

**Consolidated Financial Statements for the First Three Months
of the March 31, 2024 Fiscal Year
<under Japanese GAAP>**

August 4, 2023

Listed Company Name: TAISHO PHARMACEUTICAL HOLDINGS CO., LTD. Stock Listing: TSE
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 Scheduled date for filing Quarterly Securities Report: August 8, 2023
 Scheduled date of dividend payments: —
 Supplementary material on quarterly financial results: Yes
 Quarterly financial results briefing: No

** All amounts in this report are rounded down to the nearest million yen, unless otherwise noted.*

**1. Consolidated Financial Results for the First Three Months of Fiscal 2023
(cumulative: April 1, 2023 to June 30, 2023)**

(1) Consolidated Operating Results

Note: Percentages indicate changes over the same period in the previous fiscal year.

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|------------------------|-----------------|------|------------------|------|-----------------|-------|---|--------|
| For three months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| June 30, 2023 | 80,802 | 17.0 | 9,073 | 72.7 | 11,127 | 20.3 | 4,363 | (24.1) |
| June 30, 2022 | 69,069 | 8.1 | 5,254 | 96.3 | 9,246 | 129.2 | 5,751 | 387.6 |

Note: Comprehensive income For the three months of Fiscal 2023: ¥20,757 million [7.5%]
 For the three months of Fiscal 2022: ¥19,307 million [177.7%]

| | Basic earnings per share | Diluted earnings per share |
|------------------------|--------------------------|----------------------------|
| For three months ended | Yen | Yen |
| June 30, 2023 | 53.23 | 53.15 |
| June 30, 2022 | 70.16 | 70.08 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|----------------|-----------------|-----------------|--------------|
| As of | Millions of yen | Millions of yen | % |
| June 30, 2023 | 966,331 | 824,401 | 82.9 |
| March 31, 2023 | 941,490 | 809,343 | 83.5 |

Reference: Equity As of June 30, 2023: ¥800,985 million As of March 31, 2023: ¥785,745 million

2. Cash Dividends

| | Annual dividends | | | | |
|------------------------|------------------|----------------|---------------|-----------------|--------|
| | First quarter | Second quarter | Third quarter | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal 2022 | — | 50.00 | — | 50.00 | 100.00 |
| Fiscal 2023 | — | | | | |
| Fiscal 2023 (Forecast) | | 50.00 | — | 50.00 | 100.00 |

Note: Revisions to the cash dividend forecast most recently announced: No

3. Forecast of Consolidated Operating Results for Fiscal 2023 (April 1, 2023 to March 31, 2024)

Note: Percentages indicate changes over the same period in the previous fiscal year.

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------|-----------------|-----|------------------|--------|-----------------|--------|---|--------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 314,500 | 4.4 | 18,500 | (19.6) | 22,000 | (27.7) | 13,000 | (31.6) | 158.58 |

Note: Revisions to the forecast of consolidated operating results most recently announced: No

* Notes

(1) Changes in significant subsidiaries during the three months ended June 30, 2023: No

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards: No

b. Changes in accounting policies due to other reasons: No

c. Changes in accounting estimates: No

d. Restatement of prior period financial statements after error corrections: No

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2023: 85,139,653 shares

As of March 31, 2023: 85,139,653 shares

b. Number of treasury shares at the end of the period

As of June 30, 2023: 3,161,949 shares

As of March 31, 2023: 3,160,512 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For three months ended June 30, 2023: 81,978,177 shares

For three months ended June 30, 2022: 81,984,255 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Disclaimer regarding appropriate use of forecasts and related points of note

The forecast statements shown in these materials are based on the information available at the time of preparation and certain assumptions that the Company deems rational. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially from these forecasts due to various factors.

Attached Material

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1. Qualitative Information Regarding Settlement of Accounts for the First Three Months

(1) Information on Operating Results

In the over-the-counter (OTC) drug market in Japan during the three months ended June 30, 2023, sales ended higher year on year due to growth in general cold remedies and cough suppressants due to individuals being entrusted to decide whether to wear a mask despite the recovery in the inbound business accompanying the increase in overseas visitors still just getting started.

In the over-the-counter (OTC) drug market overseas, a trend of recovery continued overall, following the momentum from last year, when we saw the markets recovered from lackluster consumption due to the lockdowns of the COVID-19 pandemic, although some differences were observed across the different countries and regions.

For the Prescription Pharmaceutical Operation Group, the business climate remains tough due to an increasing level of difficulty in discovering new drugs as well as effects of the promotion of government measures designated to curb healthcare costs and full-blown reform of the drug price system, and other factors.

Considering the current environment, the Self-Medication Operation Group is actively developing new fields to address growing interest in health consciousness among consumers, while also stepping up product development to create new products that satisfy consumer needs and generate new demand. In the area of sales, the Group is implementing activities to expand contact points and spread our new brand concept to consumers, aiming for strong brands that attract consumers, while also focusing on expanding mail order system channels such as Taisho Pharmaceutical Direct and TAISHO BEAUTY ONLINE.

Outside Japan, since the full-scale entry into the OTC drug business in Asia in fiscal 2009, the Group has been working to expand its OTC drug business mainly in Southeast Asian countries such as Indonesia, the Philippines, Thailand, and Malaysia. In Vietnam, as Duoc Hau Giang Pharmaceutical JSC became a consolidated subsidiary of the Company in May 2019, the Group is working to strengthen the pharmaceutical business operations in Vietnam by leveraging the business base of said company. The Company also made France-based UPSA a wholly-owned subsidiary in July 2019. With this, the Group aims to achieve sustainable growth by expanding the international business through a bipolar structure targeting the European market in addition to the Southeast Asian market.

The Prescription Pharmaceutical Operation Group is working to maximize product value, as well as to carry out early expansion and life cycle management of new drugs by carefully targeting the provision of information. In addition, the Group is working to secure the early approval of compounds at the development stage and enhance its pipeline by licensing new drug candidates. The Group is also working hard at the discovery of new drugs by strengthening cooperation with external research institutions, and utilizing advanced technologies, among other activities.

Consolidated net sales for the three months ended June 30, 2023, increased by ¥11,732 million, or 17.0% year on year, to ¥80,802 million.

**Please take note that all amounts given in billions of yen are rounded off to one decimal place.*

Performance by segment is provided below.

| Segment / Category | Amount | (Billions of yen) | |
|--|--------|-------------------------------|--------|
| | | Increase (Decrease) Amount | % |
| Self-Medication Operation Group | 69.8 | 10.5 | 17.6 |
| Japan | 30.6 | 2.7 | 9.7 |
| International | 38.5 | 7.8 | 25.6 |
| Others | 0.7 | (0.1) | (12.3) |
| Prescription Pharmaceutical Operation Group | 11.0 | 1.3 | 13.0 |
| Ethical drugs | 10.8 | 1.3 | 13.9 |
| Others | 0.2 | (0.1) | (23.1) |

Sales of major products and regions were as follows:

< Self-Medication Operation Group >

Consolidated net sales during the three months ended June 30, 2023, increased by ¥10.5 billion, or 17.6% year on year, to ¥69.8 billion.

With regard to our mainstay brands, sales of the *Lipovitan* series rose by 5.7% to ¥12.9 billion, sales of the *Pabron* series increased by 42.7% to ¥4.6 billion, sales of the *RiUP* series increased by 13.4% to ¥2.8 billion, and sales of *Biofermin* series increased by 31.6% to ¥3.6 billion.

As for the international business, net sales for the Asia region increased by 20.9% to ¥17.6 billion and net sales for the Europe and Americas region increased by 30.2% to ¥20.9 billion.

< Prescription Pharmaceutical Operation Group >

Consolidated net sales during the three months ended June 30, 2023, increased by ¥1.3 billion, or 13.0% year on year, to ¥11.0 billion.

As to major products, type 2 diabetes mellitus agent *Lusefi* decreased by 0.4% to ¥3.4 billion, osteoporosis agent *Bonviva* increased by 42.5% to ¥2.8 billion, intestinal remedy *Biofermin* increased by 6.7% to ¥1.2 billion, and transdermal anti-inflammatory analgesic patch formulation *LOQOA* decreased by 14.8% to ¥1.0 billion.

On the profits front, operating profit increased by 72.7% to ¥9,073 million due to an increase in gross profit resulting from sales growth, ordinary profit increased by 20.3% to ¥11,127 million, and profit attributable to owners of parent decreased by 24.1% to ¥4,363 million due to posting expenses related to early retirement program as an extraordinary loss.

(2) Information on Financial Position

Total assets as of June 30, 2023 stood at ¥966.3 billion, up ¥24.8 billion from the previous fiscal year-end. Notes and accounts receivable - trade increased by ¥6.3 billion, securities increased by ¥20.0 billion, inventories increased by ¥5.0 billion and property, plant and equipment increased by ¥2.0 billion, but cash and deposits decreased by ¥7.8 billion and investment securities decreased by ¥8.1 billion.

Liabilities amounted to ¥141.9 billion, an increase of ¥9.8 billion from the previous fiscal year-end.

Net assets amounted to ¥824.4 billion, an increase of ¥15.1 billion from the previous fiscal year-end. Retained earnings increased by ¥0.2 billion, due to profit attributable to owners of parent of ¥4.4 billion and dividends of surplus of ¥4.1 billion, valuation difference on available-for-sale securities increased by ¥8.6 billion and foreign currency translation adjustment increased by ¥6.3 billion.

(3) Information on Forecast of Consolidated Operating Results and Other Forward-Looking Statements

The forecast of consolidated operating results for Fiscal 2023 is unchanged from the forecast announced on May 11, 2023.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of June 30, 2023 |
|--|----------------------|---------------------|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 255,966 | 248,189 |
| Notes and accounts receivable - trade | 52,300 | 58,619 |
| Securities | 200 | 20,231 |
| Merchandise and finished goods | 30,638 | 32,092 |
| Work in process | 3,116 | 3,560 |
| Raw materials and supplies | 19,577 | 22,667 |
| Other | 14,457 | 18,368 |
| Allowance for doubtful accounts | (375) | (396) |
| Total current assets | 375,880 | 403,334 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 55,545 | 55,144 |
| Machinery, equipment and vehicles, net | 22,779 | 22,151 |
| Land | 37,116 | 37,148 |
| Construction in progress | 21,911 | 25,103 |
| Other, net | 3,818 | 3,645 |
| Total property, plant and equipment | 141,170 | 143,194 |
| Intangible assets | | |
| Goodwill | 128,051 | 129,292 |
| Sales rights | 22,758 | 22,214 |
| Trademark right | 69,275 | 69,819 |
| Software | 10,144 | 10,198 |
| Other | 8,262 | 8,591 |
| Total intangible assets | 238,492 | 240,116 |
| Investments and other assets | | |
| Investment securities | 150,657 | 142,549 |
| Shares of subsidiaries and associates | 12,759 | 13,020 |
| Long-term prepaid expenses | 1,405 | 1,311 |
| Retirement benefit asset | 11,006 | 11,103 |
| Deferred tax assets | 6,761 | 8,324 |
| Other | 3,586 | 3,604 |
| Allowance for doubtful accounts | (229) | (229) |
| Total investments and other assets | 185,946 | 179,686 |
| Total non-current assets | 565,610 | 562,997 |
| Total assets | 941,490 | 966,331 |

(Millions of yen)

| | As of March 31, 2023 | As of June 30, 2023 |
|---|----------------------|---------------------|
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 17,001 | 16,730 |
| Accounts payable - other | 20,084 | 18,177 |
| Income taxes payable | 1,889 | 3,460 |
| Accrued expenses | 14,341 | 21,599 |
| Refund liabilities | 12,485 | 12,788 |
| Provision for bonuses | 4,092 | 2,599 |
| Other | 3,883 | 4,153 |
| Total current liabilities | 73,778 | 79,508 |
| Non-current liabilities | | |
| Provision for retirement benefits for directors (and other officers) | 1,007 | 683 |
| Retirement benefit liability | 18,861 | 19,076 |
| Deferred tax liabilities | 32,801 | 36,890 |
| Other | 5,698 | 5,770 |
| Total non-current liabilities | 58,368 | 62,420 |
| Total liabilities | 132,146 | 141,929 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Share capital | 30,000 | 30,000 |
| Retained earnings | 713,776 | 714,000 |
| Treasury shares | (21,063) | (21,071) |
| Total shareholders' equity | 722,712 | 722,929 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 33,433 | 42,049 |
| Foreign currency translation adjustment | 26,693 | 33,012 |
| Remeasurements of defined benefit plans | 2,906 | 2,994 |
| Total accumulated other comprehensive income | 63,033 | 78,056 |
| Share acquisition rights | 821 | 821 |
| Non-controlling interests | 22,776 | 22,594 |
| Total net assets | 809,343 | 824,401 |
| Total liabilities and net assets | 941,490 | 966,331 |

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income (cumulative)

(Millions of yen)

| | For three months ended June 30, 2022 | For three months ended June 30, 2023 |
|---|---|---|
| Net sales | 69,069 | 80,802 |
| Cost of sales | 27,264 | 32,522 |
| Gross profit | 41,805 | 48,280 |
| Selling, general and administrative expenses | 36,550 | 39,206 |
| Operating profit | 5,254 | 9,073 |
| Non-operating income | | |
| Interest income | 324 | 555 |
| Dividend income | 1,017 | 1,103 |
| Share of profit of entities accounted for using equity method | 129 | 96 |
| Foreign exchange gains | 2,490 | 375 |
| Other | 109 | 86 |
| Total non-operating income | 4,071 | 2,218 |
| Non-operating expenses | | |
| Interest expenses | 28 | 47 |
| Commission expenses | 16 | 17 |
| Other | 33 | 98 |
| Total non-operating expenses | 78 | 164 |
| Ordinary profit | 9,246 | 11,127 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 72 | 0 |
| Gain on sale of investment securities | – | 0 |
| Total extraordinary income | 72 | 0 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 108 | 17 |
| Early retirement program expenses | – | 4,011 |
| Total extraordinary losses | 108 | 4,029 |
| Profit before income taxes | 9,210 | 7,098 |
| Income taxes | 2,896 | 1,793 |
| Profit | 6,313 | 5,305 |
| Profit attributable to non-controlling interests | 562 | 941 |
| Profit attributable to owners of parent | 5,751 | 4,363 |

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

| | For three months ended June 30, 2022 | For three months ended June 30, 2023 |
|--|---|---|
| Profit | 6,313 | 5,305 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,563 | 8,271 |
| Foreign currency translation adjustment | 11,461 | 6,747 |
| Remeasurements of defined benefit plans, net of tax | 14 | 86 |
| Share of other comprehensive income of entities accounted for using equity method | (45) | 346 |
| Total other comprehensive income | 12,993 | 15,451 |
| Comprehensive income | 19,307 | 20,757 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of parent | 17,552 | 19,387 |
| Comprehensive income attributable to non- controlling interests | 1,754 | 1,369 |

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

No items to report

(Segment Information (cumulative))

I. For three months ended June 30, 2022

1. Information concerning net sales and profit/loss by reportable segment

(Millions of yen)

| | Reportable segment | | | Other (Note 1) | Total |
|-------------------------------------|------------------------------------|---|----------|-------------------|--------|
| | Self-Medication Operation Group | Prescription Pharmaceutical Operation Group | Subtotal | | |
| Sales | | | | | |
| Sales to outside customers | 59,343 | 9,725 | 69,069 | — | 69,069 |
| Sales or transfers between segments | — | — | — | — | — |
| Total | 59,343 | 9,725 | 69,069 | — | 69,069 |
| Segment profit (loss) (Note 2) | 6,225 | (473) | 5,751 | (497) | 5,254 |

Notes: 1 The "Other" segment mainly represents the Company (a pure holding company), which is not attributable to any reportable segment.

2 Segment profit (loss) matches operating profit on the quarterly consolidated statement of income.

2. Information regarding impairment loss of non-current assets and goodwill, etc. by reportable segment

No items to report

II. For three months ended June 30, 2023

1. Information concerning net sales and profit/loss by reportable segment

(Millions of yen)

| | Reportable segment | | | Other (Note 1) | Total |
|-------------------------------------|------------------------------------|---|----------|-------------------|--------|
| | Self-Medication Operation Group | Prescription Pharmaceutical Operation Group | Subtotal | | |
| Sales | | | | | |
| Sales to outside customers | 69,811 | 10,990 | 80,802 | — | 80,802 |
| Sales or transfers between segments | — | — | — | — | — |
| Total | 69,811 | 10,990 | 80,802 | — | 80,802 |
| Segment profit (loss) (Note 2) | 10,685 | (578) | 10,106 | (1,033) | 9,073 |

Notes: 1 The "Other" segment mainly represents the Company (a pure holding company), which is not attributable to any reportable segment.

2 Segment profit (loss) matches operating profit on the quarterly consolidated statement of income.

2. Information regarding impairment loss of non-current assets and goodwill, etc. by reportable segment

No items to report