

Consolidated Financial Statements for the First Three Months of the March 31, 2023
Fiscal Year
<under Japanese GAAP>

August 3, 2022

Listed Company Name: TAISHO PHARMACEUTICAL HOLDINGS CO., LTD. Stock Listing: TSE
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 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 Three Months of Fiscal 2022
(cumulative: April 1, 2022 to June 30, 2022)

(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, 2022	69,069	8.1	5,254	96.3	9,246	129.2	5,751	387.6
June 30, 2021	63,884	(14.8)	2,676	(71.5)	4,033	(63.7)	1,179	(80.5)

Note: Comprehensive income For the three months of Fiscal 2022: ¥19,307 million [177.7%]
 For the three months of Fiscal 2021: ¥6,953 million [96.6%]

	Basic earnings per share	Diluted earnings per share
For three months ended	Yen	Yen
June 30, 2022	70.16	70.08
June 30, 2021	14.78	14.75

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2022	902,907	781,586	84.3
March 31, 2022	888,159	767,957	84.2

Reference: Equity As of June 30, 2022: ¥760,842 million As of March 31, 2022: ¥747,397 million

2. Cash Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2021	—	50.00	—	50.00	100.00
Fiscal 2022	—				
Fiscal 2022 (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 2022 (April 1, 2022 to March 31, 2023)

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	280,500	4.6	16,000	48.9	20,000	8.6	12,000 (8.6)	146.26

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, 2022 (or changes in specified subsidiaries resulting in changes in scope of consolidation): 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: Yes
 - 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
- Note: See “(Changes in Accounting Policies)” of “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto, (3) Notes on Quarterly Consolidated Financial Statements” on page 8 for detail.
- (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, 2022:	85,139,653 shares
As of March 31, 2022:	85,139,653 shares
 - b. Number of treasury shares at the end of the period

As of June 30, 2022:	3,155,711 shares
As of March 31, 2022:	3,154,725 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For three months ended June 30, 2022:	81,984,255 shares
For three months ended June 30, 2021:	79,817,241 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, 2022, sales in categories such as energy drinks, anti-vertigo agents, and diagnostic reagents ended higher year on year mainly due to a recovery in the flow of people, including the first Golden Week holidays without declaration of a state of emergency since the beginning of the COVID-19 pandemic. Nevertheless, sales were down against fiscal 2019, which is before the COVID-19 pandemic, due to the effect of the massive decline in inbound tourists, and the more widespread practice of preventive measures such as wearing masks, washing hands and gargling.

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, which provides benefits to consumers. 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 overseas 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 sales, as well as to carry out early launch and life cycle management of new drugs by carefully targeting the provision of information while focusing on priority areas. In addition, the Company is working to promote licensing activities, including the in-licensing of late-stage development products and products and the out-licensing of in-house developed products. Furthermore, on the R&D front, the Group is strengthening cooperation with external research institutions and utilizing advanced technologies to enhance its R&D capabilities and expand its pipeline.

Consolidated net sales for the three months ended June 30, 2022, increased by ¥5,185 million, or 8.1% year on year, to ¥69,069 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	59.3	5.7	10.7
Japan	27.9	(0.9)	(3.3)
Overseas	30.7	6.4	26.4
Others	0.7	0.3	55.4
Prescription Pharmaceutical Operation Group	9.7	(0.5)	(5.2)
Ethical drugs	9.5	0.0	0.1
Others	0.2	(0.5)	(69.2)

Sales of major products and regions were as follows:

< Self-Medication Operation Group >

Consolidated net sales during the three months ended June 30, 2022 increased by ¥5.7 billion, or 10.7% year on year, to ¥59.3 billion.

With regard to our mainstay brands, sales of the *Lipovitan* series rose by 3.5% to ¥12.2 billion. Sales of the *Pabron* series decreased by 7.6% to ¥3.2 billion. Sales of the *RiUP* series decreased by 29.7% to ¥2.5 billion. Sales of *Biofermin* series increased by 9.8% to ¥2.8 billion.

Overseas, net sales for the Asia region increased by 20.9% to ¥14.6 billion and net sales for the Europe and Americas region increased by 31.9% to ¥16.0 billion.

< Prescription Pharmaceutical Operation Group >

Consolidated net sales during the three months ended June 30, 2022 decreased by ¥0.5 billion, or 5.2% year on year, to ¥9.7 billion.

As to major products, type 2 diabetes mellitus agent *Lusefi* increased by 10.2% to ¥3.4 billion, osteoporosis agent *Bonviva* increased by 6.8% to ¥1.9 billion, transdermal anti-inflammatory analgesic patch formulation *LOQOA* increased by 15.7% to ¥1.1 billion, and intestinal remedy *Biofermin* increased by 2.9% to ¥1.1 billion.

On the profits front, operating profit increased by 96.3% to ¥5,254 million due to an increase in gross profit resulting from sales growth and efficient use of advertising and promotion expenses, ordinary profit increased by 129.2% to ¥9,246 million, and profit attributable to owners of parent increased by 387.6% to ¥5,751 million.

(2) Information on Financial Position

Total assets as of June 30, 2022, stood at ¥902.9 billion, up ¥14.7 billion from the previous fiscal year-end. Cash and deposits increased by ¥4.3 billion, construction in progress increased by ¥2.7 billion, goodwill increased by ¥3.9 billion, trademark right increased by ¥2.3 billion, and investment securities increased by ¥2.2 billion, but notes and accounts receivable - trade decreased by ¥3.3 billion.

Liabilities amounted to ¥121.3 billion, an increase of ¥1.1 billion from the previous fiscal year-end.

Net assets amounted to ¥781.6 billion, an increase of ¥13.6 billion from the previous fiscal year-end. Retained earnings increased by ¥1.6 billion, due to profit attributable to owners of parent of ¥5.8 billion and dividends of surplus of ¥4.1 billion, valuation difference on available-for-sale securities increased by ¥1.5 billion and foreign currency translation adjustment increased by ¥10.3 billion.

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

The forecast of consolidated operating results for Fiscal 2022 is unchanged from the forecast announced on May 13, 2022.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
ASSETS		
Current assets		
Cash and deposits	265,049	269,328
Notes and accounts receivable - trade	53,676	50,361
Securities	7,219	7,213
Merchandise and finished goods	25,456	26,850
Work in process	3,369	3,188
Raw materials and supplies	16,066	16,317
Other	8,438	11,615
Allowance for doubtful accounts	(411)	(445)
Total current assets	378,864	384,429
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	49,455	49,057
Machinery, equipment and vehicles, net	15,291	15,486
Land	37,394	37,127
Construction in progress	13,434	16,107
Other, net	3,716	3,612
Total property, plant and equipment	119,291	121,392
Intangible assets		
Goodwill	125,769	129,649
Sales rights	366	344
Trademark right	68,060	70,328
Software	10,812	10,428
Other	8,050	8,404
Total intangible assets	213,059	219,156
Investments and other assets		
Investment securities	141,067	143,244
Shares of subsidiaries and associates	12,557	12,509
Long-term prepaid expenses	1,823	1,728
Retirement benefit asset	11,240	11,378
Deferred tax assets	9,508	8,293
Other	976	1,005
Allowance for doubtful accounts	(230)	(230)
Total investments and other assets	176,943	177,929
Total non-current assets	509,294	518,478
Total assets	888,159	902,907

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	15,101	14,979
Accounts payable - other	15,521	15,396
Income taxes payable	3,579	2,116
Accrued expenses	11,736	15,597
Refund liabilities	8,796	7,084
Provision for bonuses	3,633	2,808
Other	3,909	3,918
Total current liabilities	62,277	61,901
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	969	971
Retirement benefit liability	21,329	21,520
Deferred tax liabilities	29,162	30,565
Other	6,462	6,362
Total non-current liabilities	57,924	59,420
Total liabilities	120,202	121,321
NET ASSETS		
Shareholders' equity		
Share capital	30,000	30,000
Retained earnings	702,984	704,633
Treasury shares	(21,033)	(21,038)
Total shareholders' equity	711,950	713,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,586	27,098
Foreign currency translation adjustment	8,488	18,757
Remeasurements of defined benefit plans	1,371	1,392
Total accumulated other comprehensive income	35,447	47,247
Share acquisition rights	753	753
Non-controlling interests	19,806	19,990
Total net assets	767,957	781,586
Total liabilities and net assets	888,159	902,907

(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, 2021	For three months ended June 30, 2022
Net sales	63,884	69,069
Cost of sales	24,144	27,264
Gross profit	39,739	41,805
Selling, general and administrative expenses	37,063	36,550
Operating profit	2,676	5,254
Non-operating income		
Interest income	343	324
Dividend income	958	1,017
Share of profit of entities accounted for using equity method	82	129
Foreign exchange gains	201	2,490
Other	39	109
Total non-operating income	1,625	4,071
Non-operating expenses		
Interest expenses	21	28
Commission expenses	15	16
Acquisition cost of subsidiary shares	197	—
Other	33	33
Total non-operating expenses	268	78
Ordinary profit	4,033	9,246
Extraordinary income		
Gain on sale of non-current assets	3	72
Total extraordinary income	3	72
Extraordinary losses		
Loss on disposal of non-current assets	31	108
Loss on sale of investment securities	0	—
Total extraordinary losses	32	108
Profit before income taxes	4,004	9,210
Income taxes	2,301	2,896
Profit	1,703	6,313
Profit attributable to non-controlling interests	524	562
Profit attributable to owners of parent	1,179	5,751

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	For three months ended June 30, 2021	For three months ended June 30, 2022
Profit	1,703	6,313
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,696)	1,563
Foreign currency translation adjustment	7,998	11,461
Remeasurements of defined benefit plans, net of tax	(29)	14
Share of other comprehensive income of entities accounted for using equity method	(23)	(45)
Total other comprehensive income	5,249	12,993
Comprehensive income	6,953	19,307
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	5,304	17,552
Comprehensive income attributable to non- controlling interests	1,648	1,754

(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

(Changes in Accounting Policies)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the fiscal year under review, and it has applied the new accounting policies provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on the quarterly consolidated financial statements.

(Segment Information (cumulative))

I. For three months ended June 30, 2021

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	53,623	10,260	63,884	—	63,884
Sales or transfers between segments	—	—	—	—	—
Total	53,623	10,260	63,884	—	63,884
Segment profit (Note 2)	3,112	15	3,127	(451)	2,676

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

2 Segment profit 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, 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