

Second Quarter of FY2022 (March 2023) Earnings Results



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Taisho Pharmaceutical Holdings
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Results for the 2nd Quarter of FY2022



- ◆ Growth in operating profit resulting from increased gross profit accompanied by an increase in net sales and improved SG&A efficiency.
- ◆ In particular, there was favorable growth in overseas businesses, contributing to an increase in sales and profit.

(¥bn)

	FY2022 Q2	FY2021 Q2	YOY Change	
Net sales	144.5	130.2	+14.4	+11.0%
Gross profit on sales	86.3	78.5	+7.8	+9.9%
Selling, general and administrative expenses	74.1	76.2	-2.1	-2.7%
Operating profit	12.2	2.3	+9.9	+427.6%
(Before the amortization of goodwill and trademarks)	18.7	8.6	+10.1	+118.5%
Profit attributable to owners of parents	10.9	2.9	+8.0	+274.0%

(Fractions of 0.1 billion are rounded off.)

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



- ◆ Sales of *Lipovitan series* products rose steadily.
- ◆ *VICKS* grew due to the impact of the COVID-19 pandemic.
- ◆ For *RiUP*, the impact of the provisional demand in March of the previous term has passed in the first quarter.

(¥bn)

	FY2022 Q2	FY2021 Q2	YOY Change	
Self-Medication Operation Group in Japan	62.8	62.8	-0.1	-0.1%
Main breakdown				
<i>Lipovitan series</i>	28.0	26.2	+1.8	+6.7%
<i>Pabron series</i>	9.3	9.4	-0.1	-0.9%
<i>RiUP series</i>	5.6	7.0	-1.4	-20.0%
<i>Biofermin series</i>	5.5	5.3	+0.2	+3.3%
<i>VICKS series</i>	1.9	1.2	+0.6	+51.2%

Note : Figures for each brand are before the application of the revenue recognition standard. (Fractions of 0.1 billion are rounded off.)

<For reference: Market conditions>

OTC drugs market FY2022 2Q(Apr.-Sep.) : +4.6% YOY (INTAGE SRI+ data on a value basis)

Overseas Business



The Q2 sales of overseas business refer to sales from January to June.

- ◆ The markets in Asia, Europe and the America grew even in local currency as a result of the demand accompanying economic recovery and the special demand for antipyretic analgesics due to the COVID-19 pandemic.

(¥bn)

	FY2022 Q2	FY2021 Q2	YOY Change	
Overseas Business	61.6	46.7	+14.8	+31.7%
Main breakdown				
Asia	30.6	24.0	+6.6	+27.6%
Europe and America	30.8	22.5	+8.3	+36.8%

(Fractions of 0.1 billion are rounded off.)



Sales of Leading Products (Rx Pharmaceutical Operation Group)

- ◆ Reactionary decrease due to a lump-sum payment related to the signing of a contract in the previous year.
- ◆ Sales of important products increased despite some influence from the revision of drug prices.

(¥bn)

	FY2022 Q2	FY2021 Q2	YOY Change	
Prescription Pharmaceutical Operations	18.7	19.6	-0.8	-4.2%
Main breakdown				
<i>Lusefi</i>	6.6	6.2	+0.4	+6.6%
<i>Bonviva</i>	3.8	3.6	+0.2	+4.7%
<i>LOQOA</i>	2.2	1.9	+0.3	+13.5%
<i>Biofermin</i>	2.3	2.2	+0.1	+3.2%

Note : Figures for each product are before the application of the revenue recognition standard. (Fractions of 0.1 billion are rounded off.)

<For reference: Market conditions> YOY

The prescription pharmaceutical market +2.9%

The market for SGLT2 inhibitor :+28.7% The market for anti-inflammatory analgesic (tape) -5.3%

The market for bisphosphonate agents for osteoporosis and related diseases : -10.3%

The market for active bacterium preparation +6.6% (Copyright © 2022 IQVIA. All rights reserved. Estimated from JPM 2021 Apr. -2022 Sep., reprinted with permission) 4/14

Factors Affecting : Selling, general and administrative expenses



- ◆ Sales increased 14.4 billion yen through efficient operations in each business despite the reduction of advertising expenses.

(¥bn)				
	FY2022 Q2	FY2021 Q2	YOY Change	
Selling, general and administrative expenses	74.1	76.2	-2.1	-2.7%
Main breakdown				
R&D expenses	9.6	9.7	-0.1	-0.7%
Advertising expenses	12.9	15.3	-2.4	-15.9%
Sales promotion expenses	7.0	6.9	+0.1	+1.0%

(Fractions of 0.1 billion are rounded off.)

FY2022 Full-year Forecasts



- ◆ Revisions to the forecast of consolidated operating results most recently announced: No
- ◆ Sales and profits are both growing steadily, but the forecast remains unchanged due to uncertain factors, such as the recovery of inbound demand and the impact of exchange rates.

(¥bn)

	FY2022	FY2021	YOY Change	
Net sales	280.5	268.2	+12.3	+4.6%
Gross profit on sales	173.1	163.8	+9.3	+5.7%
Selling, general and administrative expenses	157.1	153.1	+4.0	+2.6%
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%
Profit attributable to owners of parents	12.0	13.1	-1.1	-8.6%
EPS(Yen)	146.26	161.12	-	-

Note : Revenue recognition applied in both FY2021 and FY2022.

(Fractions of 0.1 billion are rounded off.)

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



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

(¥bn)

	FY2022	FY2021	YOY Change	
Self-Medication Operation Group in Japan	135.3	127.9	+7.4	+5.8%
Main breakdown				
<i>Lipovitan series</i>	52.3	48.8	+3.5	+7.2%
<i>Pabron series</i>	20.6	21.9	-1.3	-6.1%
<i>RiUP series</i>	14.9	15.2	-0.3	-2.3%
<i>Biofermin series</i>	11.1	10.6	+0.6	+5.6%
<i>VICKS series</i>	2.9	3.2	-0.3	-9.0%

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

(Fractions of 0.1 billion are rounded off.)

FY2022 Forecasts : Overseas Business



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

(¥bn)				
	FY2022	FY2021	YOY Change	
Overseas Business	106.0	100.3	+5.7	+5.7%
Main breakdown				
Asia	52.4	48.5	+3.9	+8.2%
Europe and America	53.3	50.7	+2.6	+5.1%

Note : The impact of application of the accounting standard for revenue recognition is slight.
(Fractions of 0.1 billion are rounded off.)

FY2022 Forecasts : Sales of Leading Products

(RX Pharmaceutical Operation Group)



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

(¥bn)

	FY2022	FY2021	YOY Change	
Prescription Pharmaceutical Operations	36.9	38.5	-1.6	-4.3%
Main breakdown				
<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%

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

(Fractions of 0.1 billion are rounded off.)

FY2022 Full-year Forecasts

Selling, general and administrative expenses



- ◆ Revisions to the forecast of consolidated operating results most recently announced: No
- ◆ Plan to use as forecast at the beginning of the term.

(¥bn)

	FY2022	FY2021	YOY Change	
Selling, general and administrative expenses	157.1	153.1	+4.0	+2.6%
Main breakdown				
R&D expenses	22.6	19.4	+3.2	+16.7%
Advertising expenses	30.0	31.9	-1.9	-6.0%
Sales promotion expenses	16.3	14.4	+1.9	+12.9%

(Fractions of 0.1 billion are rounded off.)

Prescription Pharmaceuticals : New Drug Pipeline Changes



◆ Changes from the announcement of the 1Q results in FY2022 (Aug.3)

(As of November 10, 2022)

Nanozora※	
Application	Rheumatoid arthritis, which is inadequately managed by the current available treatments
Changes	Obtained the approval to manufacture and sell on September 26,2022.
Nanozora※ (Auto Injection)	
Planned application	Rheumatoid arthritis, which is inadequately managed by the current available treatments
Changes	Applied for approval to manufacture and sell for Auto Injection on September 28,2022.

※ TS-152, Generic name : Ozoralizumab (Genetical Recombination)

Prescription Pharmaceuticals : New Drug Pipeline (1)



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

(As of November 10, 2022)

	Description Planned application	Development with	In Japan / Overseas
Approved			
Nanozora※ (Injection)	<u>Generic name : Ozoralizumab (Genetical Recombination)</u> <u>Anti-TNF(Tumor Necrosis Factor)-α antibody</u> Rheumatoid arthritis, which is inadequately managed by the current available treatments	In-house	In Japan
Filed (Additional dosage form)			
Nanozora※ (Injection)	<u>Auto Injection (Additional dosage form)</u> Rheumatoid arthritis, which is inadequately managed by the current available treatments	In-house	In Japan
Phase 3			
TS-071 (Oral)	<u>Generic name : Luseogliflozin Hydrate</u> Type2 diabetes (Pediatric)	In-house	In Japan
TS-142 (Oral)	Insomnia	In-house	In Japan
Phase 2			
TS-161 (Oral)	Depression	In-house	Overseas

※: TS-152

Prescription Pharmaceuticals : New Drug Pipeline (2)



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

(As of November 10, 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



- Annual Dividend for FY2022 (forecast)
¥100 per share (Payout ratio: 68.4%*)
 - interim dividend: ¥50 per share (Dec. 2022)
 - year-end dividend (Scheduled): ¥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.



TAISHO PHARMACEUTICAL HOLDINGS CO., LTD.