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November 24, 2023

To Whom It May Concern:

Company Name: Taisho Pharmaceutical Holdings Co., Ltd.
Head Office: 3-24-1, Takada, Toshima-ku, Tokyo
Representative: Akira Uehara, Chief Executive Officer
(TSE Standard Market: Code 4581)
Contact: Shinichi Tanaka, General Manager
Corporate Communications
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Announcement of Implementation of MBO and Recommendation for Tender Offer

The Company hereby announces that the Company has resolved at the Board of Directors' meeting held today to express an opinion in support of the tender offer (the "Tender Offer") implemented by Otemon Co., Ltd. (the "Tender Offeror") for the common shares of the Company (the "Company Shares"), the stock acquisition rights of the Company (the "Stock Acquisition Rights") and the American Depositary Receipts issued in the United States upon deposit of the shares of the Company (the "American Depositary Receipts") as a part of a so-called Management Buyout (MBO)*, and respectively, recommend that the Company's shareholders tender their Company Shares in the Tender Offer, leave to the holders of the Stock Acquisition Rights the decision as to whether to tender their Stock Acquisition Rights in the Tender Offer, and recommend that the holders of the American Depositary Receipts—upon submitting in advance their American Depositary Receipts to a depository bank and receiving the Company Shares pertaining to the American Depositary Shares represented in such American Depositary Receipts—tender their shares in the Tender Offer.

Note: "Management Buyout (MBO)" generally means a transaction in which the management of the target company acquires shares of the target company by investing all or part of the acquisition funds on the assumption that the target company's business will continue.

1. Outline of the Tender Offer

According to the Tender Offeror, the Tender Offeror decided to implement the Tender Offer on

November 24, 2023 as part of a series of transactions to acquire all of the Company Shares, the Stock Acquisition Rights and the American Depositary Receipts for the purpose of privatizing the Company Shares (the “Transactions”). It is understood that the Transactions constitute what is known as an MBO, and that Mr. Akira Uehara, who is a representative director and Chief Executive Officer of the Company, Mr. Shigeru Uehara, who is a director and Executive Vice President of the Company and the representative director and president of the Tender Offeror, and Mr. Ken Uehara, who is a director of the Company, are expected to continue to manage the Company after the consummation of the Transactions.

The outline of the Tender Offer is as follows:

- Tender Offeror: Otemon Co., Ltd.
 - As of today, Mr. Shigeru Uehara, who is a director and Executive Vice President of the Company, is the representative director and president of the Tender Offeror, and owns all of the outstanding shares of the Tender Offeror.
 - After the settlement of the Tender Offer, it is understood that (i) Mr. Shoji Uehara, who is the second largest shareholder of the Company (as of September 30, 2023; same hereafter), (ii) Mr. Akira Uehara, who is a representative director and Chief Executive Officer of the Company and the seventh largest shareholder of the Company, (iii) Mr. Ken Uehara, who is an executive director of the Company, (iv) Mr. Osamu Uehara, (v) the Uehara Memorial Foundation, which is the largest shareholder of the Company, and (vi) the Uehara Museum of Art, which is the fourth largest shareholder of the Company, will invest in the Tender Offeror (including through class shares without voting rights) (the Tender Offeror and (i) through (vi) are collectively hereinafter referred to as the “Tender Offer Related Parties”).
- Tender Offer Period: from November 27, 2023 to January 15, 2024 (31 business days)
- Tender Offer Price
 - JPY8,620 per Company Share
 - ✧ Premium of 56.30% on the closing price of JPY5,515 as of November 22, 2023
 - ✧ Premium of 49.39% on the simple average closing price of JPY5,770 for the past 1 month
 - ✧ Premium of 44.29% on the simple average closing price of JPY5,974 for the past 3 months
 - ✧ Premium of 50.38% on the simple average closing price of JPY5,732 for the past 6 months
 - JPY1 per Stock Acquisition Right
 - JPY8,620 per Company Share pertaining to the American Depositary Shares represented by the American Depositary Receipts

- Minimum planned purchase quantity: 54,650,900 shares (ownership ratio: 66.57 %) (no maximum planned purchase quantity)
 - The minimum planned purchase quantity corresponding to the so-called “Majority of Minority” is not set.
 - If the total number of shares etc. tendered in the Tender Offer does not reach the above minimum quantity, the Tender Offeror will not purchase any of the tendered shares etc.

2. Squeeze-Out Procedures after the Tender Offer

According to the Tender Offeror, if the Tender Offeror fails to acquire all of the Company Shares, the Stock Acquisition Rights and the American Depositary Receipts in the Tender Offer, the Tender Offeror will, after the Tender Offer is consummated, request the Company to implement a series of procedures to make the Tender Offeror the only shareholder of the Company through a Demand for Shares, etc. Cash-Out (*kabushikitou uriwatashi seikyu*) or share consolidation (*kabushiki heigo*) (the “Squeeze-Out Procedures”).

Therefore, in the event that the Tender Offer is consummated, even if the Company Shares do not fall under the delisting standards of the Tokyo Stock Exchange at the time of consummation of the Tender Offer, as a result of the implementation of the Squeeze-Out Procedures, the Company Shares will be delisted in accordance with the above delisting standards. It will not be possible to trade the Company Shares on the Standard Market of the Tokyo Stock Exchange after the delisting.

3. Decision-making Process and Reasons of the Company’s Decision

In light of the fact that the Tender Offer is conducted as a part of the Transactions for an MBO and that there is an issue of structural conflicts of interest, the Company established the Special Committee to examine the Transactions, consisting of three (3) members (Mr. Chushiro Aoi, Mr. Makoto Matsuo and Mr. Takayuki Tsukuda), who are independent from the Tender Offer Related Parties, and are consisting of the Company’s outside auditors and outside experts, in order to deal with issues mentioned above, to carefully determine the Company’s decisions regarding the Transactions, including the Tender Offer, and to eliminate the arbitrariness and conflicts of interest in the decision-making process of the Company’s Board of Directors, and to ensure the fairness of the Transactions.

The Company considers that (a) measures such as (i) fundamental review of sales structure in the Self-Medication Business and expansion of the Company's e-commerce site, (ii) support of production management for the stable and long-term manufacturing of high-quality products, (iii) investment in overseas business to expand product portfolio and business, (iv) development of new drugs through open innovation in the pharmaceutical business and technology alliances with bio-ventures and pharmaceutical companies, and (v) fundamental restructuring of human resources system including recruitment policy and compensation system, which are intended by Mr. Akira Uehara and Mr. Shigeru

Uehara who proposed the Transactions, will contribute to further improvement of the Company's value over the medium to long term, but (b) the implementation of such measures require upfront investment and may, in the short term, cause deterioration of the Company's financial condition and business performance and adversely affect the Company's shareholders, and (c) in order to avoid such adverse effects and to enhance the value of the Company from a medium to long term perspective, it is necessary to privatize the Company's shares through an MBO and establish a management structure that enables the Company to promptly and decisively implement various measures.

Based on the above understanding and taking into account the report from the Special Committee and the result of the calculation of the value of the Company Shares by Daiwa Securities Ltd. as an independent financial advisor and third-party calculation institution etc., at the Board of Director's meeting, the Company has made a resolution mentioned at the beginning of this document, with the unanimous consent of disinterested directors (Mr. Jun Kuroda, Mr. Tetsu Watanabe and Mr. Osamu Kitatani) and without any objection from disinterested auditors (Mr. Kazuya Kameo, Mr. Chushiro Aoi and Mr. Makoto Matsuo).

The Company has received necessary legal advice regarding the method and process of decision-making by Company's board of directors, establishment of an independent internal structure to examine the Transactions and other related matters from Nakamura, Tsunoda & Matsumoto as an independent legal adviser.

This document is an executive summary of the "Announcement of Implementation of MBO and Recommendation for Tender Offer" announced by the Company on November 24, 2023, and is not an official release required under the Securities Listing Regulations and other regulations or rules of the Tokyo Stock Exchange. In the event of any discrepancy between this document and the above original press release made in Japanese, the original press release shall prevail.

[End]

Note: The tender offer is not directly or indirectly conducted within the United States or aimed at the United States, does not use the United States Postal Service or any methods or means of interstate commerce or international commerce (including but not limited to telephone, telex, facsimile, e-mail and Internet communication), and is not conducted through securities exchange facilities within the United States.

Under the tender offer, shares may not be tendered using the above methods and means, through the above facilities, or from within the United States. No securities or other consideration is being solicited in the United States. No indications of interest in the tender offer are sought by this release.

Furthermore, the tender offer notice and other related purchase documents concerning the tender offer may not be sent or distributed to the United States, nor sent or distributed using postal or other methods within, to, or from the United States.