

**Consolidated Financial Statements for the First Nine Months
of the March 31, 2024 Fiscal Year
<under Japanese GAAP>**

February 13, 2024

Listed Company Name: TAISHO PHARMACEUTICAL HOLDINGS CO., LTD. Stock Listing: TSE
 Securities Code: 4581 (URL <https://www.taisho.co.jp/global/>)
 Representative: Akira Uehara, Chief Executive Officer (Representative)
 Contact: Shinichi Tanaka, General Manager of Corporate Communications
 TEL: +81-3-3985-2020
 Scheduled date for filing Quarterly Securities Report: February 14, 2024
 Scheduled date of dividend payments: —
 Supplementary material on quarterly financial results: No
 Quarterly financial results briefing: No

** All amounts in this report are rounded down to the nearest million yen, unless otherwise noted.*

**1. Consolidated Financial Results for the First Nine Months of Fiscal 2023
(cumulative: April 1, 2023 to December 31, 2023)**

(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 nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	246,673	8.3	19,017	(17.8)	23,719	(18.7)	10,323	(50.6)
December 31, 2022	227,669	13.8	23,124	224.2	29,167	153.8	20,899	132.9

Note: Comprehensive income For the nine months of Fiscal 2023: ¥57,800 million [0.8%]
 For the nine months of Fiscal 2022: ¥57,319 million [341.3%]

	Basic earnings per share	Diluted earnings per share
For nine months ended	Yen	Yen
December 31, 2023	125.93	125.75
December 31, 2022	254.93	254.60

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	1,005,463	857,296	82.7
March 31, 2023	941,490	809,343	83.5

Reference: Equity As of December 31, 2023: ¥831,224 million As of March 31, 2023: ¥785,745 million

2. Cash Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2022	—	50.00	—	50.00	100.00
Fiscal 2023	—	50.00	—		
Fiscal 2023 (Forecast)				0.00	50.00

Note: Revisions to the cash dividend forecast most recently announced: No

As announced in “Announcement of Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2024 (No Dividend)” announced on November 24, 2023, the Company has decided not to pay year-end dividends for the fiscal year ending March 31, 2024.

3. Forecast of Consolidated Operating Results for Fiscal 2023 (April 1, 2023 to March 31, 2024)

The forecast of consolidated operating results for fiscal 2023 is not presented as the Company’s shares will be delisted, as stated in “Announcement of Implementation of MBO and Recommendation for Tender Offer” announced on November 24, 2023 and “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” announced on January 16, 2024.

* Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023: 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: No
 - 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
- (4) Number of issued shares (common shares)
 - a. Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023:	85,139,653 shares
As of March 31, 2023:	85,139,653 shares
 - b. Number of treasury shares at the end of the period

As of December 31, 2023:	3,172,189 shares
As of March 31, 2023:	3,160,512 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For nine months ended December 31, 2023:	81,976,497 shares
For nine months ended December 31, 2022:	81,982,885 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 of consolidated operating results for fiscal 2023 is not presented as the Company’s shares will be delisted, as stated in “Announcement of Implementation of MBO and Recommendation for Tender Offer” announced on November 24, 2023 and “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” announced on January 16, 2024.

Attached Material

Index

1. Qualitative Information Regarding Settlement of Accounts for the First Nine Months.....	2
(1) Information on Operating Results.....	2
(2) Information on Financial Position.....	3
(3) Information on Forecast of Consolidated Operating Results and Other Forward-Looking Statements	3
2. Quarterly Consolidated Financial Statements and Significant Notes Thereto	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6
Quarterly Consolidated Statements of Income (cumulative)	6
Quarterly Consolidated Statements of Comprehensive Income (cumulative)	7
(3) Notes on Quarterly Consolidated Financial Statements.....	8
(Notes on Premise of Going Concern)	8
(Notes on Substantial Changes in the Amount of Shareholders' Equity)	8
(Segment Information (cumulative))	8
(Significant Subsequent Events)	9

1. Qualitative Information Regarding Settlement of Accounts for the First Nine Months

(1) Information on Operating Results

In the over-the-counter (OTC) drug market in Japan during the nine months ended December 31, 2023, sales ended higher year on year with growth seen in general cold remedies and cough suppressants as a result of an increase in people with cold symptoms due to a relaxation in infection prevention awareness, the recovery in human flow following the reclassification of COVID-19 as a Class 5 infectious disease, and an early outbreak of influenza.

In the over-the-counter (OTC) drug market overseas, a trend of recovery continued overall, following the momentum from last year, when we saw the markets recovered from lackluster consumption due to the lockdowns of the COVID-19 pandemic, although some differences were observed across the different countries and regions.

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.

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 international 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 product value, as well as to carry out early expansion and life cycle management of new drugs by carefully targeting the provision of information. In addition, the Group is working to secure the early approval of compounds at the development stage and enhance its pipeline by licensing new drug candidates. The Group is also working hard at the discovery of new drugs by strengthening cooperation with external research institutions, and utilizing advanced technologies, among other activities.

Consolidated net sales for the nine months ended December 31, 2023, increased by ¥19,004 million, or 8.3% year on year, to ¥246,673 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	211.5	13.0	6.5
Japan	103.3	0.3	0.3
International	106.4	12.8	13.7
Others	1.8	(0.1)	(5.0)
Prescription Pharmaceutical Operation Group	35.2	6.0	20.7
Ethical drugs	34.5	6.2	21.7
Others	0.7	(0.1)	(14.9)

Sales of major products and regions were as follows:

< Self-Medication Operation Group >

Consolidated net sales during the nine months ended December 31, 2023, increased by ¥13.0 billion, or 6.5% year on year, to ¥211.5 billion.

With regard to our mainstay brands, sales of the *Lipovitan* series rose by 0.1% to ¥40.3 billion, sales of the *Pabron* series decreased by 1.8% to ¥20.9 billion, sales of the *RiUP* series increased by 0.5% to ¥9.1 billion, and sales of *Biofermin* series increased by 17.9% to ¥11.2 billion.

As for the international business, net sales for the Asia region increased by 7.0% to ¥51.4 billion and net sales for the Europe and Americas region increased by 20.9% to ¥54.8 billion.

< Prescription Pharmaceutical Operation Group >

Consolidated net sales during the nine months ended December 31, 2023, increased by ¥6.0 billion, or 20.7% year on year, to ¥35.2 billion.

As to major products, type 2 diabetes mellitus agent *Lusefi* increased by 0.8% to ¥10.4 billion, osteoporosis agent *Bonviva* increased by 44.3% to ¥8.5 billion, intestinal remedy *Biofermin* increased by 4.5% to ¥3.8 billion, and transdermal anti-inflammatory analgesic patch formulation *LOQOA* decreased by 13.1% to ¥2.8 billion.

On the profits front, operating profit decreased by 17.8% to ¥19,017 million due to an increase in selling, general and administrative expenses, ordinary profit decreased by 18.7% to ¥23,719 million, and profit attributable to owners of parent decreased by 50.6% to ¥10,323 million due to posting expenses related to early retirement program as an extraordinary loss.

(2) Information on Financial Position

Total assets as of December 31, 2023 stood at ¥1,005.5 billion, up ¥64.0 billion from the previous fiscal year-end.

Notes and accounts receivable - trade increased by ¥20.7 billion, securities increased by ¥20.1 billion, inventories increased by ¥10.6 billion, property, plant and equipment increased by ¥7.9 billion, intangible assets increased by ¥9.0 billion, and investment securities increased by ¥3.7 billion, but cash and deposits decreased by ¥9.9 billion.

Liabilities amounted to ¥148.2 billion, an increase of ¥16.0 billion from the previous fiscal year-end.

Net assets amounted to ¥857.3 billion, an increase of ¥48.0 billion from the previous fiscal year-end. Retained earnings increased by ¥2.1 billion, due to profit attributable to owners of parent of ¥10.3 billion and dividends of surplus of ¥8.2 billion, valuation difference on available-for-sale securities increased by ¥16.8 billion, foreign currency translation adjustment increased by ¥26.5 billion and non-controlling interests increased by ¥2.4 billion.

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

As stated in the summary information (3. Forecast of Consolidated Operating Results for Fiscal 2023 (April 1, 2023 to March 31, 2024)), as of January 19, 2024, Otemon Co., Ltd. became the Company's new parent company and the largest shareholder among the major shareholders.

The forecast of consolidated operating results for fiscal 2023 is not presented as the Company's shares will be delisted as a result of the tender offer implemented by Otemon Co., Ltd. and the subsequent implementation of a series of procedures.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
ASSETS		
Current assets		
Cash and deposits	255,966	246,071
Notes and accounts receivable - trade	52,300	72,994
Securities	200	20,296
Merchandise and finished goods	30,638	35,035
Work in process	3,116	3,535
Raw materials and supplies	19,577	25,369
Other	14,457	13,911
Allowance for doubtful accounts	(375)	(436)
Total current assets	375,880	416,777
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	55,545	80,031
Machinery, equipment and vehicles, net	22,779	21,965
Land	37,116	37,824
Construction in progress	21,911	5,121
Other, net	3,818	4,083
Total property, plant and equipment	141,170	149,027
Intangible assets		
Goodwill	128,051	134,782
Sales rights	22,758	21,127
Trademark right	69,275	72,679
Software	10,144	9,878
Other	8,262	9,062
Total intangible assets	238,492	247,530
Investments and other assets		
Investment securities	150,657	154,394
Shares of subsidiaries and associates	12,759	13,223
Long-term prepaid expenses	1,405	1,512
Retirement benefit asset	11,006	11,253
Deferred tax assets	6,761	7,875
Other	3,586	4,097
Allowance for doubtful accounts	(229)	(228)
Total investments and other assets	185,946	192,128
Total non-current assets	565,610	588,686
Total assets	941,490	1,005,463

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	17,001	16,503
Accounts payable - other	20,084	18,259
Income taxes payable	1,889	4,270
Accrued expenses	14,341	17,137
Refund liabilities	12,485	12,828
Provision for bonuses	4,092	3,914
Other	3,883	7,910
Total current liabilities	73,778	80,824
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	1,007	685
Retirement benefit liability	18,861	16,401
Deferred tax liabilities	32,801	41,368
Other	5,698	8,886
Total non-current liabilities	58,368	67,342
Total liabilities	132,146	148,166
NET ASSETS		
Shareholders' equity		
Share capital	30,000	30,000
Retained earnings	713,776	715,857
Treasury shares	(21,063)	(21,161)
Total shareholders' equity	722,712	724,696
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,433	50,184
Foreign currency translation adjustment	26,693	53,143
Remeasurements of defined benefit plans	2,906	3,201
Total accumulated other comprehensive income	63,033	106,528
Share acquisition rights	821	865
Non-controlling interests	22,776	25,206
Total net assets	809,343	857,296
Total liabilities and net assets	941,490	1,005,463

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income (cumulative)

(Millions of yen)

	For nine months ended December 31, 2022	For nine months ended December 31, 2023
Net sales	227,669	246,673
Cost of sales	91,309	104,998
Gross profit	136,360	141,674
Selling, general and administrative expenses	113,235	122,657
Operating profit	23,124	19,017
Non-operating income		
Interest income	1,158	2,016
Dividend income	2,113	2,347
Share of profit of entities accounted for using equity method	306	207
Foreign exchange gains	2,411	126
Other	371	429
Total non-operating income	6,361	5,127
Non-operating expenses		
Interest expenses	147	194
Commission expenses	63	65
Loss on investments in investment partnerships	—	15
Other	108	149
Total non-operating expenses	318	424
Ordinary profit	29,167	23,719
Extraordinary income		
Gain on sale of non-current assets	89	10
Gain on sale of investment securities	1	0
Gain on sale of shares of subsidiaries and associates	800	—
Total extraordinary income	891	10
Extraordinary losses		
Loss on disposal of non-current assets	127	130
Loss on valuation of investment securities	29	—
Impairment losses	—	97
Early retirement program expenses	—	6,014
Total extraordinary losses	157	6,243
Profit before income taxes	29,900	17,486
Income taxes	7,224	5,195
Profit	22,676	12,290
Profit attributable to non-controlling interests	1,777	1,967
Profit attributable to owners of parent	20,899	10,323

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	For nine months ended December 31, 2022	For nine months ended December 31, 2023
Profit	22,676	12,290
Other comprehensive income		
Valuation difference on available-for-sale securities	4,188	16,318
Foreign currency translation adjustment	30,314	28,463
Remeasurements of defined benefit plans, net of tax	68	289
Share of other comprehensive income of entities accounted for using equity method	71	437
Total other comprehensive income	34,642	45,509
Comprehensive income	57,319	57,800
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	51,344	53,818
Comprehensive income attributable to non- controlling interests	5,974	3,982

(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

(Segment Information (cumulative))

I. For nine months ended December 31, 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	198,552	29,117	227,669	—	227,669
Sales or transfers between segments	—	—	—	—	—
Total	198,552	29,117	227,669	—	227,669
Segment profit (loss) (Note 2)	26,068	(1,595)	24,472	(1,347)	23,124

Notes: 1 The Other segment represents operating segments that are not attributable to any reportable segment of which the Company (a pure holding company) mainly consists.

2 Segment profit (loss) matches operating profit on the quarterly consolidated statement of income.

2. Information regarding impairment losses of non-current assets and goodwill, etc. by reportable segment

No items to report

II. For nine months ended December 31, 2023

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	211,516	35,156	246,673	—	246,673
Sales or transfers between segments	—	—	—	—	—
Total	211,516	35,156	246,673	—	246,673
Segment profit (loss) (Note 2)	24,563	(270)	24,292	(5,275)	19,017

Notes: 1 The Other segment represents operating segments that are not attributable to any reportable segment of which the Company (a pure holding company) mainly consists.

2 Segment profit (loss) matches operating profit on the quarterly consolidated statement of income.

2. Information regarding impairment losses on non-current assets and goodwill, etc. by reportable segment

There were no significant impairment losses on non-current assets, significant change in the amount of goodwill, or significant gain on negative goodwill arisen during the nine months ended December 31, 2023.

(Significant Subsequent Events)

(Regarding the Tender Offer by Otemon Co., Ltd. for the Company Shares, Etc.)

The tender offer (the “Tender Offer”) implemented by Otemon Co., Ltd. (the “Tender Offeror”) from November 27, 2023 for the common shares of the Company (the “Company Shares”), the Stock Acquisition Rights and the American Depositary Receipts (the Company Shares, the Stock Acquisition Rights and the American Depositary Receipts are collectively referred to as the “Company Shares, Etc.”) has completed as of January 15, 2024.

As a result of the Tender Offer, the Tender Offeror became a parent company of the Company as of January 19, 2024 (the commencement date of settlement of the Tender Offer).

For details, please refer to “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” announced on January 16, 2024.

(Consolidation of shares, abolishment of the provisions for the number of shares per share unit, and amendment to the Articles of Incorporation)

I. Consolidation of shares

1. Purpose and reason for consolidation of shares

At the Board of Directors’ meeting held on February 13, 2024, the Company resolved to consolidate the common shares of the Company (the “Company Shares”) at a ratio of one share for every 27,000,000 shares (the “Shares Consolidation”), as described below, in order to privatize the Company Shares and limit the shareholders to only the Tender Offeror, subject to the approval of shareholders at the extraordinary general meeting of shareholders scheduled for March 18, 2024. The proposal regarding the Shares Consolidation will be submitted to the extraordinary general meeting of shareholders for approval.

2. Overview of consolidation of shares

(1) Schedule of consolidation of shares

(i) Date of public notice on 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 of the Board of Directors	February 13, 2024
(iv) Date of the extraordinary general meeting of shareholders	March 18, 2024 (scheduled)
(v) Date of designation of delisted issue	March 18, 2024 (scheduled)
(vi) Date of final trading of the Company Shares	April 8, 2024 (scheduled)
(vii) Date of delisting of the Company Shares	April 9, 2024 (scheduled)
(viii) Effective date of consolidation of shares	April 11, 2024 (scheduled)

(2) Details of consolidation of shares

(i) Class of shares to be consolidated

Common shares

(ii) Share consolidation ratio

The Company Shares are to be consolidated at a ratio of one share for every 27,000,000 shares

(iii) Total number of shares outstanding to be decreased

82,036,078 shares

(iv) Total number of shares outstanding before the effective date of consolidation

82,036,081 shares

Note: At the Board of Directors’ meeting held on February 13, 2024, the Company resolved to cancel 3,103,572 treasury shares (equivalent to the number of treasury shares held as of December 31, 2023) on April 10, 2024, and therefore “Total number of shares outstanding before the effective date of consolidation” is presented as the total number of shares outstanding after the cancellation.

- (v) Total number of shares outstanding after the effective date of consolidation

3 shares

- (vi) Total number of shares authorized to be issued as of the effective date

12 shares

- (vii) Method of handling fractions less than one share and amount of money expected to be paid to shareholders as a result

The Shares Consolidation is expected to result in fractions of less than one share with respect to the Company Shares held by shareholders (excluding the Tender Offeror).

With regard to the fractions of less than one share resulting from the Shares Consolidation, the number of shares equivalent to the total sum of these fractional shares (with fractional amounts being rounded down) will be sold and the proceeds obtained from the sale will be distributed proportionally to the shareholders for whom fractional shares will be created by the Shares Consolidation. For this sale, the Company plans to obtain permission from the court to sell the fractional shares to the Tender Offeror pursuant to the provisions of paragraph 2 of Article 234 of the Companies Act as it applies mutatis mutandis to paragraph 2 of Article 235 of the Companies Act (Act No. 86 of 2005; including subsequent amendments; hereafter the same). The Company also plans to obtain permission from the court to buy back the fractional shares from the Company pursuant to the provisions of paragraph 2 and 4 of Article 234 of the Companies Act.

If the aforementioned court permission is obtained as planned, the sale price will be set so that the money distributed to each shareholder will be equivalent to ¥8,620, the same as the tender offer price, multiplied by the number of Company Shares held by the shareholders listed or recorded on the Company's final shareholders register as of the day before the effective date of the Shares Consolidation, which is April 10, 2024. However, if the permission of the court has not been obtained, or if fractional adjustments in the calculations are required, the actual amount distributed may differ from the aforementioned amount.

- (viii) Effect on per-share information

Per-share information for the first nine months of the previous fiscal year and for the first nine months of the current fiscal year as it would be if the Share Consolidation had been conducted at the start of the previous fiscal year is as follows.

	For nine months ended December 31, 2022	For nine months ended December 31, 2023
Basic earnings per share	Yen 6,966,535,333.33	Yen 3,441,044,333.33
Diluted earnings per share	—	—

Note: Diluted earnings per share is not presented as there are no potential shares.

(3) Scheduled delisting

As stated above in "1. Purpose and reason for consolidation of shares," subject to the approval of shareholders at the extraordinary general meeting of shareholders, the Company plans to carry out the Share Consolidation, which will result in the Tender Offeror becoming the Company's only shareholder. As a result, the Company Shares will be delisted from the Tokyo Stock Exchange in accordance with the delisting criteria after the prescribed procedures have been carried out.

In terms of the schedule, after the stock is designated a delisted issue from March 18 to April 8, 2024, it will be delisted on April 9, 2024. After delisting, the Company Shares cannot be traded on the Tokyo Stock Exchange.

II. Amendment to the Articles of Incorporation

1. Purpose of the amendments

- (1) If the proposal No. 1 “Consolidation of Shares” is approved in its original form and the Shares Consolidation comes into effect, the Company’s total number of shares authorized to be issued will decrease to 12 shares in accordance with the provisions of paragraph 2 of Article 182 of the Companies Act. To clarify this point, Article 5 of the Articles of Incorporation will be amended on the condition that the Shares Consolidation comes into effect.
- (2) If the proposal No. 1 “Consolidation of Shares” is approved in its original form and the Shares Consolidation comes into effect, the Company’s total number of outstanding shares will be 3 shares and there will be no need to determine the number of shares constituting one unit. Accordingly, on the condition that the Shares Consolidation comes into effect, Articles 7 and 8 of the Articles of Incorporation will be deleted in order to abolish the provisions on determining the number of shares per unit, which is currently set at 100. The article numbers in the Articles of Incorporation will be adjusted accordingly.
- (3) If the proposal No. 1 “Consolidation of Shares” is approved in its original form and the Shares Consolidation comes into effect, Otemon Co., Ltd. will become the Company’s sole shareholder and the provisions regarding the record date of the ordinary general meeting of shareholders will no longer be required. Accordingly, on the condition that the Shares Consolidation comes into effect, Article 11 of the Articles of Incorporation will be deleted and the article numbers in the Articles of Incorporation will be adjusted accordingly.

2. Details of the amendments

The amendments are as follows.

(Amendments shown by underlines.)

Current Articles of Incorporation	Proposed Amendments
Articles 5. (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>360,000,000</u> .	Articles 5. (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>12</u> .
Articles 7. (Number of Shares per Share Unit) <u>The number of shares constituting one unit of shares of the Company shall be 100.</u>	(Deleted)
Articles 8. (Restriction of Rights Regarding A Shareholder of the Company’s Shares Less Than One Unit) <u>A shareholder of the Company’s shares less than one unit may not exercise any rights other than the rights listed below with regard to shares less than one unit held by the shareholder:</u> <u>1. Rights set forth in items of Article 189, paragraph 2 of the Companies Act;</u> <u>2. Rights to request acquisition of shares combined with acquisition claims; and</u> <u>3. Right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder.</u>	(Deleted)
Articles 11. (Record Date) <u>(i) The shareholders listed or recorded in the final shareholders register for each fiscal year can exercise their rights at the ordinary general meeting of shareholders for that fiscal year.</u> <u>(ii) In addition to the preceding paragraph, if necessary, the Company may, upon giving prior public notice by resolution of the Board of Directors, may deem the shareholders or registered share pledgees whose names have been entered or recorded in the register of shareholders as of the date announced in the notice as the shareholders or the registered share pledgees entitled to exercise their rights.</u>	(Deleted)

3. Schedule of the amendments

April 11, 2024 (scheduled)

4. Conditions for the amendments

The amendments to the Articles of Incorporation are subject to the approval and adoption of the proposal on the Shares Consolidation at the extraordinary general meeting of shareholders as originally proposed and the effectuation of the Shares Consolidation.