

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

November 10, 2023

Listed Company Name: TAISHO PHARMACEUTICAL HOLDINGS CO., LTD. Stock Listing: TSE
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 Scheduled date of dividend payments: December 4, 2023
 Supplementary material on quarterly financial results: Yes
 Quarterly financial results briefing: Yes

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

**1. Consolidated Financial Results for the First Six Months of Fiscal 2023
(cumulative: April 1, 2023 to September 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 six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2023	163,097	12.9	16,360	34.0	19,079	10.0	7,450	(31.5)
September 30, 2022	144,518	11.0	12,207	427.6	17,343	310.7	10,877	274.0

Note: Comprehensive income For the six months of Fiscal 2023: ¥52,589 million [31.5%]
 For the six months of Fiscal 2022: ¥39,977 million [208.3%]

	Basic earnings per share	Diluted earnings per share
For six months ended	Yen	Yen
September 30, 2023	90.89	90.76
September 30, 2022	132.68	132.52

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	1,000,111	856,300	83.1
March 31, 2023	941,490	809,343	83.5

Reference: Equity As of September 30, 2023: ¥830,618 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	—	50.00			
Fiscal 2023 (Forecast)			—	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	319,000	5.8	20,500	(10.9)	25,000	(17.9)	10,500	(44.7)	128.09

Note: Revisions to the forecast of consolidated operating results most recently announced: Yes

* Notes

(1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2023: 3,163,303 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 six months ended September 30, 2023: 81,977,568 shares

For six months ended September 30, 2022: 81,983,646 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 Six Months

(1) Information on Operating Results

In the over-the-counter (OTC) drug market in Japan during the six months ended September 30, 2023, sales ended higher year on year with growth seen in general cold remedies and cough suppressants as a result of an increase in people with cold symptoms due to a relaxation in mask use and infection prevention awareness and the recovery in human flow following the reclassification of COVID-19 as a Class 5 infectious disease.

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 six months ended September 30, 2023, increased by ¥18,579 million, or 12.9% year on year, to ¥163,097 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	140.9	15.1	12.0
Japan	68.3	5.5	8.8
International	71.3	9.7	15.8
Others	1.3	(0.1)	(8.9)
Prescription Pharmaceutical Operation Group	22.2	3.5	18.6
Ethical drugs	21.8	3.6	20.0
Others	0.4	(0.1)	(25.2)

Sales of major products and regions were as follows:

< Self-Medication Operation Group >

Consolidated net sales during the six months ended September 30, 2023, increased by ¥15.1 billion, or 12.0% year on year, to ¥140.9 billion.

With regard to our mainstay brands, sales of the *Lipovitan* series rose by 3.5% to ¥28.9 billion, sales of the *Pabron* series increased by 39.7% to ¥13.0 billion, sales of the *RiUP* series decreased by 2.3% to ¥5.4 billion, and sales of *Biofermin* series increased by 33.0% to ¥7.3 billion.

As for the international business, net sales for the Asia region increased by 10.9% to ¥34.0 billion and net sales for the Europe and Americas region increased by 21.1% to ¥37.2 billion.

< Prescription Pharmaceutical Operation Group >

Consolidated net sales during the six months ended September 30, 2023, increased by ¥3.5 billion, or 18.6% year on year, to ¥22.2 billion.

As to major products, type 2 diabetes mellitus agent *Lusefi* increased by 1.6% to ¥6.7 billion, osteoporosis agent *Bonviva* increased by 46.0% to ¥5.5 billion, intestinal remedy *Biofermin* increased by 5.6% to ¥2.4 billion, and transdermal anti-inflammatory analgesic patch formulation *LOQOA* decreased by 13.2% to ¥1.9 billion.

On the profits front, operating profit increased by 34.0% to ¥16,360 million due to an increase in gross profit resulting from sales growth, ordinary profit increased by 10.0% to ¥19,079 million, and profit attributable to owners of parent decreased by 31.5% to ¥7,450 million due to posting expenses related to early retirement program as an extraordinary loss.

(2) Information on Financial Position

Total assets as of September 30, 2023 stood at ¥1,000.1 billion, up ¥58.6 billion from the previous fiscal year-end.

Notes and accounts receivable - trade increased by ¥21.2 billion, securities increased by ¥20.1 billion, inventories increased by ¥9.4 billion, property, plant and equipment increased by ¥7.9 billion, intangible assets increased by ¥13.1 billion, and investment securities increased by ¥2.3 billion, but cash and deposits decreased by ¥15.5 billion.

Liabilities amounted to ¥143.8 billion, an increase of ¥11.7 billion from the previous fiscal year-end.

Net assets amounted to ¥856.3 billion, an increase of ¥47.0 billion from the previous fiscal year-end. Retained earnings increased by ¥3.3 billion, due to profit attributable to owners of parent of ¥7.5 billion and dividends of surplus of ¥4.1 billion, valuation difference on available-for-sale securities increased by ¥16.2 billion, foreign currency translation adjustment increased by ¥25.1 billion and non-controlling interests increased by ¥2.0 billion.

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

Considering the business performance trends and other factors in the six months ended September 30, 2023, the full-year forecast of consolidated operating results announced on May 11, 2023 has been revised as shown below.

-Net sales

Compared with the previously announced forecast, the forecast of net sales was upwardly revised by ¥4.5 billion to ¥319.0 billion.

The main factor influencing the revision was the increase of ¥5.0 billion from the existing forecast mainly due to greater-than-expected effect of yen depreciation on the foreign exchange rate in the international business of the Self-Medication Operation Group.

-Profit

Compared with the previously announced forecast, the forecast of operating profit was upwardly revised by ¥2.0 billion to ¥20.5 billion, the forecast of ordinary profit was upwardly revised by ¥3.0 billion to ¥25.0 billion, and the forecast of profit attributable to owners of parent was downwardly revised by ¥2.5 billion to ¥10.5 billion.

The above forecasts have been reviewed based on the increase in gross profit as a result of the raised forecast of net sales, as well as the decrease in selling, general and administrative expenses and the increase in extraordinary losses due to the implementation of the early retirement program.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
ASSETS		
Current assets		
Cash and deposits	255,966	240,479
Notes and accounts receivable - trade	52,300	73,465
Securities	200	20,278
Merchandise and finished goods	30,638	33,588
Work in process	3,116	4,508
Raw materials and supplies	19,577	24,677
Other	14,457	13,247
Allowance for doubtful accounts	(375)	(436)
Total current assets	375,880	409,807
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	55,545	79,932
Machinery, equipment and vehicles, net	22,779	22,651
Land	37,116	37,240
Construction in progress	21,911	5,430
Other, net	3,818	3,770
Total property, plant and equipment	141,170	149,024
Intangible assets		
Goodwill	128,051	136,733
Sales rights	22,758	21,671
Trademark right	69,275	73,855
Software	10,144	10,251
Other	8,262	9,102
Total intangible assets	238,492	251,614
Investments and other assets		
Investment securities	150,657	152,974
Shares of subsidiaries and associates	12,759	13,349
Long-term prepaid expenses	1,405	1,403
Retirement benefit asset	11,006	11,192
Deferred tax assets	6,761	6,959
Other	3,586	4,014
Allowance for doubtful accounts	(229)	(228)
Total investments and other assets	185,946	189,664
Total non-current assets	565,610	590,303
Total assets	941,490	1,000,111

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	17,001	16,250
Accounts payable - other	20,084	21,995
Income taxes payable	1,889	4,219
Accrued expenses	14,341	13,949
Refund liabilities	12,485	12,830
Provision for bonuses	4,092	4,247
Other	3,883	6,106
Total current liabilities	73,778	79,600
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	1,007	684
Retirement benefit liability	18,861	16,309
Deferred tax liabilities	32,801	41,374
Other	5,698	5,842
Total non-current liabilities	58,368	64,210
Total liabilities	132,146	143,811
NET ASSETS		
Shareholders' equity		
Share capital	30,000	30,000
Retained earnings	713,776	717,087
Treasury shares	(21,063)	(21,078)
Total shareholders' equity	722,712	726,008
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,433	49,667
Foreign currency translation adjustment	26,693	51,809
Remeasurements of defined benefit plans	2,906	3,132
Total accumulated other comprehensive income	63,033	104,610
Share acquisition rights	821	896
Non-controlling interests	22,776	24,786
Total net assets	809,343	856,300
Total liabilities and net assets	941,490	1,000,111

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

Quarterly Consolidated Statements of Income (cumulative)

(Millions of yen)

	For six months ended September 30, 2022	For six months ended September 30, 2023
Net sales	144,518	163,097
Cost of sales	58,185	67,902
Gross profit	86,333	95,195
Selling, general and administrative expenses	74,126	78,834
Operating profit	12,207	16,360
Non-operating income		
Interest income	713	1,273
Dividend income	1,107	1,197
Share of profit of entities accounted for using equity method	172	105
Foreign exchange gains	3,131	251
Other	217	199
Total non-operating income	5,341	3,027
Non-operating expenses		
Interest expenses	92	109
Commission expenses	45	47
Loss on investments in investment partnerships	—	15
Other	66	135
Total non-operating expenses	204	308
Ordinary profit	17,343	19,079
Extraordinary income		
Gain on sale of non-current assets	83	2
Gain on sale of investment securities	—	0
Total extraordinary income	83	3
Extraordinary losses		
Loss on disposal of non-current assets	122	41
Loss on valuation of investment securities	29	—
Early retirement program expenses	—	6,018
Total extraordinary losses	152	6,059
Profit before income taxes	17,274	13,022
Income taxes	5,284	4,031
Profit	11,990	8,991
Profit attributable to non-controlling interests	1,112	1,540
Profit attributable to owners of parent	10,877	7,450

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	For six months ended September 30, 2022	For six months ended September 30, 2023
Profit	11,990	8,991
Other comprehensive income		
Valuation difference on available-for-sale securities	501	15,571
Foreign currency translation adjustment	27,458	27,137
Remeasurements of defined benefit plans, net of tax	34	223
Share of other comprehensive income of entities accounted for using equity method	(8)	666
Total other comprehensive income	27,986	43,598
Comprehensive income	39,977	52,589
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	35,433	49,027
Comprehensive income attributable to non- controlling interests	4,543	3,562

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For six months ended September 30, 2022	For six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	17,274	13,022
Depreciation	7,669	9,935
Amortization of goodwill	4,018	4,306
Loss (gain) on sale of non-current assets	(83)	(2)
Loss (gain) on disposal of non-current assets	122	41
Loss (gain) on sale of investment securities	–	(0)
Loss (gain) on valuation of investment securities	29	–
Early retirement program expenses	–	6,018
Interest and dividend income	(1,820)	(2,470)
Interest expenses	92	109
Foreign exchange losses (gains)	(2,437)	(112)
Share of loss (profit) of entities accounted for using equity method	(172)	(105)
Increase (decrease) in allowance for doubtful accounts	4	27
Increase (decrease) in retirement benefit liability	254	(1,579)
Decrease (increase) in retirement benefit asset	(274)	(186)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	(324)
Increase (decrease) in provision for bonuses	1,530	66
Decrease (increase) in trade receivables	(643)	(19,012)
Decrease (increase) in inventories	(2,003)	(6,387)
Increase (decrease) in trade payables	(1,109)	(1,813)
Increase (decrease) in accrued expenses	(1,088)	(1,684)
Other	(2,767)	(3,799)
Subtotal	18,597	(3,951)
Interest and dividends received	2,089	2,088
Interest paid	(100)	(98)
Early retirement program expenses paid	–	(3,559)
Income taxes paid	(6,556)	(3,914)
Income taxes refund	453	2,163
Net cash used in operating activities	14,484	(7,271)

(Millions of yen)

	For six months ended September 30, 2022	For six months ended September 30, 2023
Cash flows from investing activities		
Decrease (increase) in time deposits	15,485	827
Purchase of property, plant and equipment	(15,481)	(7,618)
Proceeds from sale of property, plant and equipment	604	12
Purchase of intangible assets	(616)	(866)
Purchase of investment securities	(220)	(91)
Proceeds from sale and redemption of investment securities	—	49
Purchase of long-term prepaid expenses	(68)	(217)
Other	(9)	(167)
Net cash used in investing activities	(307)	(8,073)
Cash flows from financing activities		
Proceeds from short-term borrowings	3,875	5,953
Repayments of short-term borrowings	(1,608)	(3,177)
Repayments of finance lease liabilities	(179)	(209)
Purchase of treasury shares	(17)	(30)
Dividends paid	(3,760)	(4,103)
Dividends paid to non-controlling interests	(1,571)	(1,552)
Other	—	0
Net cash used in financing activities	(3,262)	(3,119)
Effect of exchange rate change on cash and cash equivalents	2,280	1,864
Net increase (decrease) in cash and cash equivalents	13,195	(16,598)
Cash and cash equivalents at beginning of period	227,512	232,073
Cash and cash equivalents at end of period	240,708	215,474

(4) 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 six months ended September 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	125,785	18,733	144,518	—	144,518
Sales or transfers between segments	—	—	—	—	—
Total	125,785	18,733	144,518	—	144,518
Segment profit (loss) (Note 2)	14,535	(1,389)	13,146	(939)	12,207

Notes: 1 The Other segment represents operating segments that are not attributable to any reportable segment of which the Company (a pure holding company) mainly consists.

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 six months ended September 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	140,878	22,219	163,097	—	163,097
Sales or transfers between segments	—	—	—	—	—
Total	140,878	22,219	163,097	—	163,097
Segment profit (loss) (Note 2)	18,295	(471)	17,823	(1,463)	16,360

Notes: 1 The Other segment represents operating segments that are not attributable to any reportable segment of which the Company (a pure holding company) mainly consists.

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