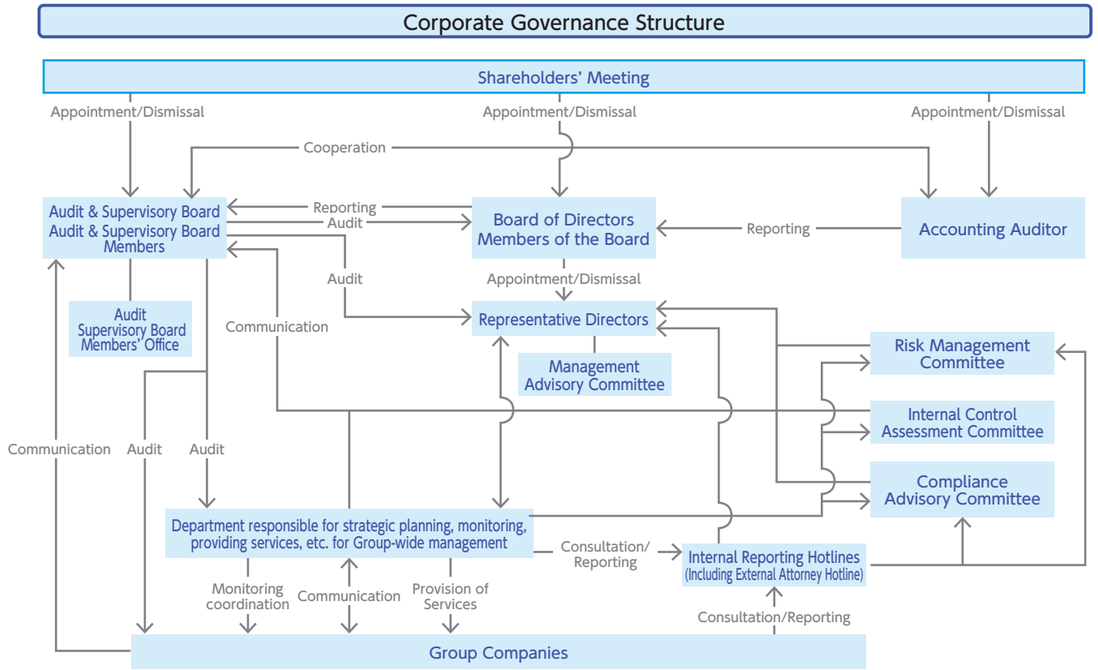
Basic Approach

The Taisho Pharmaceutical Group aims to establish even stronger management foundations to ensure that it fulfills its corporate mission in accordance with its Management Policies and continues to achieve steady growth and development amid global competition.

Guided by this philosophy, the Company was established as a pure holding company on October 3, 2011 to manage the Group as a whole. The Company is responsible for formulating Group management strategy and effectively allocating resources to businesses and operations in Japan and overseas with the objective of increasing corporate value by generating sustainable, growth and strengthening competitiveness in the Self-Medication Operation Group and Prescription Pharmaceutical Operation Group, and by achieving synergistic effects between these two businesses.

The Company positions the enhancement of corporate governance as one of the most important issues for management in order to attain the company mission. Accordingly, the Company has established an appropriate Group-wide management framework for properly monitoring and supervising the status of business and operational execution at the Company and Group companies. Specifically, the Group establishes a corporate governance structure and properly implements this structure, with the aim of achieving its overall business objectives and fulfilling its social responsibilities. The basic principle behind these efforts is for the Board of Directors and the Audit & Supervisory Board or its members to work in close collaboration, while properly managing the entire Group by exchanging information with the business management bodies of the Company and Group companies.

Corporate Governance Structure



Corporate Governance Structure

The Company has adopted a corporate governance structure with a Board of Directors and an Audit & Supervisory Board. As of Wednesday, June 29, 2022, the Company has eight members of the Board, two of whom are outside members, and four Audit & Supervisory Board members, two of whom are outside members.

As a general rule, the Board of Directors meets monthly and additionally, whenever necessary. In FY2021 they had 15 meetings. The Board of Directors makes decisions on important matters concerning the Company's business execution and group management and then supervises that situation. In addition to topics such as gender, nationality, and other such attributes, the Board is also organized to enable sufficient discussion from diverse perspectives on issues such as the sustainable development of the Group and decision-making on important matters. In addition, as an auxiliary organization to the Board of Directors, the Management Advisory Committee, which consists of Representative Directors and other such members, holds meetings as required. The Committee deliberates on important matters such as the matters to be discussed by the Board and works to improve the efficiency and speed of management decisions.

In principle, the Audit & Supervisory Board meets once every three months to brainstorm regarding the audits conducted by Audit & Supervisory Board Members based on the regulations of the Audit & Supervisory Board and the audit standards for the Audit & Supervisory Board Members. The Board also receives reports on the progress and results of the account audits and internal control audits from the Accounting Auditors. Audit & Supervisory Board Members check the status of the company's business execution and asset preservation, report to the Representative Director and the Board of Directors as appropriate, and make recommendations as necessary.

In addition, the main departments of each company properly convey the information related to business management by means such as regularly briefing the Audit & Supervisory Board Members on the status of business execution and related issues in the Company and each Group company.

On the other hand, various committees such as the Risk Management Committee, Compliance Advisory Committee, and the Internal Control Assessment Committee have been set up to deal with various problems related to business management across the Company and each group company. We have also set up a system that allows us to monitor the whole Group for various problems in target fields and convey exact information to the management of the Company and each group company.

Members of the Board (Outside) and Audit & Supervisory Board Members (Outside)

There are two outside Members of the Board and two outside Audit & Supervisory Board Members. There are no personal or capital ties between the Company and outside Members of the Board and the outside Audit & Supervisory Board Members. The company appoints outside Members of the Board and outside Audit & Supervisory Board Members who have extensive management experience, expert knowledge, and significant social insights. The outside members are independent and do not directly participate in business execution. They monitor and supervise the appropriateness of business.

Outside Members of the Board and outside Audit & Supervisory Board Members obtain information concerning compliance, risk management, internal audits, information related to financial reports and internal control assessment regarding financial reports from each department tasked with internal control, and the results of audits done by auditors and account audits through meetings of the Board of Directors and the Audit & Supervisory Board. The outside members play a part in various activities to ensure the appropriateness of business.

Status of Main Activities During the Fiscal Year

	Category	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Reasons for appointment
Takeshi Kunibe	Member of the Board (Outside)	14/14	–	Mr. Takeshi Kunibe has played an active role as a central figure in financial institutions over many years. He is well-versed in many industries due to this position, and has abundant experience and insight as well as a wide range of connections through providing advice on corporate management in a diverse selection of fields.
Hiroyuki Uemura		15/15	–	Mr. Hiroyuki Uemura has played an active role as an executive and has deep insight based on his abundant experience in corporate management. He has been providing guidance on the promotion of solid and effective management of the Company. Therefore, we have appointed him as a Member of the Board (Outside) of the Company.
Chushiro Aoi	Audit & Supervisory Board Member (Outside)	15/15	16/16	Mr. Chushiro Aoi has extensive experience and diverse knowledge accumulated as a corporate manager. He has been offering beneficial opinions and guidance on the Company's management from an outside perspective. Therefore, we have appointed him as an Audit & Supervisory Board Member (Outside).
Makoto Matsuo		15/15	16/16	Mr. Makoto Matsuo has extensive experience and diverse knowledge as a lawyer and is highly committed to compliance with laws and regulations. Therefore, we have appointed him as a legal expert who can help enhance our audit system.

Compensation of Members of the Board and Audit & Supervisory Board Members

Remuneration and related items for individual members of the Board are determined for each rank in consideration of levels of remuneration at consumer goods manufacturers, pharmaceutical manufacturers, and other companies of similar size, within the limits adopted in advance by the General Meeting of Shareholders.

Specifically, remuneration for members of the Board consists of fixed remuneration as basic compensation, bonus as performance-based compensation and stock options (share acquisition rights) as non-monetary compensation. In light of their duties, outside members of the Board receive only the basic compensation.

The ratio of remuneration for members of the Board (excluding outside members) is initially set so that the expected ratio of the basic compensation and the performance-based compensation will be roughly 12:1. Subsequently, the amount of performance-based compensation is adjusted within a certain range based on the business performance of the Company.

Determination of the details of the range of remuneration levels for each rank of members of the Board and the amounts of remuneration for individual members of the Board (basic compensation and performance-based compensation) may be delegated to the CEO, based on the deliberations of the Board of Directors. In accordance with this policy, the CEO may request the opinions of outside members of the Board with respect to the basic compensation and performance-based compensation and, after consideration of those opinions, decide the range of remuneration levels for each rank of members of the Board and the specific amounts of remuneration for individual members of the Board.

Compliance

Compliance Framework

To ensure that compliance efforts progress steadily in Japan and at overseas Group companies, all officers assist the compliance officers and are responsible for raising awareness of compliance throughout the Group. The Internal Affairs Division is established as a Division specializing in compliance.

General managers and group managers promote monitoring and education activities in their divisions and groups to ensure thorough compliance.
Generally, two members of each division are in charge of compliance matters within their division. They assist the general manager in promulgating compliance and handle workplace monitoring and consultations with employees.

Spreading Awareness of Compliance at International Group Companies

In recent years the Group has acquired business foundations in Southeast Asia, including Indonesia, Vietnam and Malaysia, as well as in France, through M&A and other activities. As a result, the percentage of non-Japanese employees has increased and now stands at more than half the Group's workforce.

Against this backdrop, we believe it is critical that all new employees accurately comprehend our management philosophy and values, and to this end, we formulated the "TAISHO WAY." In addition, all employees are strongly required to adhere to our policy on responsible behavior in each of the countries and regions we operate in, particularly as expectations are rising for us to expand business activities. It is necessary to respect cultural diversity in terms of language, religion, society, systems, values and other factors and to take advantage of their unique attributes by viewing them as strengths. For this purpose, the Group established the Taisho Pharmaceutical "Global Compliance Guidelines." The Guidelines provide guidance for all Taisho Pharmaceutical Group employees in building an even more robust management foundation, so that the Group can continue to grow and develop steadily amid international competition.

Both the TAISHO WAY and the Global Compliance Guidelines have been prepared in all the local languages of our overseas Group companies in addition to the Japanese versions, and are distributed as booklets and/or posted on the intranet. Employees therefore have the opportunity to peruse the materials at any time, with the aim being to ensure that everyone in both Japan and overseas operates to the same high standards based on common awareness.

Compliance with the Laws and Social Norms of Each Country

We will comply with laws, ordinances, regulations, social standards, business practices and internal rules, and clarify our commitment to understand and respect the purpose and objectives underlying these principles in our Global Compliance Guideline, making these known to all employees.

【Compliance with Social Standards and Commitment to Corruption Prevention】

- As a company engaged in the development, manufacture and sale of pharmaceuticals that foster the wellbeing of people, we work earnestly to respect the sanctity of life and promote a commonsense view of pharmaceuticals.
- We continuously collect information concerning the safety of our products in accordance with the relevant laws and regulations in each country and appropriately report the findings to the pertinent authorities as required.
- Particular care is taken to maintain a proper relationship with government officials and medical professionals. We never engage in dealings such as providing illegal payments to the public servants, foreign civil servants or other parties of any country.
- We exercise constant vigilance to legal and social practices, never ignore unlawful or antisocial acts, always behave in a sensible manner, and reject the demands from antisocial influences or groups involved in activities that may threaten the order and safety of civil society.

Internal Reporting Hotlines

Based on its Internal Reporting Regulations, the Taisho Pharmaceutical Group has established wide-ranging hotlines for fielding inquiries regarding violations of laws, ethics or internal rules. These include the Compliance Management Section Hotline, the Harassment Hotline and an external hotline known as the External Attorney Hotline.
At international operating companies, the Group is strengthening its internal reporting system by unifying various hotlines and raising awareness among all employees of the existence of these reporting avenues. Each of these hotlines is widely available not only to Taisho Pharmaceutical Group employees but also to such personnel as contract employees, part-time employees and temporary employees. Regardless of the situation, in accordance with the Whistleblower Protection Act and the Taisho Pharmaceutical Group's Internal Reporting Regulations, the privacy of hotline users is assured and related parties are obligated to maintain confidentiality.

Risk Management

Risk Management System

The Company has formulated "Risk Management Guidelines" covering risks that could materialize in the course of Group companies' operations, and has a system to respond to various risks. This is to minimize the impact on customers and operations in the event of the materialization of risk. In accordance with these guidelines, in the event risk materializes, the Company establishes a "Risk Management Committee," which is chaired by the Chief Executive Officer, and implements response measures according to the nature, scale and other aspects of the risk. Meanwhile, for promoting risk management, the Company has established a specialized risk management division (Risk Management Coordination Section) that shares information with the risk management divisions of Group companies and confirms the status of risk in normal times and when risks materialize.

A similar kind of organizational initiative is also being carried out at the operating company, Taisho Pharmaceutical Co., Ltd., which has formulated risk management regulations and established a Risk Management Committee and dedicated section (Risk Management Section). The Risk Management Section inspects and advises on risk management initiatives conducted in respective divisions and provides employees with training and awareness-raising activities. Moreover, each division manages risk appropriately, with division managers made responsible for risk management and management-class employees appointed as risk management officers. In addition, the Company supports initiatives for establishing a similar system at other Group companies in Japan and also supports the creation of a system at Group companies overseas that appropriately accommodates the risk characteristics of each country or region.
The status of efforts to establish these systems is compiled into reports that are submitted to management.

Furthermore, the Company maintains a framework that enables the Board of Directors and representative directors to respond promptly to risks relating to management strategy.

Risk Management System of Taisho Pharmaceutical Holdings

BCP

Taisho Pharmaceutical Holdings oversees the business continuity plan (BCP) for the entire Group.

The Group, centered on operating company Taisho Pharmaceutical Co., Ltd., has formulated and consistently upgrades a business continuity plan (BCP) that serves as a guideline focused on ensuring the continuous supply of products which it has a large social obligation to supply and that are highly significant for the Company's business, in preparation for scenarios including a major earthquakes. These guidelines clearly define the roles and functions of each division along a timeline from the occurrence of a natural disaster to the restoration of business operations. This is to ensure a rapid and appropriate response in the event of a natural disaster. The guidelines also set forth specific details on measures to be implemented in normal times in anticipation of a natural disaster.

Information Management Measures

The Company recognizes that a leak of internal information could cause considerable loss, disadvantage or other negative impacts to stakeholders, and manages and utilizes information appropriately.

At the operating company Taisho Pharmaceutical as well, where large amounts of important information is handled, information security is being enhanced through collaboration between specialized divisions and associated divisions, establishment of related internal regulations, training and awareness-raising for employees and regular internal inspections, in addition to constructing a system that enables reporting to management of the management status. Each department autonomously and appropriately manages information, centering on its risk management officer or the person in charge of risk management. Furthermore, in the event of an information incident, such as a leak, or discovery of such having occurred, a framework has been built to immediately confirm facts and get the matter under control. The Company is supporting other Group companies in building a similar type of management framework, as well as working toward establishing internal regulations for the Group.

Board Members

*As of June 29, 2022

Members of the Board

Chief Executive Officer
Akira Uehara

Executive Vice President
Shigeru Uehara

Members of the Board
Ken Uehara

Members of the Board
Jun Kuroda

Members of the Board
Tetsu Watanabe

Members of the Board
Osamu Kitatani

Members of the Board
(outside)
Takeshi Kunibe

Members of the Board
(outside)
Hiroyuki Uemura

監査役

Audit & Supervisory Board Members
Kazuya Kameo

Audit & Supervisory Board Members
Takeshi Ikoma

Audit & Supervisory Board Members
(outside)
Chushiro Aoi

Audit & Supervisory Board Members
(outside)
Makoto Matsuo

WEB SITE

Board members (detailed biographies, etc.)
https://www.taisho.co.jp/global/who_we_are/board_members.html

Skill Matrix

To ensure the balance and diversity of knowledge, experience, and abilities in the Board of Directors as a whole, the in-house Members of the Board and Audit & Supervisory Board are appointed based on whether they have suitable experience, insight, expertise, and other such factors from the perspective of the Group's Management Philosophy, Code of Conduct, and Management Strategy. Two or more outside Members of the Board and outside Audit & Supervisory Board Members are appointed from professions such as corporate managers and experts while considering their experience, insight, and expertise. The skill matrix showing the skills of each Member of the Board and Audit & Supervisory Board Member is given below.

Skill Matrix of the Members of the Board and Audit & Supervisory Board Members

	Skill	Corporate management	Global business	Business strategy /Marketing	Research and development/ Production	Finance/ Accounting	Legal/ Compliance/ Risk management	Personnel/ Human resources development
Members of the Board	Akira Uehara	●	●	●				
	Shigeru Uehara	●	●	●				
	Ken Uehara	●		●		●		
	Jun Kuroda	●	●	●				
	Tetsu Watanabe			●			●	●
	Osamu Kitatani	●		●	●			
	Takeshi Kunibe	●	●			●		
	Hiroyuki Uemura	●	●	●				
Audit & Supervisory Board Members	Kazuya Kameo				●		●	
	Takeshi Ikoma					●	●	
	Chushiro Aoi	●		●			●	
	Makoto Matsuo		●				●	

*Up to three skills unique to each person are included in the table. It does not represent every skill that the person has.

Top Management of Our Major International Subsidiaries

UPSA SAS
CEO

Isabelle Van Rycke

Duoc Hau Giang Pharmaceutical JSC
Chairperson

Dang-Thi-Thu-Ha

Factual Data

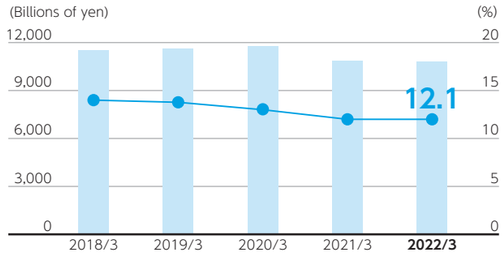
*Note: Fiscal years ended March 31

Self-Medication Operation Group: Market Share of Main Products

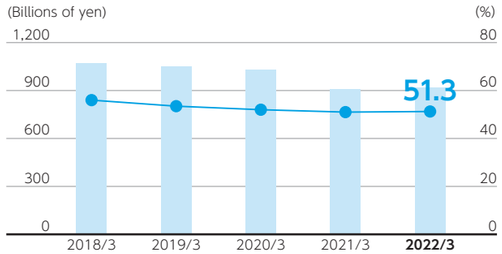
*Net-sales basis *Taisho Pharmaceutical's estimates based on INTAGE SRI+ data

Market size (Left scale)
Taisho Pharmaceutical's market share (Right scale)

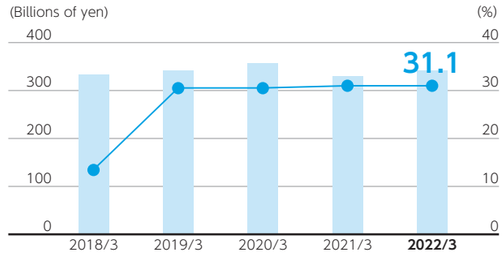
OTC drug market in Japan
(including quasi-drug energy drinks and mini-drinks)



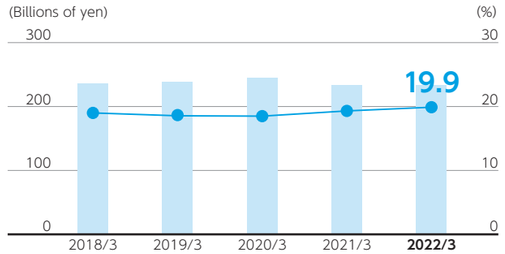
100 mL energy drinks
(*Lipovitan* series)



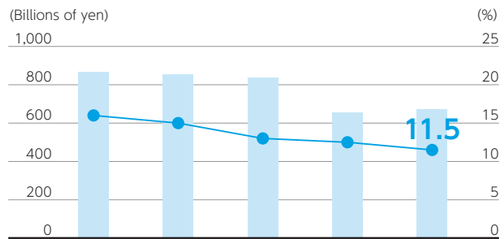
Intestinal remedies
(*Biofermin* series and others)



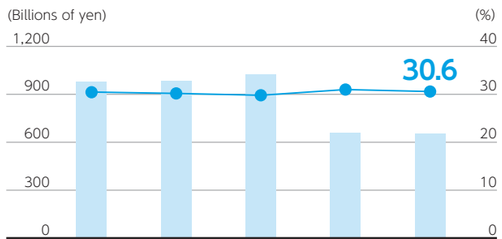
Laxatives
(*Colac* series and others)



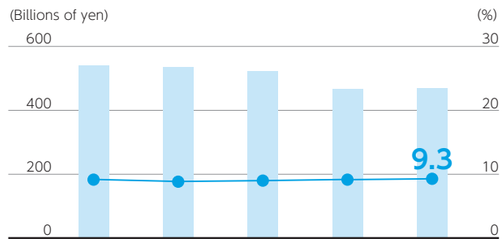
Mini-drinks
(*Lipovitan* series + *ZENA* series and others)



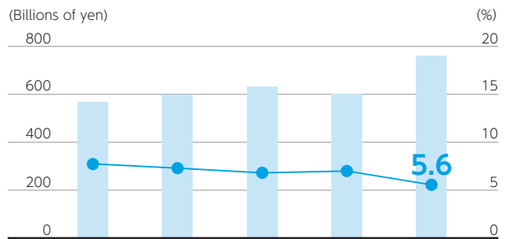
Cold remedies
(*Pabron* series)



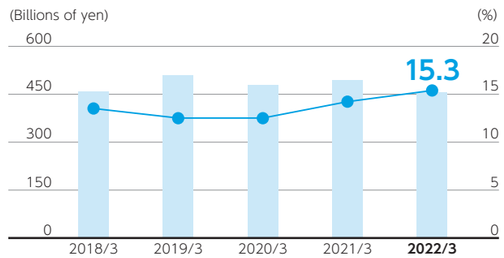
Gastrointestinal treatments
(*Taisho Kampo Stomach Medicine* and others)



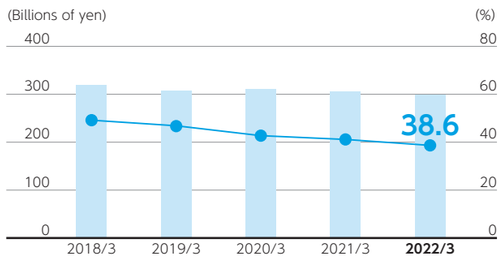
Antipyretic analgesics
(*NARON* series and others)



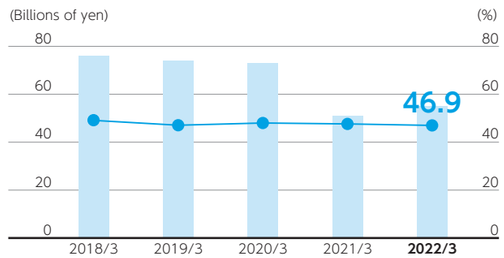
Sinus treatments
(*Claritin* series, *Pabron* series)



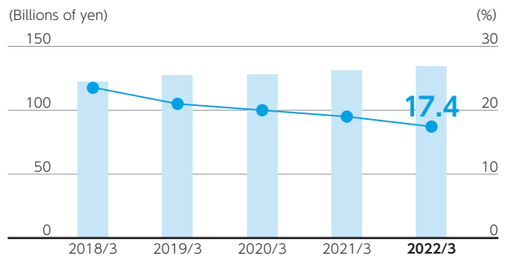
Hair-regrowth treatments/hair-care products
(*RiUP* series)



Cough suppressant throat lozenges and medicated drops
(*VICKS* series)



Hemorrhoid treatments
(*Preser* series)

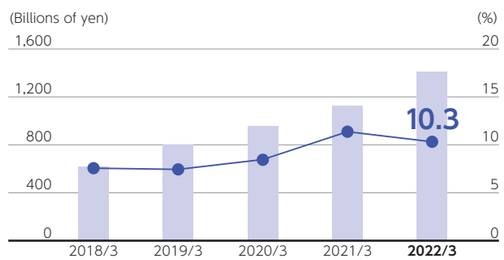


Prescription Pharmaceutical Operation Group: Market Share of Main Products

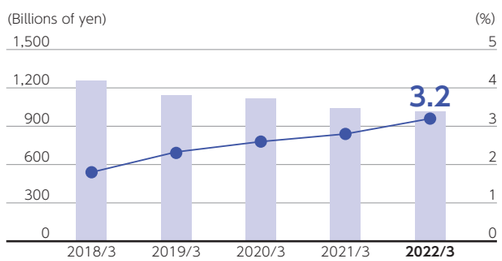
*Net-sales basis *Copyright © 2022 IQVIA. Analysis by the Company based on JPM Apr. 2017–Mar. 2022 (Reprinted with permission)

Market size (Left scale)
Taisho Pharmaceutical's market share (Right scale)

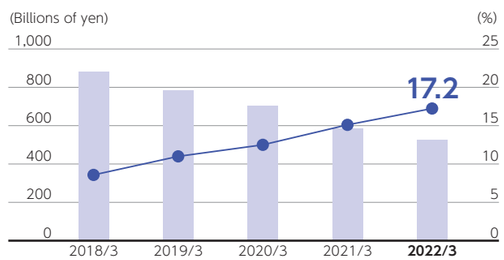
SGLT2 inhibitor: single agent*1
(*Lusefi*)



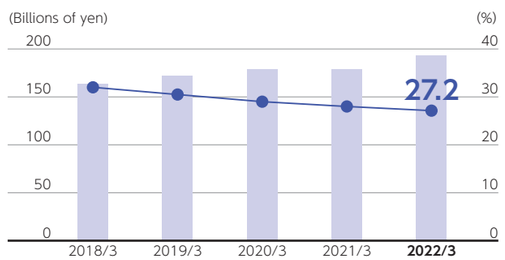
Topical anti-inflammatory analgesics: patches
(*LOQOA*)



Bisphosphonate agents for osteoporosis and related diseases*2
(*Bonviva*®)



Intestinal-regulation field: Active bacteria formulation*3
(*Biofermin*)



*1. A10P1 SGLT2 inhibitor: Single agent
In January 2020, the Company terminated its sales partnership with Novartis Pharma K.K. and began conducting sales independently.

*2. Market size represents total sales of bisphosphonates for osteoporosis and related diseases (M05B3)

*3. Results for Biofermin include results for Biofermin R and Biosmin compounds

Consolidated Financial Highlights

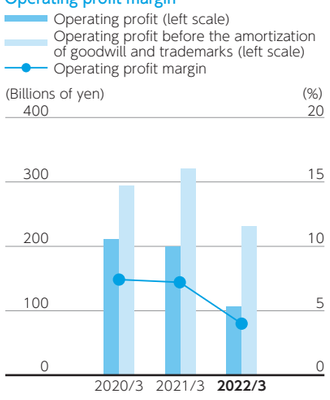
*Note: Fiscal years ended March 31

(Unit: Millions of yen)

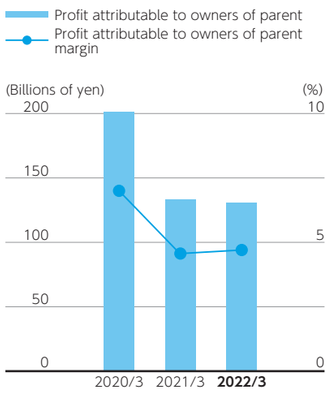
	Old standard						New standard*1			
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2019/3	2020/3	2021/3	2022/3
Net Sales	285,168	295,957	290,498	290,135	279,773	280,092	261,551	244,039	273,178	267,920	**268,203**
Self-Medication Operation Group	171,271	181,753	176,295	180,722	179,992	183,996	180,123	169,088	209,806	217,056	**229,659**
Japan	151,137	153,856	145,614	148,125	149,733	150,191	145,983	135,579	137,808	122,977	**127,904**
International	17,561	25,379	27,939	29,875	27,507	30,921	30,867	30,867	69,440	91,697	**100,322**
Prescription Pharmaceutical Operation Group	113,896	114,204	114,202	109,413	99,781	96,096	81,428	74,950	63,371	50,863	**38,543**
Operating profit before the amortization of goodwill and trademarks	38,568	45,374	36,167	33,029	35,910	40,965	35,201	35,201	29,470	32,008	**23,162**
Operating profit	35,337	41,683	31,974	28,878	31,966	36,977	31,211	31,211	21,137	19,965	**10,743**
Self-Medication Operation Group	33,510	36,865	31,060	28,393	30,106	30,162	30,287	30,287	18,694	19,395	**14,128**
Prescription Pharmaceutical Operation Group	3,027	6,000	2,078	1,755	3,352	8,207	2,685	2,685	4,144	2,495	**△1,319**
Ordinary profit	44,173	51,244	39,576	36,775	38,036	42,140	40,851	40,851	24,474	25,946	**18,412**
Profit attributable to owners of parent	26,320	32,692	24,528	22,473	28,781	31,679	48,593	48,593	20,172	13,316	**13,122**
R&D expenses	23,331	21,874	21,554	21,768	21,260	21,150	20,801	20,801	22,876	20,251	**19,366**
Capital expenditures	12,287	10,401	5,253	8,967	7,011	4,857	5,259	5,259	9,469	15,121	**16,880**
Depreciation and amortization	10,951	11,042	11,561	11,117	10,423	10,154	10,073	10,073	12,610	14,700	**15,379**
Total assets	676,388	728,442	768,092	758,904	770,685	799,616	821,782	821,782	864,974	876,923	**888,159**
Current assets	254,326	281,045	289,081	319,670	308,946	356,161	469,781	469,781	355,623	357,731	**378,864**
Total net assets (Total shareholders' equity)	578,158	611,933	653,242	643,127	665,088	691,318	724,137	724,137	739,778	758,406	**767,957**
Free cash flow	31,933	38,235	15,552	31,396	38,705	19,944	85,266	85,266	△65,089	40,068	**21,443**
Return on equity (ROE) (%)*2	4.8	5.6	4.0	3.5	4.5	4.8	7.0	7.0	2.8	1.9	**1.8**
Return on assets (ROA) (%)*3	4.0	4.7	3.3	2.9	3.8	4.0	6.0	6.0	2.4	1.5	**1.5**
Per share data (Yen)											
Profit attributable to owners of parent	325.26	403.18	302.57	277.75	360.18	396.54	608.80	608.80	252.74	166.84	**161.12**
Total net assets (Total shareholders' equity)	6,975.94	7,401.61	7,892.19	7,870.04	8,127.87	8,452.12	8,924.23	8,924.23	8,887.84	9,129.95	**9,116.28**
Cash flows*4	682.92	785.62	655.00	596.73	671.09	744.16	949.33	949.33	588.94	564.03	**546.05**
Dividends	120.00*5	110.00	110.00	100.00	110.00	110.00	120.00*6	120.00*6	110.00	100.00	**100.00**

*1 From the fiscal year ended March 31,2022 , the Group has applied the Accounting Standard for Revenue Recognition and related guidelines. For reference purposes, figures for fiscal year ended March 31, 2019 to 2021 were reclassified as if the new standard had been applied. Those figures are outside the scope of the audit of the financial statements.
*2 Return on equity (ROE) = Profit attributable to owners of parent/Average total net assets during the period × 100
*3 Return on assets (ROA) = Profit attributable to owners of parent/Average total assets during the period × 100
*4 Cash flows per share = (Profit before income taxes + Depreciation and amortization + Amortization of goodwill)/Average number of issued shares during the period
*5 Includes the special dividend for the 100th anniversary of the founding of Taisho Pharmaceutical
*6 The Company paid a special dividend upon booking extraordinary income in the course of operational and investment restructuring

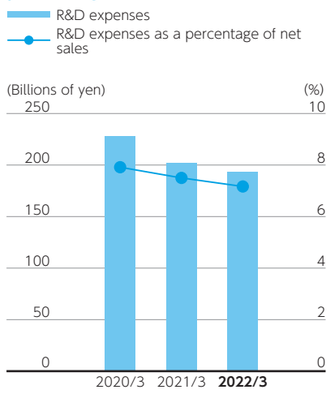
Operating profit/Operating profit before the amortization of goodwill and trademarks/Operating profit margin



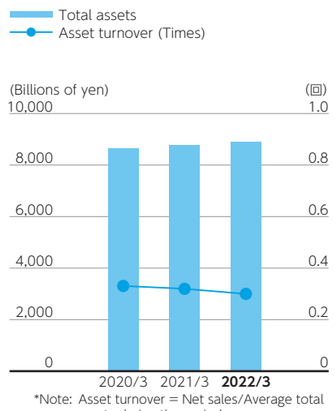
Profit attributable to owners of parent / Profit attributable to owners of parent margin



R&D expenses/R&D expenses as a percentage of net sales

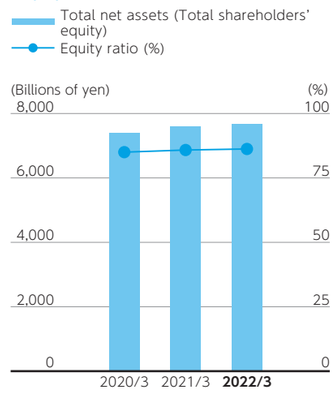


Total assets/Asset turnover* (Times)

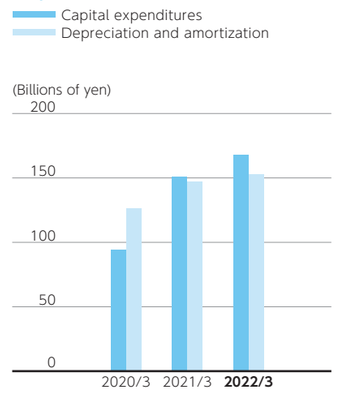


*Note: Asset turnover = Net sales/Average total assets during the period

Total net assets (Total shareholders' equity) /Equity ratio (%)



Capital expenditures/Depreciation and amortization



History

For more than 100 years since its founding, Taisho Pharmaceutical has cultivated a corporate brand that is "safe" and "reliable" by committing to the health of each and every consumer.

1912
"Taisho Seiyakusho" founded

1927
Launched *"Pabron,"* a cough suppressant

1957
Launched *"Psorion,"* a therapeutic for psoriasis

1962
Launched *"Lipovitan D"*

1991
Launched *"Clarith,"* a macrolide antibiotic developed in-house to world-class standards

1997
Acquired the *"Colac,"* laxative business

1999
Launched hair-growth medication *"RiUP"*

2002
Acquired the *"VICKS Medicated Drops"* business

2003
Announced *"Livita,"* a total health-food brand

Livita
LIFE VITALITY SUPPORT

2006
Opened "Taisho Pharmaceutical Direct," an online shopping website

TAISHO PHARMACEUTICAL DIRECT

2008
Acquired Biofermin Pharmaceutical Co., Ltd. As a subsidiary

2009
Acquired shares of PT Bristol-Myers Squibb Indonesia Tbk (BMSI) and made it a consolidated subsidiary

2011
Acquired Hoepharma Holdings Sdn. Bhd. (HOE) as a subsidiary

2011
Founded Taisho Pharmaceutical Holdings Co., Ltd.

TAISHO PHARMACEUTICAL HOLDINGS CO., LTD.

2012
Acquired the UV-care brand *"Coppertone"*

2014
Launched the Type-2 diabetes mellitus agent *"Lusefi"*

2016
Launched the transdermal anti-inflammatory analgesic patch *"LOQOA"*

2017
Launched *"Claritin® EX,"* a sinus treatment drug

2019
Launched the moisturizing skin care brand *"AdryS"*

2019
Acquired Duoc Hau Giang Pharmaceutical JSC (DHG) as a consolidated subsidiary

DHG PHARMA
For a more beautiful and healthier life

2019
Acquired UPSA SAS as a wholly owned subsidiary

UPSA

2020
Launched *"Lipovitan JELLY"* and the tablet-type *"Lipovitan DX"*

2021
Acquired Biofermin Pharmaceutical Co., Ltd. As a subsidiary

BIOFERMIN
ビオフェルミン製薬

WEB SITE

History
https://www.taisho.co.jp/global/who_we_are/history.html

Group Companies

As of June 30, 2022

Group Companies and Subsidiaries in Japan

Taisho Pharmaceutical Co., Ltd. Tokyo
Research, development, manufacture and sales of OTC drugs, quasi-drugs, foods, prescription pharmaceuticals and other products

Taisho Pharma Co., Ltd. Tokyo
Promotion of prescription pharmaceuticals

Biofermin Pharmaceutical Co., Ltd. Hyogo
Development, manufacture and sales of OTC drugs, prescription pharmaceuticals and other products

TOKUHON Corporation Tokyo
Development, manufacture and sales of OTC drugs, prescription pharmaceuticals and other products

Taisho Pharmaceutical Logistics Co., Ltd. Saitama
Management and operation of transport services for Taisho Pharmaceutical Group

Taisho M.T.C. Co., Ltd. Tokyo
Manufacture and sales of raw materials for medicines and quasi-drugs

MEJIRO KOSAN Co., Ltd. Tokyo
Leasing, management, possession and operation of real estate, provision of employee welfare and benefit services, etc.

TAISHO ACTIVE HEALTH Co., LTD. Tokyo
Supply of health foods, quasi-drugs and skincare products

Taisho Okinawa Co., Ltd. Okinawa
Sales of OTC drugs and other products in Okinawa Prefecture

1 other company

Group Companies and Subsidiaries Overseas

Europe and America

UPSA SAS France
Manufacture and sales of OTC drugs

UPSA Switzerland A.G. Switzerland
Commissioned sales activities for OTC drugs

UPSA Italy S.r.l. Italy
Commissioned sales activities for OTC drugs

UPSA Belgium S.A. Belgium
Commissioned sales activities for OTC drugs

Compañía Internacional de Comercio, S.A.P.I. de C.V. Mexico
Manufacture and sales of OTC drugs and other products

Taisho Pharmaceutical R&D Inc. U.S.A.
Development of prescription pharmaceuticals

Taisho Pharmaceutical California Inc. U.S.A.
Sales of OTC drugs, energy drinks and other products

Asia

Duoc Hau Giang Pharmaceutical JSC Vietnam
Manufacture and sales of OTC drugs and other products

Osotspa Taisho Pharmaceutical Co., Ltd. Thailand
Sales of energy drinks and other products

Taisho Pharmaceutical Thailand Co., Ltd. Thailand
Sales of OTC drugs and other products

PT. Taisho Pharmaceutical Indonesia Tbk Indonesia
Manufacture and sales of OTC drugs and other products

Taisho Pharmaceutical Singapore Private Limited Singapore
Sales of OTC drugs

Hoepharma Holdings Sdn. Bhd. Malaysia
Management of a subsidiary that conducts pharmaceutical business, mainly in Malaysia

Taisho Co., Ltd. Shanghai China
Manufacture and sales of energy drinks and other products

Taisho Vietnam Co., Ltd. Vietnam
Manufacture and sales of energy drinks and other products

Taisho Pharmaceutical (Taiwan) Co., Ltd. Taiwan
Manufacture (commissioned) and sales of OTC drugs, energy drinks and other products

Taisho Pharmaceuticals (Philippines), Inc. Philippines
Manufacture (commissioned) and sales of OTC drugs, energy drinks and other products

Taisho Pharmaceutical (H.K.) Ltd. Hong Kong SAR
Sales of OTC drugs

8 other companies

Corporate Data/Investor Information

As of March 31, 2022

Company Name	TAISHO PHARMACEUTICAL HOLDINGS CO., LTD.
Date of Foundation	October 3, 2011
Paid-in Capital	JPY 30 billion
Number of Employees	9,134 (consolidated, as of March 31, 2022)
URL	https://www.taisho.co.jp/global/

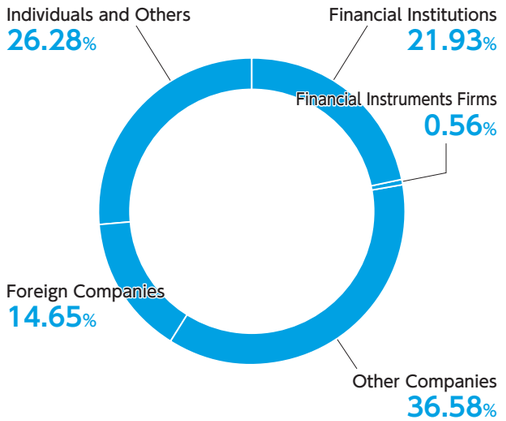
Number of Shares Authorized	360,000,000 common shares
Number of Shares Issued	85,139,653 common shares
Stock Trading Unit	100 shares
General Meeting of Shareholders	Held annually in June
Listing	Tokyo Stock Exchange
Ticker Symbol Number	4581
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
Contact Address	1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division Telephone: 0120-232-711 (Toll-free in Japan)

Major Shareholders

Shareholders	Number of Shares (Thousands)	Shareholding Ratio
The Uehara Memorial Foundation	15,000	18.28
Shoji Uehara	7,707	9.39
The Master Trust Bank of Japan, Ltd.	6,531	7.96
Uehara Museum	3,900	4.75
Sumitomo Mitsui Banking Corp.	3,000	3.66
MUFG Bank, Ltd.	3,000	3.66
Akira Uehara	2,143	2.61
Kajima Corporation	1,650	2.01
Custody Bank of Japan, Ltd. (Trust account)	1,648	2.01
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retrust Account/Sumitomo Chemical Company, Limited Employee Pension Trust Account)	1,530	1.86

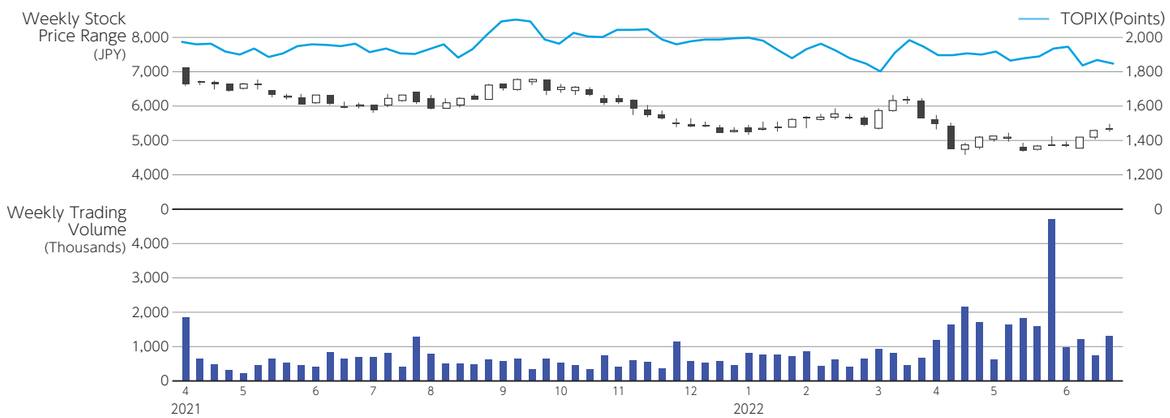
* Number of shares is stated after having been rounded down to the nearest thousand.
* Shareholding ratio is calculated excluding treasury stock of 3,085 thousand shares and rounded to three decimal points.

Distribution of Shareholders



* Shareholding ratio is calculated excluding treasury stock of 3,085 thousand shares and rounded to three decimal points.

Stock Data (TSE) (April, 2021 to June, 2022)



TAISHO PHARMACEUTICAL HOLDINGS CO., LTD.