
ASKA Pharmaceutical Holdings Co., Ltd. Financial Results Presentation 2Q FY2023 Q&A Summary

November 10, 2023

Q&A Financial Results Presentation 2Q FY2023

Q1: Regarding the disclosure of cash allocation, the growth investment allocation is 15 billion +X. Is it correct to assume that the majority of the investment is for R&D expenses? Since it is described as "+X", I would like to know the details, such as whether the Company will actively invest in areas other than R&D.

A1: To clarify, the 20 billion yen operating cash flow covers R&D expenses, excluding assumed operating profit, depreciation, and fixed costs. Apart from R&D, the Company has disclosed that it plans to allocate cash towards overseas expansion and exploring new business fields.

Q2: Regarding the current product lineup and development pipeline in the Ob/Gyn field, I feel that menopausal disorders are not well represented. I think it is important to enhance the product lineup. Regarding the R&D direction, do you intend to expand into disease areas where you are stretched thin, and will this include business succession?

A2: As a leading company in the Ob/Gyn field, we are enhancing our product lineup. We have drugs for diseases corresponding to each stage of life in the Ob/Gyn field. As you pointed out, we recognize that we are somewhat lacking in the menopausal area. Based on the current situation, our basic idea is to expand our product lineup through drug discovery research, succession, and in-licensing.

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Q3: This question is linked to the Medium-Term Management Plan target; I would like to know whether you plan to maintain your operating profit target of 5.6 billion yen for FY2025 while making investments.

A3: In this business environment, pharmaceutical companies are constantly facing headwinds, such as annual NHI drug price revisions and patent cliffs. Therefore, we will continue to make investments for future growth. On the other hand, we would like to achieve the performance targets of the Medium-Term Management Plan in terms of our responsibility to our shareholders. Our basic approach is to execute the plan on both fronts.

Q4: Overall sales in the field of obstetrics and gynecology are expected to be around 12 billion yen as of the first half of the fiscal year. We believe that sales will easily exceed 20 billion yen for the full year. Please tell us about your approach to sales in the Ob/Gyn field for the final year of the Medium-Term Management Plan.

A4: In the Ob/Gyn field, the market is projected to expand to 100 billion yen. We believe that treatment will become even more widespread through disease awareness. There is still much room for disease awareness in areas such as dysmenorrhea, endometriosis, and contraception. Our mission as a leading company is to develop the market not only by providing treatment but also by conducting information provision activities such as awareness-raising. We would like to further expand our business with a focus on existing products.

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Q5: Regarding overseas business, I assume that Vietnam and Hataphar will be the main business, but when should we expect to see your products reflected in sales and profit once the new plant is up and running?

A5: We are working with Hataphar to operate a plant in compliance with PIC/S GMP. The factory building has been completed. The next phase will be to obtain PIC/S GMP and apply to the Vietnamese authorities for approval of products to be manufactured at the plant. Currently, commercial production and launch is expected in 2026-27.

Q6: What kind of products do you assume that Hataphar is handling?

A6: Hataphar has a wide range of products and does not specialize in any particular area. Among them, we will introduce products where there is demand for PIC/S GMP-compliant products. We will cater to the needs of the market without limiting therapeutic areas.

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Q7: The figures in the Medium-Term Management Plan have been disclosed, but you have also indicated the development of Femtech and overseas business. I would like to know the figures from a long-term perspective, such as 2030.

A7: The environment is changing rapidly, and we are still considering what we will aim for in 2030, after first establishing the figure of 70 billion yen in 2025. We would like to present a new medium-term management plan at the appropriate time since we would like to present proper figures.

Q8: DroEthi has revised its plan upward. It appears to be performing quite well. It looks as if it will exceed the full-year forecast again; is that correct?

A8: We believe we will be able to achieve our plan for the current fiscal year if sales continue to be strong.

Q9: Please tell us about the future market size and revenue expectations for the Ob/Gyn treatment apps in partnership with SUSMED.

A9: We would like to keep the specific diseases to be co-developed with SUSMED undisclosed. We will disclose them as we make progress.

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Q10: I have heard that RELUMINA has a different treatment strategy for uterine fibroids and endometriosis. Please share your thoughts on the treatment of endometriosis and uterine fibroids, I would like you to tell me about the market share, competition, etc., separating uterine fibroids and endometriosis.

A10: RELUMINA is indicated for uterine fibroids and endometriosis, but it is difficult to clearly separate the two. There are many cases in which both diseases are present. On the other hand, the potential volume is greater for uterine fibroids. Uterine fibroids The indication for uterine fibroids was approved first, and an additional indication was approved for endometriosis. We believe that there is room for further growth in the penetration of RELUMINA for endometriosis and that sales of RELUMINA will grow in line with the progress of the penetration of endometriosis.

Q11: The Ministry of Health, Labor and Welfare is discussing the ideal industrial structure and stable supply of generic drugs. Do you think there will be any positive or negative impact on your company?

A11: We are aware that discussions are underway. There is a lot of discussion about new drugs and generics, but we have both products. Although it is difficult to make a general comment, we believe that the overall impact on us is flat.

Note

Kindly note that the contents of this material are summarized based on the gist of the Q&A session.