

# FY2021 (March 2022) Earnings Results



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# Results for Fiscal Year 2021



(¥bn)

	FY2021	FY2020	YOY Change		Vs. E*
Net sales	268.2	267.9	+0.3	+0.1%	-0.8
Self-Medication Japan	127.9	123.0	+4.9	+4.0%	-1.5
Overseas	100.3	91.7	+8.6	+9.4%	-0.1
Rx Pharmaceutical	38.5	50.9	-12.3	-24.2%	+0.6
Operating profit	10.7	20.0	-9.2	-46.2%	-0.3
(Before the amortization of goodwill and trademarks)	23.2	32.0	-8.8	-27.6%	-0.2
Ordinary profit	18.4	25.9	-7.5	-29.0%	+2.9
Profit attributable to owners of parents	13.1	13.3	-0.2	-1.5%	+1.6
EPS(Yen)	161.12	166.84	-	-	-

E : Estimates

(Fractions of 0.1 billion are rounded off.)

\*As of February 1,2022

Note : Revenue recognition applied in both FY2020 and FY2021.



# Overview of each business

## 【Self-Medication Operation Group in Japan】

127.9 billion yen (YOY +4.9 billion yen, +4.0%)

- New products contributed to sales.
- In some markets and channels, the economy is recovering as people are beginning to engage in consumption activities.
- Sales rose steadily in the mail-order business.

\*Total sales of “TAISHO-direct” in FY2021: 16.0 billion yen

## 【Overseas Business】

100.3 billion yen (YOY +8.6 billion yen, +9.4%)

- DHG is growing, especially in conforming products of Japan's GMP.
- UPSA is growing favorably, and PMI has been completed.

## 【Prescription Pharmaceutical Operation Group】

38.5 billion yen (YOY -12.3 billion yen, -24.2%)

- Reduction accompanied by the end of the sales tie-up of *Edirol*.

# Sales of Leading Brands

## (Self-Medication Operation Group in Japan)



- Sales of *Lipovitan* increased due to the recovery of foot traffic in addition to the contribution of new products.
- There is provisional demand for *Pabron*, *RiUP*, and *VICKS* in anticipation of a price revision.

(¥bn)

	FY2021	FY2020	YOY Change		Vs. E <sup>*1</sup>
<i>Lipovitan</i> series <sup>*2</sup>	48.8	46.7	+2.1	+4.5%	-0.2
<i>Pabron</i> series	21.9	21.1	+0.8	+3.7%	+0.3
<i>RiUP</i> series	15.2	14.9	+0.4	+2.5%	+0.4
<i>Biofermin</i> series	10.6	9.8	+0.8	+8.1%	-0.0
<i>VICKS</i> series	3.2	3.1	+0.1	+2.5%	+0.2

E : Estimates (Fractions of 0.1 billion are rounded off.)

<sup>\*1</sup> As of February 1, 2022

<sup>\*2</sup> For the *Lipovitan* series, the numbers for FY2020 were corrected to bring them in line with the standard used for the term ended March 2022.

Note : Figures for each brand are before the application of the revenue recognition standard.

<For reference: Market conditions>

OTC drugs market FY2021 : -0.3% YOY (INTAGE SRI+ data on a value basis)



# Overseas Business

**Fiscal year sales of overseas business refer to sales from January to December.**

- Consumption recovered following the previous year which was defined by strict pandemic restrictions on movement, and DHG offered Japan's GMP-conforming products which contributed to sales.
- In Europe and America, demand for analgesics increased due to vaccination, and the cold medicine market expanded.

(¥bn)

	FY2021	FY2020	YOY Change		Vs. E*
Asia	48.5	41.6	+6.8	+16.4%	-0.1
Europe and America	50.7	49.7	+1.0	+2.1%	+0.0

E : Estimates

\* As of February 1, 2022

(Fractions of 0.1 billion are rounded off.)

Note : The impact of application of the accounting standard for revenue recognition is slight.

# Sales of Leading Products (Rx Pharmaceutical Operation Group)



- Sales of important products increased, although sales generally declined due to the impact of the NHI price revision and the end of the sales tie-up of *Edirol*.

(¥bn)

	FY2021	FY2020	YOY Change		Vs .E*
<i>Lusefi</i>	12.4	10.8	+1.6	+14.5%	-0.4
<i>Bonviva</i>	7.4	6.9	+0.5	+6.7%	-0.0
<i>LOQOA</i>	4.1	3.8	+0.3	+6.7%	-0.0
<i>Biofermin</i>	4.4	3.4	+1.0	+30.3%	-0.1

E : Estimates

\* As of February 1, 2022

(Fractions of 0.1 billion are rounded off.)

Note : Figures for each product are before the application of the revenue recognition standards.

<For reference: Market conditions> YOY

The prescription pharmaceutical market +3.3%

The market for SGLT2 inhibitor :+25.2%    The market for anti-inflammatory analgesic (tape) -2.3%

The market for bisphosphonate agents for osteoporosis and related diseases : -10.0%

The market for active bacterium preparation +7.8%

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# Factors Affecting : Operating Profits

(Year-on-Year Change)

Net Sales (up ¥0.3bn)	<b>Self-Medication (up ¥12.6bn)</b> <b>Prescription Pharmaceutical (down ¥12.3bn)</b>		
Operating profit (down ¥9.2bn)	Gross profit* up ¥0.0bn (Gross margin* FY2020 : 61.1% → FY2021 : 61.1%)		
	SG&A expenses	up	¥9.2bn
	(Main factors behind changes)		
	▪ R&D expenses	down	¥0.9bn
	▪ Advertising expenses	up	¥6.9bn
	▪ Sales promotion expenses	down	¥0.8bn
	▪ Personnel expenses	up	¥1.2bn
	▪ Other	up	¥2.9bn

\* After provision / reversal of reserve for returned unsold goods  
( Fractions of 0.1 billion are rounded off. )

Note : The revenue recognition standard was applied during both FY2020 and FY2021 to calculate the change.

# FY2022 Full-year Forecasts



(¥bn)

	FY2022	FY2021	YOY Change	
Net sales	280.5	268.2	+12.3	+4.6%
Self-Medication Japan	135.3	127.9	+7.4	+5.8%
Overseas	106.0	100.3	+5.7	+5.7%
Rx Pharmaceutical	36.9	38.5	-1.6	-4.3%
Operating profit	16.0	10.7	+5.3	+48.9%
(Before the amortization of goodwill and trademarks)	28.1	23.2	+4.9	+21.3%
Ordinary profit	20.0	18.4	+1.6	+8.6%
Profit attributable to owners of parent	12.0	13.1	-1.1	-8.6%
EPS (Yen)	146.26	161.12	-	-

(Fractions of 0.1 billion are rounded off.)

Note : Revenue recognition applied in both FY2021 and FY2022.



# FY2022 Forecasts : Sales of Leading Brands (Self-Medication Operation Group in Japan)



- Sales of *Lipovitan* plan to expand the new products.
- For *Pabron*, *RiUP*, *VICKS*, influence of return action of price revision are to be incorporated.

(¥bn)

	FY2022	FY2021	YOY Change	
<i>Lipovitan</i> series	52.3	48.8	+3.5	+7.2%
<i>Pabron</i> series	20.6	21.9	-1.3	-6.1%
<i>RiUP</i> series	14.9	15.2	-0.3	-2.3%
<i>Biofermin</i> series	11.1	10.6	+0.6	+5.6%
<i>VICKS</i> series	2.9	3.2	-0.3	-9.0%

(Fractions of 0.1 billion are rounded off.)

Note : Figures for each brand are before the application of the revenue recognition standard.

# FY2022 Forecasts : Overseas Business



- In Asia, the plan incorporates a recovery from the impact of the pandemic during the previous year and the expansion of sales of Japan's GMP-conforming products at DHG.
- In Europe and America, the plan incorporates the recovery from the impact of the pandemic during the previous year and the contribution of new products.

(¥bn)

	FY2022	FY2021	YOY Change	
Asia	52.4	48.5	+3.9	+8.2%
Europe and America	53.3	50.7	+2.6	+5.1%

(Fractions of 0.1 billion are rounded off.)

Note : The impact of application of the accounting standard for revenue recognition is slight.

# FY2022 Forecasts : Sales of Leading Products (RX Pharmaceutical Operation Group)



- The plan is to ensure growth leveraging the important product *Lusefi* as a key item.

(¥bn)

	FY2022	FY2021	YOY Change	
<i>Lusefi</i>	13.6	12.4	+1.2	+9.9%
<i>Bonviva</i>	7.1	7.4	-0.3	-3.4%
<i>LOQOA</i>	4.1	4.1	+0.0	+0.9%
<i>Biofermin</i>	4.7	4.4	+0.3	+6.1%

( Fractions of 0.1 billion are rounded off. )

Note :The Forecasts for each product are before the application of the revenue recognition standards.

# Factors Affecting :FY2022 Full-year Forecasts Operating Profits



(Year-on-Year Change)

Net Sales (up ¥12.3bn)	<b>Self-Medication (up ¥13.9bn)</b> <b>Prescription Pharmaceutical (down ¥1.6bn)</b>		
Operating profit (up ¥5.3bn)	Gross profit up ¥9.3bn (Gross margin FY2021:61.1% → FY2022:61.7%)		
	SG&A expenses	up	¥4.0bn
	(Main factors behind changes)		
	▪ R&D expenses	up	¥3.2bn
			▪ Increase in costs accompanied by the advancement of ethical drug development, etc.
	▪ Advertising expenses	down	¥1.9bn
			▪ Costs decreased in Japan while they increased overseas
	▪ Sales promotion expenses	up	¥1.9bn
			▪ Preparation for the launch of TS-152, etc.
	▪ Personnel expenses	up	¥0.7bn
	▪ Other	up	¥0.1bn

( Fractions of 0.1 billion are rounded off. )

Note : The revenue recognition standard was applied during both FY2021 and FY2022 to calculate the change.

# Prescription Pharmaceuticals: New Drug Pipeline Changes



Changes from the announcement of the 3Q results in FY2021 (Feb.1)

(As of May 13, 2022)

Lusefi OD film	
Planned application	Type2 diabetes
Changes	Approval for manufacturing and sale obtained on February 8, 2022.

# Prescription Pharmaceuticals: New Drug Pipeline (1)



Drugs under development by Taisho Pharmaceutical Co., Ltd.: From Phase 2  
(As of May 13, 2022)

	Description Planned application	Development with	In Japan/ Overseas
Approved			
Lusefi (Oral)	<u>Generic name : Lusegliflozin Hydrate</u> <u>Orally disintegrating film drug (drug form added)</u> Type2 diabetes	In-house	In Japan
Filed			
TS-152 (Injection)	<u>Generic name : Ozoralizumab (Genetical Recombination)</u> <u>Anti-TNF(Tumor Necrosis Factor)-α antibody</u> Articular rheumatism against which existing therapies have insufficient efficacy	In-house	In Japan
Phase 3			
TS-071 (Oral)	<u>Generic name : Luseogliflozin Hydrate</u> Type2 diabetes (Pediatric)	In-house	In Japan
Phase 2			
TS-142 (Oral)	Insomnia	In-house	In Japan
TS-161 (Oral)	Depression	In-house	Overseas

# Prescription Pharmaceuticals: New Drug Pipeline (2)



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

(As of May 13, 2022)

	<u>Description</u> Planned application	Development with	In Japan/ Overseas
Phase 1			
TS-134 (Oral)	Schizophrenia	In-house	Overseas
TS-142 (Oral)	Insomnia	In-house	Overseas
TS-172 (Oral)	Hyperphosphatemia	In-house	In Japan

# Initiatives for Sustainable Growth



## ➤ **Self-Medication Operation Group in Japan**

- Continued development, launch and marketing of new products
- Bolstering of B to C business ( mail order / e-commerce business )
- Discovery of new business opportunities

## ➤ **Overseas Business**

- Expansion into new domains

UPSA : Expansion of product portfolio

DHG : Improvement in manufacturing standards and cultivation of growing hospital channels

Asia : Growth by use of business foundations in individual countries

## ➤ **Prescription Pharmaceutical Operation Group**

- Quick launch of new products and sales expansion of cultivated products
- In-licensing of late-developed items and out-licensing of in-house products
- Strengthening of R&D to enhance pipeline and to achieve early product launches





# Dividends

- Annual Dividend for FY2021  
¥100 per share (Payout ratio: 81.1%\*)  
interim dividend: ¥50 per share  
year-end dividend: ¥50 per share
- Annual Dividend for FY2022 (forecast)  
¥100 per share (Payout ratio: 68.4%\*)  
interim dividend: ¥50 per share  
year-end dividend: ¥50 per share
- No Changes in Our Policies on Dividends and Share Buybacks
  - Taisho aims to pay a consistently stable dividend, targeting a dividend payout ratio of 30%.  
(excluding extraordinary gains and losses)
  - Barring special circumstances, Taisho plans to maintain an annual dividend of ¥100 per share.

\*The dividend payout ratio is calculated from consolidated profit attributable to owners of parent excluding extraordinary income and loss

