

*This document is an executive summary of the “Notice of Consolidation of Shares, Abolition of the Provision of Shares Constituting One Share Unit, and Partial Amendments to the Articles of Incorporation” announced by the Company on February 13, 2024, and is not an official release required under the Securities Listing Regulations and other rules or regulations of the Tokyo Stock Exchange. If there are any discrepancy between this document and the above original press release made in Japanese, the original press release shall prevail.*

February 13, 2024

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  
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**Notice of Consolidation of Shares, Abolition of the Provision of Shares Constituting One Share Unit, and Partial Amendment to the Articles of Incorporation**

The Company resolved at the meeting of the Board of Directors held today to convene an extraordinary general meeting of shareholders (the “Extraordinary General Meeting of Shareholders”) scheduled on March 18, 2024, and to submit proposals for the consolidation of shares, abolition of the provision of shares constituting one share unit and the partial amendment to the Articles of Incorporation to the Extraordinary General Meeting of Shareholders.

The common shares of the Company (the “Company Shares”) will fall under the delisting standards of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) during the course of the above procedures. As a result, the Company Shares will be assigned to the delisting post from March 18, 2024 to April 8, 2024, and then delisted as of April 9, 2024. Please note that the Company Shares cannot be traded on the Tokyo Stock Exchange after the delisting.

**I. Consolidation of Shares**

**1. Purpose and Reason of Consolidation of Shares**

As announced in the “Announcement of Implementation of MBO and Recommendation for Tender Offer” by the Company dated November 24, 2023 (the “Opinion Expressing Press Release,” including

any changes thereafter), Otemon Co., Ltd. (the “Tender Offeror”) decided to implement the tender offer (the “Tender Offer”) on November 24, 2023 as part of a series of transactions for a so-called Management Buyout to acquire all of the Company Shares, the stock acquisition rights and the American Depositary Receipts of the Company (collectively, the “Company Shares, Etc.”) for the purpose of privatizing the Company Shares (the “Transactions”).

Then, as announced in the “Notice Regarding the Results of the Tender Offer by Otemon Co., Ltd. for the Company Shares Etc. and Change of the Parent Company and the Largest Shareholder Among the Major Shareholders” by the Company dated January 16, 2024, the Tender Offeror implemented the Tender Offer with a period from November 27, 2023 to January 15, 2024 as the purchase period (the “Tender Offer Period”) and, as a result, came to own 60,034,194 shares of the Company Shares, Etc. (voting rights ratio: 73.12%) as of January 19, 2024, the commencement date of the settlement of the Tender Offer. Please see the Opinion Expressing Press Release for the reason of the Company’s decision to express an opinion in favor of the Tender Offer.

Although the Tender Offer was completed as described above, the Tender Offeror’s voting rights ratio did not reach 90%, and the Company, at the request of the Tender Offeror and in accordance with the policy announced in the Opinion Expressing Press Release, resolved at the meeting of the Board of Directors held on February 13, 2024, to conduct a consolidation of shares at the ratio of 1 share per 27,000,000 Company Shares (the “Consolidation of Shares”) in order to make the Tender Offeror the sole shareholder and privatize the Company Shares, subject to obtaining approval from shareholders at the Extraordinary General Meeting of Shareholders, and to submit a proposal for the Consolidation of Shares to the Extraordinary General Meeting of Shareholders. As a result of the Consolidation of Shares, the number of Company Shares owned by the shareholders other than the Tender Offeror will be reduced to fractions of less than one share.

## 2. Summary of the Consolidation of Shares

### (1) Schedule of the Consolidation of Shares

(i) Date of public notice of the record date of the Extraordinary General Meeting of Shareholders	January 17, 2024
(ii) Record date of the Extraordinary General Meeting of Shareholders	January 31, 2024
(iii) Date of Resolution by the Board of Directors	February 13, 2024
(iv) Date of the Extraordinary General Meeting of Shareholders	March 18, 2024 (tentative)
(v) Date the Company Shares will be assigned to the delisting post	March 18, 2024 (tentative)
(vi) Final trading date of the Company Shares	April 8, 2024 (tentative)
(vii) Delisting date of the Company Shares	April 9, 2024 (tentative)
(viii) Effective date of the Consolidation of Shares	April 11, 2024 (tentative)

(2) Details of the Consolidation of Shares

(i) Class of shares to be consolidated:

common shares

(ii) Consolidation ratio:

1 share per 27,000,000 Company Shares

(iii) Total number of issued shares to be reduced:

82,036,078 shares

(iv) Total number of issued shares before the Consolidation of Shares taking effect:

82,036,081 shares

(v) Total number of issued shares after the Consolidation of Shares taking effect:

3 shares

(vi) Total number of authorized shares as of the effective date:

12 shares

As a result of the Consolidation of Shares, the number of Company Shares owned by each of the shareholders (excluding the Tender Offeror) will be reduced to fractions of less than one share.

Regarding fractions of less than one share resulting from the Consolidation of Shares, the Company will sell the number of shares equivalent to the sum of such fractions and deliver the proceeds from such sale to the shareholders in proportion to their fractions. With respect to such sale, since the Company Shares will be delisted as a result of the Consolidation of Shares, the Company plans to (i) sell the shares to the Tender Offeror with the permission of the court pursuant to Article 234, Paragraph 2 of the Companies Act (Act No. 86 of 2005), as applied *mutatis mutandis* pursuant to Article 235, Paragraph 2, or (ii) purchase them by itself with the permission of the court pursuant to Article 234, Paragraphs 2 and 4 of the Companies Act.

The sales price will be set so that if the above approval by the court is obtained as planned, each shareholder will receive an amount obtained by multiplying (i) the number of Company Shares owned by each of the shareholders recorded in the Company's final shareholders' registry as of April 10, 2024, the day before the effective date of the Consolidation of Shares, by (ii) 8,620 yen, the same amount as the Tender Offer Price. However, the actual amount to be delivered may differ from the above amount in cases where the approval by the court cannot be obtained or where fractional adjustments are required in the calculation.

3. Basis of the Amount Expected to be Delivered to Shareholders as a result of the Treatment of Fractions related to the Consolidation of Shares

As mentioned above, the amount expected to be delivered to each of the shareholders as a result of the treatment of fractional shares resulting from the Consolidation of Shares will be the amount

obtained by multiplying (i) the number of Company Shares owned by each of the shareholders recorded in the Company's final shareholders' register as of April 10, 2024, the day before the effective date of the Consolidation of Shares, by (ii) 8,620 yen, the same amount as the Tender Offer Price.

Considering the following factors, the Board of Directors of the Company has determined that the Tender Offer Price (8,620 yen) and other terms and conditions of the Tender Offer are reasonable for the Company's shareholders and that the Tender Offer provides the Company's shareholders with a reasonable opportunity to sell their shares.

- (i) The Tender Offer Price is (a) above the range of value of the Company Shares calculated by Daiwa Securities Co., Ltd. ("Daiwa Securities"), an independent financial advisor, based on the market price method; and (b) within the range of value calculated by Daiwa Securities based on the discounted cash flow method;
- (ii) the Tender Offer Price provides (a) a premium of 56.30% on the closing price of 5,515 yen as of November 22, 2023, the business day immediately preceding the announcement of the Tender Offer; (b) a premium of 49.39% on the simple average closing price of 5,770 yen for the past 1 month; (c) a premium of 44.29% on the simple average closing price of 5,974 yen for the past 3 months; and (d) a premium of 50.38% on the simple average closing price of 5,732 yen for the past 6 months; and the Tender Offer Price could be evaluated as the price providing a reasonable premium;
- (iii) the Transaction is considering the interests of minority shareholders, such as by taking certain measures to eliminate the structural conflicts of interest;
- (iv) the Tender Offer Price has been determined through multiple rounds of discussions and negotiations in a manner equivalent to those of an arm's length transaction, based on measures to eliminate the structural conflicts of interest; and
- (v) the Special Committee has confirmed the negotiation strategy in advance, received reports on the status of negotiations in a timely manner, provided opinions, instructions and requests etc. at the important stages of negotiations, and expressed its opinion that the Tender Offer Price is appropriate.

Also, until the Board of Directors' meeting on February 13, 2024, which resolved to convene the Extraordinary General Meeting of Shareholders, there have been no material changes in the conditions upon which the Company's decision regarding the Tender Offer Price was based since November 24, 2023, when the Board of Directors has announced its opinion in support for the Tender Offer.

Based on the above, the Company has determined that the amount expected to be delivered to each of the shareholders as a result of the treatment of fractional shares is reasonable.

In light of the fact that the Consolidation of Shares is conducted as part of the Transaction for the management buyout and that there is a structural conflict of interest issue, the Company and the Tender Offeror have taken various measures as described in the Opinion Expressing Press Release to ensure the fairness of the terms of the Transaction, including the Tender Offer Price.

#### 4. Future Prospects

Upon the implementation of the Consolidation of Shares, the Company Shares will be delisted.

The Transaction constitutes a so-called management buyout, and Akira Uehara, Shigeru Uehara and Ken Uehara plan to continue to manage the Company after the Transaction, and Shigeru Uehara plans to assume the position of a Representative Director and Chief Executive Officer of the Company after the Transaction.

## II. Abolition of the Provision of Shares Constituting One Share Unit

If the Consolidation of Shares takes effect, the total number of issued shares of the Company will be 3 shares and the provision of shares constituting one share unit will no longer be necessary. Accordingly, the Company plans to abolish the provision of shares constituting one share unit effective as of April 11, 2024.

Such abolition of the provision of shares constituting one shares constituting one share unit is subject to the condition that the proposal for the Consolidation of Shares and the proposal for the partial amendments to the Articles of Incorporation regarding the abolition of the provision of shares constituting one share unit (see “III. Partial Amendments to the Articles of Incorporation”) are approved and adopted at the Extraordinary General Meeting of Shareholders as originally proposed, and the Consolidation of Shares takes effect.

## III. Partial Amendments to the Articles of Incorporation

### 1. Purpose of the Amendments to the Articles of Incorporation

If the proposal for the Consolidation of Shares will be approved and adopted at the Extraordinary General Meeting of Shareholders as originally proposed and the Consolidation of Shares takes effect, (i) the total number of authorized shares of the Company Shares will decrease to 12 shares, (ii) the total number of issued shares of the Company will be 3 shares and the provision of shares constituting one share unit will no longer be necessary, and (iii) since the Tender Offeror will be the sole shareholder of the Company, the provision regarding the record date for the ordinary general meeting of shareholders will be no longer necessary. Accordingly, the Company plans to partially amend the Articles of Incorporation effective as of April 11, 2024, subject to the condition that the proposal for the Consolidation of Shares is approved and adopted at the Extraordinary General Meeting of Shareholders as originally proposed, and the Consolidation of Shares takes effect.

### 2. Details of the Amendment to the Articles of Incorporation

Current Articles of Incorporation	Proposed amendment
Article 5 (Total Number of Authorized Shares)	Article 5 (Total Number of Authorized Shares)

Current Articles of Incorporation	Proposed amendment
The total number of authorized shares by the Company shall be <u>360,000,000</u> shares.	The total number of authorized shares by the Company shall be <u>12</u> shares.
<u>Article 7 (Number of Shares Constituting One Share Unit)</u> The number of shares constituting one share unit shall be <u>100</u> shares.	(Deleted)
<u>Article 8 (Restriction on Rights of Shareholders Holding Shares Less Than One Unit)</u> <u>Shareholders holding shares less than one unit of the Company may not exercise any rights other than the following rights with respect to such shares less than one unit owned:</u> 1. <u>Rights provided for in each item of Article 189, Paragraph 2 of the Companies Act;</u> 2. <u>Rights to demand the acquisition of shares with put options; and</u> 3. <u>Rights to receive an allotment of shares for subscription and stock acquisition rights for subscription, in proportion to the number of shares owned by the shareholders.</u>	(Deleted)
Article <u>9</u> (Omitted)	Article <u>7</u> (No change)
Article <u>10</u> (Omitted)	Article <u>8</u> (No change)
<u>Article 11 (Record Date)</u> (i) <u>The shareholders listed or recorded in the final shareholders' register of each fiscal year shall be the shareholders entitled to exercise their rights at the Ordinary General Meeting of Shareholders for such fiscal year.</u> (ii) <u>In addition to the preceding paragraph, whenever necessary, the Company may, by giving a prior public notice by resolution of the Board of Directors, deem the shareholders or registered share pledgees listed or recorded in the shareholders' register as of a specified date as the shareholders or registered share pledgees entitled to exercise their rights.</u>	(Deleted)
Article <u>12</u> through Article <u>48</u> (Omitted)	Article <u>9</u> through Article <u>45</u> (No change)

[End]