

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

November 6, 2023

Company name: ASKA Pharmaceutical Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Securities code: 4886 URL <https://www.aska-pharma-hd.co.jp/english/>
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 Scheduled date to file Quarterly Report : November 10, 2023
 Scheduled date to commence dividend payments : November 30, 2023
 Supplementary material for financial results : Yes
 Financial results meeting : Yes

(Amounts less than one million yen are rounded down)

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

(1) Consolidated operating result

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	%
Second quarter of FY2023	31,648	4.9	3,055	6.1	3,096	3.6	4,129	76.0
Second quarter of FY2022	30,172	6.0	2,879	8.3	2,987	8.9	2,346	-
Note: Comprehensive income	Second quarter of FY2023		(Millions of yen)		4,251	(30.7%)		
	Second quarter of FY2022		(Millions of yen)		3,251	(-%)		

	Earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter of FY2023	145.93	-
Second quarter of FY2022	83.18	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	91,920	58,621	63.8
As of March 31, 2023	87,138	54,533	62.6

Reference: Tangible net worth As of September 30, 2023 (Millions of yen) 58,621
 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	-	20.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	20.00	40.00

Notes: 1. Revision from the dividend forecast currently announced: Yes

2. Please refer to "Notice of Revisions of Dividends from Surplus (Increase in Interim Dividend) and Year-end Dividend Forecast" released today (November 6, 2023) for the revision of the dividend forecast.

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	6,200	46.3	219.08

Notes: Revision from the forecast of consolidated financial results currently announced: No

Notes:

(1) Changes in significant subsidiaries during the second quarter of FY2023
(changes in specified subsidiaries resulting from the change in the extent 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 issued shares (common shares)

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

As of September 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 September 30, 2023	2,233,915	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)

Second quarter of FY2023	28,299,759	Second quarter of FY2022	28,210,040
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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

1. 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 Interim 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.
2. The Company plans to hold a briefing on financial results for institutional investors and securities analysts on November 10, 2023. The materials used in this briefing will be posted on the Company's website. (<https://www.aska-pharma-hd.co.jp/english/>)

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1. Qualitative Information on Interim Financial Results

(1) Description of Operating Results

During the second quarter of the consolidated fiscal year, despite the further progress on the gradual normalization of economic activities in response to the lifting of COVID-19 restrictions, the future outlook remains 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. Even under such conditions, however, the favorable trend in the Group's businesses continued from the previous fiscal year.

Operating results during the second quarter of the consolidated fiscal year are described below.

	Second Quarter of FY2022 Consolidated Cumulative Period (Millions of yen)	Second Quarter of FY2023 Consolidated Cumulative Period (Millions of yen)	Actual (Millions of yen)	Growth (%)
Net sales	30,172	31,648	1,475	4.9%
Operating profit	2,879	3,055	176	6.1%
Ordinary profit	2,987	3,096	108	3.6%
Profit attributable to owners of parent	2,346	4,129	1,783	76.0%

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 5,186 million yen (up 14.6% YoY). In addition to these, sales of the dysmenorrhea agent DroEthi (drospirenone/ ethinylestradiol), which went on sale in June 2022, increased significantly to 2,909 million yen (up 127.4% 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 4,000 million yen (up 2.0% YoY) and those of the poorly absorbable rifamycin antimicrobial agent RIFXIMA (rifaximin) to 2,997 million yen (up 8.7% YoY). In the urology field, sales of the LH-RH derivative microcapsule sustained-release agent LEUPRORELIN were 2,321 million yen (down 11.4% YoY). As a result of the above factors, the segment sales were 28,404 million yen (up 5.8% YoY), and the segment profit was 3,658 million yen (up 16.5% YoY).

(ii) Animal health business

Sales of the animal health business, which sells products such as veterinary pharmaceuticals and feed additives, were 3,162 million yen (down 2.2% YoY), maintaining the same level as the previous year. However, the segment profit was 44 million yen (down 80.6% YoY) due to rising costs of raw materials and other items.

(iii) Other businesses

Sales results for other businesses, which include clinical testing, and medical devices, grew to 80 million yen (down 6.6% YoY). Segment loss was 61 million yen (vs. a loss of 20 million yen in the same period of the previous year).

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

(2) Description of Financial Position

(Assets)

Total assets at the end of the second quarter of the consolidated fiscal year under review stood at 91,920 million yen, up 4,782 million yen from the end of the previous consolidated fiscal year. This figure was due primarily to increases in accounts such as cash and deposits, and accounts receivable - trade.

(Liabilities)

Total liabilities at the end of the second quarter of the consolidated fiscal year under review stood at 33,299 million yen, up 694 million yen from the end of the previous consolidated fiscal year. This figure was due primarily to increases in notes and accounts payable - trade, income taxes payable, and electronically recorded obligations - operating, despite decreases in short-term borrowings and long-term borrowings.

(Net assets)

Total assets at the end of the second quarter of the consolidated fiscal year under review stood at 58,621 million yen, up 4,087 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.

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

(Overview of cash flow position for the current fiscal year)

The balance of cash and cash equivalents at the end of the second quarter of the consolidated fiscal year ("funds" hereinafter) stood at 19,446 million yen, up 1,940 million yen from the end of the previous consolidated fiscal year.

The standing of each type of cash flow for the second quarter of the consolidated fiscal year, and major contributing factors of each, are summarized below.

(Cash flows from operating activities)

Net cash provided by operating activities was 3,097 million yen (vs. a gain of 1,666 million yen in the same period of the previous year), due mainly to the recording of profit before income taxes and depreciation and an increase in trade payables which more than covered a decrease in trade receivables.

(Cash flows from investing activities)

Net cash provided by investing activities was 1,382 million yen (vs. a loss of 199 million yen in the same period of the previous year), due mainly to gain on sales of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities was 2,539 million yen (vs. a loss of 1,346 million yen in the same period of the previous year), due mainly to repayments of long-term borrowings.

(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 "Notice of Revisions to the Forecast of Consolidated Financial Results for FY2023," published on September 25, 2023.

(4) Description of Research and Development

R&D expenses during the second quarter of the current consolidated fiscal year stood at 2,410 million yen.

2. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	14,505	17,446
Accounts receivable - trade	15,217	17,343
Securities	3,400	2,900
Merchandise and finished goods	10,815	11,055
Work in process	429	415
Raw materials and supplies	6,443	7,116
Other	2,948	3,366
Total current assets	53,759	59,644
Non-current assets		
Property, plant and equipment	10,796	10,649
Intangible assets	4,465	3,615
Investments and other assets		
Investment securities	14,385	14,120
Other	3,748	3,907
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	18,117	18,011
Total non-current assets	33,378	32,275
Total assets	87,138	91,920
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,838	3,901
Electronically recorded obligations - operating	3,022	3,546
Short-term borrowings	3,438	2,980
Income taxes payable	736	1,466
Provision for bonuses	1,142	1,143
Other provisions	24	-
Other	6,445	6,999
Total current liabilities	17,650	20,036
Non-current liabilities		
Long-term borrowings	9,185	7,345
Retirement benefit liability	5,433	5,579
Other	335	338
Total non-current liabilities	14,954	13,262
Total liabilities	32,604	33,299
Net assets		
Shareholders' equity		
Share capital	1,197	1,197
Capital surplus	1,847	1,848
Retained earnings	49,619	53,522
Treasury shares	(3,350)	(3,287)
Total shareholders' equity	49,315	53,281
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,590	4,455
Foreign currency translation adjustment	405	677
Remeasurements of defined benefit plans	222	206
Total accumulated other comprehensive income	5,218	5,339
Total net assets	54,533	58,621
Total liabilities and net assets	87,138	91,920

(2) Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income
 (Interim Consolidated Statements of Income)
 (Second quarter of the consolidated fiscal year)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	30,172	31,648
Cost of sales	15,870	16,461
Gross profit	14,301	15,186
Selling, general and administrative expenses	11,422	12,130
Operating profit	2,879	3,055
Non-operating income		
Interest income	0	2
Dividend income	185	187
Other	51	34
Total non-operating income	236	224
Non-operating expenses		
Interest expenses	25	21
Expenses of inactive non-current assets	27	35
Other	75	127
Total non-operating expenses	128	183
Ordinary profit	2,987	3,096
Extraordinary income		
Gain on sale of investment securities	32	2,314
Total extraordinary income	32	2,314
Profit before income taxes	3,019	5,410
Income taxes – current	693	1,424
Income taxes – deferred	(19)	(143)
Total income taxes	673	1,280
Profit	2,346	4,129
Profit attributable to owners of parent	2,346	4,129

(Interim Consolidated Statements of Comprehensive Income)
 (Second quarter of the consolidated fiscal year)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,346	4,129
Other comprehensive income		
Valuation difference on available-for-sale securities	519	(134)
Remeasurements of defined benefit plans, net of tax	13	(15)
Share of other comprehensive income of entities accounted for using equity method	371	271
Total other comprehensive income	905	121
Comprehensive income	3,251	4,251
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,251	4,251

(3) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,019	5,410
Depreciation	1,527	1,376
Increase (decrease) in retirement benefit liability	132	130
Interest and dividend income	(185)	(189)
Interest expenses	25	21
Loss (gain) on sale of investment securities	(32)	(2,314)
Decrease (increase) in trade receivables	(1,876)	(2,137)
Decrease (increase) in inventories	(1,096)	(899)
Increase (decrease) in trade payables	(27)	1,586
Increase (decrease) in income taxes payable - factor based tax	209	67
Other, net	209	652
Subtotal	1,907	3,703
Interest and dividends received	184	189
Interest paid	(26)	(21)
Income taxes paid	(398)	(774)
Net cash provided by (used in) operating activities	1,666	3,097
Cash flows from investing activities		
Purchase of securities	-	(500)
Purchase of property, plant and equipment	(292)	(639)
Purchase of intangible assets	(21)	(46)
Purchase of investment securities	-	(299)
Proceeds from sale of investment securities	56	2,883
Other, net	58	(14)
Net cash provided by (used in) investing activities	(199)	1,382
Cash flows from financing activities		
Repayments of long-term borrowings	(1,149)	(2,298)
Decrease (increase) in treasury shares	29	9
Dividends paid	(225)	(226)
Other, net	-	(24)
Net cash provided by (used in) financing activities	(1,346)	(2,539)
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	121	1,940
Cash and cash equivalents at beginning of period	17,103	17,505
Cash and cash equivalents at end of period	17,224	19,446

(4) Notes to the Interim Consolidated Financial Statements

(Notes concerning the going-concern assumption)

Not applicable.

(Significant changes in the amount of shareholders' equity)

Not applicable.

(Segment information etc.)

I. Previous second quarter of the consolidated fiscal year (from April 1, 2022 to September 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	26,851	3,234	86	30,172	-	30,172
Intersegment sales and transfers	-	-	28	28	(28)	-
Total	26,851	3,234	114	30,200	(28)	30,172
Segment profit (loss)	3,141	231	(20)	3,352	(473)	2,879

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 (473) million yen to segment profit or loss (number in parentheses) consists of companywide expenses not allocated to individual business segments, which consist mainly of costs related to the parent holding company.
3. Segment profit or loss (numbers in parentheses) is adjusted against operating profit on the quarterly consolidated statements of income.

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

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	28,404	3,162	80	31,648	-	31,648
Intersegment sales and transfers	-	-	27	27	(27)	-
Total	28,404	3,162	108	31,675	(27)	31,648
Segment profit (loss)	3,658	44	(61)	3,641	(585)	3,055

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 (585) million yen to segment profit or loss (number in parentheses) consists of companywide expenses not allocated to individual business segments, which consist mainly of costs related to the parent holding company.
3. Segment profit or loss (numbers in parentheses) is adjusted against operating profit on the quarterly consolidated statements of income.

Supplemental Material

(1) Sales of Main Products of 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 2 Q A c t u a l)

ASKA Pharmaceutical Co., Ltd.

(Millions of yen)

Therapeutic category	Products	FY2022		FY2023		2Q Actual YOY(%)
		2Q Actual	FY2022 Actual	2Q Actual	FY2023 Forecast	
Uterine fibroid and endometriosis agent	RELUMINA (relugolix)	4,524	8,839	5,186	10,234	14.6
Antihypertensive agent	CANDESARTAN* (candesartan)	5,477	10,723	4,952	9,438	(9.6)
Thyroid hormone agent	THYRADIN (levothyroxine)	3,921	7,733	4,000	7,823	2.0
Poorly absorbable rifamycin antimicrobial agent	RIFXIMA (rifaximin)	2,757	5,397	2,997	5,671	8.7
Dysmenorrhea agent	DroEthi (drospirenone/ ethinylestradiol)	1,279	3,671	2,909	5,370	127.4
LH-RH derivative microcapsule sustained-release agent	LEUPRORELIN (leuporelin)	2,619	4,999	2,321	4,494	(11.4)
Dysmenorrhea agent	FREWELL (norethisterone/ ethinylestradiol)	1,765	3,489	1,663	3,329	(5.8)
Progesterone hormone agent	LUTEUM (Progesterone)	569	1,251	876	1,462	53.8
Antithyroid agent	MERCAZOLE (thiamazole)	761	1,486	776	1,515	1.9
Antihypertensive agent	AMLODIPINE (amlodipine)	465	901	430	844	(7.4)

* Including compounding agents

ASKA Animal Health Co., Ltd.

(Millions of yen)

Business field	FY2022		FY2023		2Q Actual YOY(%)
	2Q Actual	FY2022 Actual	2Q Actual	FY2023 Forecast	
Feed additives and materials, and mixed feed	2,062	4,152	1,873	3,484	(9.1)
Veterinary pharmaceuticals	1,081	2,370	1,189	2,415	10.0

(2) Product Pipeline

Pipeline (as of November 6, 2023)

ASKA Pharmaceutical Co., Ltd.

Stage	Development code	Generic name	Indication	Notes
Filed ¹	L-105	Rifaximin	Hepatic encephalopathy (pediatrics)	In-licensed from Alfasigma S.p.A (Italy)
Phase III	LF111	Drospirenone	Contraceptive	In-licensed from Insud Pharma (Spain)
Phase III	TRM-270	Adhesion barrier	Prevention of intra-abdominal organ adhesion in the post-operative period in the areas of obstetrics and gynecology, and gastroenterology	Co-development with Toray Industries, Inc.
Phase II	AKP-009	Ludaterone acetate	Benign prostatic hyperplasia	Co-development with KYORIN Pharmaceutical Co., Ltd.
Phase I / II ²	AKP-022	Relugolix combination tablet	Uterine fibroids	In-licensed from Takeda Pharmaceutical Company Limited

Notes: Changes from last time

1. An application for approval for L-105 is currently under review.
2. The domestic Phase I / II clinical trial for AKP-022 was initiated.

(3) (Consolidated) Capital Expenditures, Depreciation, Research and Development expenses

1. Capital Expenditures (Property, plant and equipment, and software) (Millions of yen)

	FY2021	FY2022	FY2023
Second quarter	438	399	370
Full year	657	1,256	(Forecast) 1,550

2. Depreciation (Millions of yen)

	FY2021	FY2022	FY2023
Second quarter	1,346	1,527	1,376
Full year	2,885	3,127	(Forecast) 2,663

3. Research and Development expenses (Millions of yen)

	FY2021	FY2022	FY2023
Second quarter	1,941	1,768	2,410
Full year	3,598	4,227	(Forecast) 4,581