

Summary of Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2024 (FY2023) <Based on Japanese GAAP>

August 7, 2023

Company name: ASKA Pharmaceutical Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4886 URL <https://www.aska-pharma-hd.co.jp/english/>
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 Scheduled date to file Securities Report : August 7, 2023
 Scheduled date to commence dividend payments : -
 Preparation of supplementary material on financial results : Yes
 Holding of financial results meeting : No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the first quarter ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of FY2023	16,023	4.9	1,704	2.4	1,809	0.2	1,428	8.0
First quarter of FY2022	15,269	7.4	1,664	40.1	1,805	35.8	1,323	20.4
Note: Comprehensive income	First quarter of FY2023		(Millions of yen)		2,563	(43.0%)		
	First quarter of FY2022		(Millions of yen)		1,792	(81.8%)		

	Earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of FY2023	50.51	-
First quarter of FY2022	46.94	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	89,166	56,881	63.8
As of March 31, 2023	87,138	54,533	62.6

Reference: Tangible net worth As of June 30, 2023 (Millions of yen) 56,881
 As of March 31, 2023 (Millions of yen) 54,533

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	-	8.00	-	8.00	16.00
Year ending March 31, 2024	-				
Year ending March 31, 2024 (Forecast)		10.00	-	10.00	20.00

Note: Revision from dividend forecast currently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	62,000	2.5	5,400	5.7	5,500	5.1	4,400	3.8	155.81

Note: Revision from dividend forecast currently announced: No

Notes:

(1) Changes in significant subsidiaries during the first quarter of FY2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of shares issued (ordinary shares)

1) Total number of shares issued at the end of the period (including treasury shares)

As of June 30, 2023	30,563,199	As of March, 2023	30,563,199
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2) Number of treasury shares at the end of the period

As of June 30, 2023	2,271,215	As of March, 2023	2,280,061
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First quarter of FY2023	28,286,941	First quarter of FY2022	28,187,342
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* This report of financial results is not subject to auditing by a certified public accountant or audit firm.

* Explanation concerning appropriate use of projections of business results and other notes

Projections of business results and other forward-looking statements contained in this document are based on assumptions judged to be reasonable and information currently available to the Company, and the Company does not in any way guarantee the achievement of the projections. Actual business results may materially differ from the forecasted figures due to various factors in the future. Please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Description of Forward-looking Information such as Forecasts of Consolidated Financial Results" for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Operating Results

During the first quarter of the consolidated fiscal year, despite a gradual return to normal in social activities in response to developments including progress in balancing economic activities with prevention measures for COVID-19, future prospects remained uncertain as a result of factors such as rising costs due to a rapid decrease in the value of the yen on international currency markets and rising prices of energy and raw materials as well as the global economic impact of the prolonged Ukraine situation. Even under such conditions, however, the favorable trend in the Group's businesses continued from the previous fiscal year. Thus, both sales and profit increased from the same period of the previous year.

Operating Results during the first quarter of the consolidated fiscal year are described below.

	First quarter of FY2022 Consolidated Cumulative Period (Millions of yen)	First quarter of FY2023 Consolidated Cumulative Period (Millions of yen)	Actual (Millions of yen)	Growth (%)
Net sales	15,269	16,023	753	4.9
Operating profit	1,664	1,704	39	2.4
Ordinary profit	1,805	1,809	3	0.2
Profit attributable to owners of parent	1,323	1,428	105	8.0

Business results by segment are described below.

(i) Pharmaceutical business

The pharmaceutical business, which focuses on the three fields of internal medicine, obstetrics and gynecology, and urology, showed favorable trends overall, despite the impact of the periodical NHI drug price revisions. A look at results by product shows that results in the obstetrics and gynecology area were driven by the favorable growth in the uterine fibroid and endometriosis agent RELUMINA (relugolix), to 2,576 million yen (up 14.0% YoY). In addition to these, sales of the dysmenorrhea agent DroEthi (drospirenone/ ethinylestradiol), which went on sale in June 2022, increased significantly to 1,401 million yen (up 240.1% YoY), following the previous year. Sales also grew steadily in the internal medicine area, as sales of the thyroid hormone agent THYRADIN (levothyroxine), our main product in this field, grew to 2,062 million yen (up 1.1% YoY) and those of the poorly absorbable rifamycin antimicrobial agent RIFXIMA (rifaximin) to 1,525 million yen (up 8.6% YoY). In the urology field, sales of the LH-RH derivative microcapsule sustained-release agent LEUPRORELIN were 1,192 million yen (down 12.2% YoY).

As a result of the above factors, the segment sales were 14,420 million yen (up 5.7% YoY), and the segment profit was 2,021 million yen (up 17.0% YoY).

(ii) Animal health business

Sales of the animal health business, which sells products such as veterinary pharmaceuticals and feed additives, were 1,560 million yen (down 2.1% YoY), maintaining the same level as the previous year. However, the segment loss was 1 million yen (vs. a profit of 124 million yen in the same period of the previous year) due to rising costs of raw materials and other items.

(iii) Other businesses

Sales of the other businesses, which include clinical testing, medical devices, etc., were 42 million yen (up 44.1% YoY) because sales of the hair-growth hormone measurement kits made a positive contribution. However, the segment loss was 27 million yen (vs. a loss of 18 million yen in the same period of the previous year) due to an increase in selling expenses.

* For sales of main products, please refer to 3. Supplemental Material.

(2) Description of Financial Position

(Assets)

Total assets at the end of the first quarter of the consolidated fiscal year under review stood at 89,166 million yen, up 2,028 million yen from the end of the previous consolidated fiscal year under review. This figure was due primarily to increases in investment securities, and accounts receivable - trade.

(Liabilities)

Total liabilities at the end of the first quarter of the consolidated fiscal year under review stood at 32,285 million yen, down 318 million yen from the end of the previous consolidated fiscal year. This figure was due primarily to decreases in short-term borrowings and long-term borrowings, despite a decrease in accounts payable – trade

(Net assets)

Total assets at the end of the first quarter of the consolidated fiscal year under review stood at 56,881 million yen, up 2,347 million yen from the end of the previous consolidated fiscal year. This figure was due primarily to an increase in retained earnings resulting from the recording of profit attributable to owners of parent and an increase in valuation difference on available-for-sale securities reflecting rising share prices.

The resulting equity ratio was 63.8%, up 1.2 percentage points from the end of the previous consolidated fiscal year.

(3) Description of Forward-looking Information such as Forecasts of Consolidated Financial Results

Forecasts of consolidated financial results for the period ending March 31, 2024 (FY2023) are unchanged from the full-year consolidated performance forecasts in the “Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (FY2022),” published on May 11, 2023.

(4) Description of Research and development

R&D expenses during the first quarter of the consolidated fiscal year under review stood at 941 million yen.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	14,505	15,183
Accounts receivable - trade	15,217	16,370
Securities	3,400	2,900
Merchandise and finished goods	10,815	10,158
Work in process	429	452
Raw materials and supplies	6,443	6,891
Other	2,948	3,087
Total current assets	53,759	55,043
Non-current assets		
Property, plant and equipment	10,796	10,698
Intangible assets	4,465	4,018
Investments and other assets		
Investment securities	14,385	16,338
Other	3,748	3,085
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	18,117	19,406
Total non-current assets	33,378	34,123
Total assets	87,138	89,166
Liabilities		
Current liabilities		
Accounts payable - trade	2,838	4,843
Electronically recorded obligations - operating	3,022	2,677
Short-term borrowings	3,438	2,885
Other provisions	1,167	564
Other	7,182	7,702
Total current liabilities	17,650	18,673
Non-current liabilities		
Long-term borrowings	9,185	7,765
Retirement benefit liability	5,433	5,511
Other	335	336
Total non-current liabilities	14,954	13,612
Total liabilities	32,604	32,285
Net assets		
Shareholders' equity		
Share capital	1,197	1,197
Capital surplus	1,847	1,847
Retained earnings	49,619	50,821
Treasury shares	(3,350)	(3,340)
Total shareholders' equity	49,315	50,527
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,590	5,668
Foreign currency translation adjustment	405	471
Remeasurements of defined benefit plans	222	214
Total accumulated other comprehensive income	5,218	6,353
Total net assets	54,533	56,881
Total liabilities and net assets	87,138	89,166

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 (First quarter of the consolidated fiscal year)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	15,269	16,023
Cost of sales	8,017	8,559
Gross profit	7,252	7,463
Selling, general and administrative expenses	5,587	5,759
Operating profit	1,664	1,704
Non-operating income		
Interest income	0	0
Dividend income	177	178
Other	34	19
Total non-operating income	212	197
Non-operating expenses		
Interest expenses	13	11
Expenses of inactive non-current assets	13	35
Other	44	46
Total non-operating expenses	71	93
Ordinary profit	1,805	1,809
Extraordinary income		
Gain on sale of investment securities	—	64
Total extraordinary income	—	64
Profit before income taxes	1,805	1,873
Income taxes - current	199	346
Income taxes - deferred	283	98
Total income taxes	482	444
Profit	1,323	1,428
Profit attributable to owners of parent	1,323	1,428

(Consolidated Statements of Income)

(First quarter of the consolidated fiscal year)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	1,323	1,428
Other comprehensive income		
Valuation difference on available-for-sale securities	323	1,076
Remeasurements of defined benefit plans, net of tax	6	(7)
Share of other comprehensive income of entities accounted for using equity method	139	66
Total other comprehensive income	469	1,135
Comprehensive income	1,792	2,563
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,792	2,563

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes concerning the going-concern assumption)

Not applicable.

(Significant changes in the amount of shareholders' equity)

Not applicable.

(Segment information)

I. Previous first quarter of the consolidated fiscal year (from April 1, 2022 to June 30, 2022)

Net sales and profit or loss by reporting segment

(Millions of yen)

	Reporting-segment		Others Note 1.	Total	Amounts of adjustments Note 2.	Amount recorded on consolidated financial statements Note 3.
	Pharmaceutical business	Animal health business				
Net Sales						
Sales to external customers	13,646	1,593	29	15,269	—	15,269
Intersegment sales and transfers	—	—	15	15	(15)	—
Total	13,646	1,593	44	15,284	(15)	15,269
Segment profit/loss	1,728	124	(18)	1,833	(169)	1,664

Notes:

1. The "Other" business segment consists of businesses not included in the reporting segments, including clinical testing and medical devices, etc.
2. The adjustment of (169) million yen to segment profit or loss (numbers in parentheses) consists of companywide expenses not allocated to individual business segments, which consist mainly of general and administrative expenses not attributable to business segments.
3. Segment profit or loss (numbers in parentheses) is adjusted against operating profit on the quarterly consolidated statements of income.

II. Current first quarter of the consolidated fiscal year (from April 1, 2023 to June 30, 2023)

1 Net sales and profit or loss by reporting segment

(Millions of yen)

	Reporting-segment		Others Note 1.	Total	Amounts of adjustments Note 2.	Amount recorded on consolidated financial statements Note 3.
	Pharmaceutical business	Animal health business				
Net Sales						
Sales to external customers	14,420	1,560	42	16,023	—	16,023
Intersegment sales and transfers	—	—	13	13	(13)	—
Total	14,420	1,560	55	16,036	(13)	16,023
Segment profit/loss	2,021	(1)	(27)	1,993	(288)	1,704

Notes:

1. The "Other" business segment consists of businesses not included in the reporting segments, including clinical testing and medical devices, etc.
2. The adjustment of (288) million yen to segment profit or loss (numbers in parentheses) consists of companywide expenses not allocated to individual business segments, which consist mainly of general and administrative expenses not attributable to business segments.
3. Segment profit or loss (numbers in parentheses) is adjusted against operating profit on the quarterly consolidated statements of income.

3. Supplemental Material

(1) Sales of Main Products of the Business Companies

S a l e s o f M a i n P r o d u c t s
(F Y 2 0 2 3 1 Q A c t u a l)

ASKA Pharmaceutical Co., Ltd.

(Millions of yen)

Therapeutic category	Products	FY2022		FY2023		1Q Actual YOY(%)
		1Q Actual	FY2022 Actual	1Q Actual	FY2023 Forecast	
Antihypertensive agent	CANDESARTAN* (candesartan)	2,859	10,723	2,599	9,268	(9.1)
Uterine fibroid and endometriosis agent	RELUMINA (relugolix)	2,259	8,839	2,576	10,128	14.0
Thyroid hormone agent	THYRADIN (levothyroxine)	2,040	7,733	2,062	7,833	1.1
Poorly absorbable rifamycin antimicrobial agent	RIFXIMA (rifaximin)	1,404	5,397	1,525	5,578	8.6
Dysmenorrhea agent	DroEthi (drospirenone/ ethinylestradiol)	412	3,671	1,401	4,165	240.1
LH-RH derivative microcapsule sustained- release agent	LEUPRORELIN (leuporelin)	1,357	4,999	1,192	4,828	(12.2)
Dysmenorrhea agent	FREWELL (norethisterone/ ethinylestradiol)	888	3,489	832	3,407	(6.2)
Progesterone hormone agent	LUTEUM (progesterone)	214	1,251	440	1,363	105.0
Antithyroid agent	MERCAZOLE (thiamazole)	390	1,486	398	1,513	2.0
Antihypertensive agent	AMLODIPINE (amlodipine)	242	901	225	844	(6.9)

* Including compounding agents

ASKA Animal Health Co., Ltd.

(Millions of yen)

Business field	FY2022		FY2023		1Q Actual YOY(%)
	1Q Actual	FY2022 Actual	1Q Actual	FY2023 Forecast	
Feed additives and materials, and mixed feed	1,041	4,152	965	3,832	(7.3)
Veterinary pharmaceuticals	503	2,370	576	2,490	14.5