

# Third Quarter of FY2020 (March 2021) Earnings Results



Ken Uehara, Director  
Taisho Pharmaceutical Holdings  
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# Results for the 3rd Quarter of FY2020

( ¥ bn )

	FY2019 Apr.-Dec.	FY2020 Apr.-Dec.	YOY Change	
Net sales	211.3	214.3	+3.0	+1.4%
Self-Medication	157.8	169.2	+11.4	+7.2%
Rx Pharmaceutical	53.5	45.1	-8.4	-15.7%
Operating profit	17.1	20.9	+3.8	+22.1%
(Before the amortization of goodwill and trademarks)	22.4	29.8	+7.4	+32.9%
Ordinary profit	20.3	24.7	+4.5	+22.0%
Profit attributable to owners of parents	17.8	14.2	-3.6	-20.0%

( Fractions of 0.1 billion are rounded off. Changes are calculated in millions of yen. )

Note: FY2019 figures have been revised retrospectively to reflect determination of allocation of the acquisition-related costs in business combinations.



# Overview of each business

## 【Self-Medication Operation Group in Japan】

98.8 billion yen (YOY -14.2 billion yen, -12.5%)

- Sales decreased due to the COVID-19 pandemic.
- The mail-order business continued to grow in sales.

## 【Self-Medication Overseas Business】

67.7 billion yen (YOY +25.5 billion yen, +60.3%)

- Sales grew from the previous year as a result of consolidation of DHG and UPSA.

## 【Prescription Pharmaceutical Operation Group】

45.1 billion yen (YOY -8.4 billion yen, -15.7%)

- Sales decreased due to the launch of the generic eldecacitol versions of the Edirol brand.

# Sales of Leading Brands (Self-Medication Operation Group in Japan)



Sales of Lipovitan and Pabron continued to decline due to the impact of COVID-19.

( ¥ bn )

	FY2019 Apr.-Dec.	FY2020 Apr.-Dec.	YOY Change	
<i>Lipovitan</i> series	40.7	35.9	-4.9	-12.0%
<i>Pabron</i> series	22.1	15.6	-6.5	-29.4%
<i>RiUP</i> series	11.8	11.7	-0.1	-0.7%
<i>Biofermin</i> series	8.3	7.4	-0.8	-10.2%
<i>VICKS</i> series	3.2	2.5	-0.7	-20.7%

( Fractions of 0.1 billion are rounded off. )

<For reference: Market conditions>

OTC drugs market FY2020 3Q(Apr.-Dec.): -6.2% YOY (INTAGE SDI/SRI data on a value basis)

# Sales of Self-Medication (Overseas Business)



- Sales grew from the previous year as a result of consolidation of DHG and UPISA.
- Sales of OTC and drinks decreased in Asia due to the COVID-19 pandemic.

( ¥ bn )

	FY2019 Apr.-Dec.	FY2020 Apr.-Dec.	YOY Change	
Self-Medication Overseas Business	42.3	67.7	+25.5	+60.3%
Asia	30.1	29.2	-0.9	-3.0%
Europe and America	11.3	37.6	+26.4	+234.4%

( Fractions of 0.1 billion are rounded off. )

# Sales of Leading Products (Rx Pharmaceutical Operation Group)



- Sales of Ediol decreased due to the launch of the generic eldecalcitol versions of the Ediol brand.
- Sales of Lusefi rose steadily, following the succession from Novartis.

( ¥ bn )

	FY2019 Apr.-Dec.	FY2020 Apr.-Dec.	YOY Change	
<i>Ediol</i>	20.9	14.3	-6.6	-31.5%
<i>Lusefi</i>	5.1	8.3	+3.3	+64.8%
<i>Bonviva</i>	5.1	5.3	+0.2	+4.2%
<i>LOQOA</i>	3.0	3.0	-0	-0.7%
<i>Geninax</i>	3.4	2.2	-1.1	-33.9%

( Fractions of 0.1 billion are rounded off. )

<For reference: Market conditions> YOY

The prescription pharmaceutical market -3.2%

The market for SGLT2 inhibitor :+17.7%    The market for oral antibacterial products : -34.3%

The market for bisphosphonate agents for osteoporosis and related diseases : -17.4%

The market for active vitamin D<sub>3</sub> derivatives : -18.6%

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# Factors Affecting FY2020 3rd Quarter: Net Sales and Profits



(Year-on-Year Change)

Net Sales (up ¥3.0bn)	Self-Medication (up ¥11.4bn)	Prescription Pharmaceutical (down ¥8.4bn)
Operating profit (up ¥3.8bn)	Gross profit* up ¥2.4bn (Gross margin* FY2019 3Q:63.5% → FY2020 3Q:63.8%)	
	SG&A expenses down ¥1.4bn	
	(Main factors behind changes)	
	▪ R&D expenses down ¥1.8bn	▪ Decrease of TS-152 expenses
	▪ Advertising expenses down ¥1.9bn	▪ (Previous year) Rugby World Cup
	▪ Sales promotion expenses down ¥1.7bn	▪ Impact of COVID-19
	▪ Personnel expenses up ¥1.7bn	▪ Consolidation of overseas subsidiaries
	▪ Other up ¥2.3bn	▪ Goodwill and Consolidation of overseas subsidiaries

\*After provision/reversal of reserve for returned unsold goods

( Fractions of 0.1 billion are rounded off. Changes are calculated in millions of yen. )

Note: FY2019 figures have been revised retrospectively to reflect determination of allocation of the acquisition-related costs in business combinations.



# FY2020 Full-year Forecasts

Revisions to the forecast of consolidated operating results most recently announced: Yes  
( ¥ bn )

	Full-year E* (new)	YOY change		Full -year E* (Previous)	Vs. Previous E*
Net sales	283.0	-5.5	-1.9%	289.5	-6.5
Self-Medication	229.1	+9.1	+4.1%	235.9	-6.8
Rx Pharmaceutical	53.9	-14.6	-21.3%	53.6	+0.3
Operating profit	21.0	-0.1	-0.7%	20.0	+1.0
Ordinary profit	25.5	+1.0	+4.2%	23.0	+2.5
Profit attributable to owners of parents	14.0	-6.2	-30.6%	13.0	+1.0
EPS(Yen)	175.42	-	-	162.89	-

E: Estimates

(Fractions of 0.1 billion are rounded off. Changes are calculated in millions of yen.)

\*Comparison with forecast of May 14 ,2020

Note: FY2019 figures have been revised retrospectively to reflect determination of allocation of the acquisition-related costs in business combinations.





# FY2020 Factors in Business Forecasts Revisions

## Net sales

(¥ bn)

Vs.Previous E*		Remarks
Net sales (-6.5)	Self-Medication Operation Group in Japan (-5.3)	Sales of general cold remedies declined more than initially expected associated with the impact of COVID-19 (-4.5)
	Self-Medication Overseas Business (-1.5)	Sales declined more than initially expected in the Asia region associated with the impact of COVID-19 (-3.0)

## Operating profit

(¥ bn)

Vs.Previous E*		Remarks
Operating profit (+1.0)	Gross profit (-2.6)	Decline associated with the revision to sales
	SG&A expenses (-3.6)	【R&D expenses】 Delay in the start of some tests (-1.1)
		【Sales promotion expenses】 Cancellation of events and sampling (-0.8)
		【Others】 Activity costs (-1.0)

E: Estimates (Fractions of 0.1 billion are rounded off. Changes are calculated in millions of yen.)

\*Comparison with forecast of May 14, 2020

# FY2020 Forecasts : Sales of Leading Products

## (Self-Medication Operation Group in Japan)



(¥ bn)

	Full-year E* (new)	YOY change		Full -year E* (Previous)	Vs. Previous E*
Self-Medication Operation Group in Japan	133.4	-13.7	-9.3%	138.7	-5.3
<i>Lipovitan</i> series	46.5	-4.4	-8.6%	46.6	-0.1
<i>Pabron</i> series	22.0	-7.8	-26.1%	26.6	-4.5
<i>RiUP</i> series	14.9	+0.1	+0.4%	14.3	+0.6
<i>Biofermin</i> series	9.7	-1.0	-9.2%	9.9	-0.1
<i>VICKS</i> series	3.4	-0.9	-21.2%	3.7	-0.3

E: Estimates

( Fractions of 0.1 billion are rounded off. Changes are calculated in millions of yen.)

\*Comparison with forecast of May 14 ,2020

# FY2020 Forecasts : Sales of Self-Medication (Self-Medication Overseas Business)



(¥ bn)

	Full-year E* (new)	YOY change		Full -year E* (Previous)	Vs. Previous E*
Self-Medication Overseas business	92.4	+23.0	+33.1%	93.9	-1.5
Asia	41.6	-0.9	-2.0%	44.6	-3.0
Europe and America	49.7	+23.9	+92.9%	48.3	+1.4

E: Estimates

( Fractions of 0.1 billion are rounded off. Changes are calculated in millions of yen.)

\*Comparison with forecast of May 14 ,2020

# FY2020 Forecasts : Sales of Leading Products

## (RX Pharmaceutical Operation Group)



(¥ bn)

	Full-year E* (new)	YOY change		Full -year E* (Previous)	Vs. Previous E*
Rx Pharmaceutical	53.9	-14.6	-21.3%	53.6	+0.3
<i>Edirol</i>	15.6	-11.4	-42.2%	14.4	+1.2
<i>Lusefi</i>	10.7	+3.6	+50.1%	9.8	+0.9
<i>Bonviva</i>	6.8	+0.2	+3.3%	6.9	-0.1
<i>LOQOA</i>	3.7	-0.2	-5.0%	4.0	-0.3
<i>Geninax</i>	2.2	-1.7	-44.0%	3.1	-0.9

E: Estimates

( Fractions of 0.1 billion are rounded off. Changes are calculated in millions of yen.)

\*Comparison with forecast of May 14 ,2020

# Factors Affecting FY2020 Full-year Forecasts

## Net Sales and Profits



(Year-on-Year Change)

Net sales (down ¥5.5bn)	Self-Medication (up ¥9.1bn)	Prescription Pharmaceutical (down ¥14.6bn)
Operating profit (down ¥0.1bn)	Gross profit* down ¥2.0bn (Gross margin* FY2019: 62.5% → FY2020: 63.0%)	
	SG&A expenses	down ¥1.9bn
	(Main factors behind changes)	
	▪ R&D expenses	down ¥2.8bn
	▪ Advertising expenses	down ¥0.8bn
	▪ Sales promotion expenses	down ¥2.8bn
	▪ Personnel expenses	up ¥1.6bn
	▪ Other	up ¥3.0bn

\*After provision/reversal of reserve for returned unsold goods

( Fractions of 0.1 billion are rounded off. Changes are calculated in millions of yen. )

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# Prescription Pharmaceuticals: New Drug Development



Changes from the announcement of the 2Q results in FY2020 (Oct.29)

(As of February 4, 2021)

In Japan: TS-071 (Luseogliflozin)	
Planned application	Type2 diabetes (Pediatric)
Changes	Transfer to Phase 3

# Prescription Pharmaceuticals: New Drug Pipeline (1)



Drugs under development by Taisho Pharmaceutical Co., Ltd.: From Phase 2

(As of February 4, 2021)

	<u>Description</u> Planned application	Development with	In Japan/ Overseas
Phase 3			
TS-152 (Injection)	Rheumatoid arthritis <u>Anti-TNF(Tumor Necrosis Factor)-<math>\alpha</math> antibody</u>	In-house	In Japan
TS-071 (Oral)	Type2 diabetes (Pediatric) <u>Luseogliflozin</u>	In-house	In Japan
Phase 2			
TS-142 (Oral)	Insomnia	In-house	In Japan
TS-121 (Oral)	Depression	In-house	Overseas

# Prescription Pharmaceuticals: New Drug Pipeline (2)



Drugs under development by Taisho Pharmaceutical Co., Ltd.: From Phase 1

(As of February 4, 2021)

	<u>Description</u> Planned application	In-house/ Licensed-in	In Japan/ Overseas
Phase 1			
TS-134 (Oral)	Schizophrenia	In-house	Overseas
TS-161 (Oral)	Depression	In-house	Overseas
TS-142 (Oral)	Insomnia	In-house	Overseas



# Prescription Pharmaceutical Operations



## 【End of sales tie-up of Edirol】

Sales and information provision activities of Edirol by Taisho Pharmaceutical will end on April 10, 2021.

## 【Prescription Pharmaceutical Operations Initiatives】

- Sales expansion of the Company's products: Sales expansion of Lusefi and the commencement of pediatric studies
- Strengthening of research and development: End of clinical test TS-152
- In-licensing and out-licensing of products: Out-licensing of TS-143 (BioAge Labs, Inc.)

