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Consolidated Financial Results for the Second Quarter of FY2024 (from April 1, 2024 to March 31, 2025) <Based on Japanese GAAP>

November 5, 2024

Company name: ASKA Pharmaceutical Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Securities code: 4886 URL <https://www.aska-pharma-hd.co.jp/english/>
 Representative : President and Representative Director Takashi Yamaguchi
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 Scheduled date to file Interim Report : November 8, 2024
 Scheduled date to commence dividend payments : November 29, 2024
 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 of FY2024 (from April 1, 2024 to September 30, 2024)

(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 FY2024	32,371	2.3	3,345	9.5	3,312	7.0	2,560	(38.0)
Second quarter of FY2023	31,648	4.9	3,055	6.1	3,096	3.6	4,129	76.0

Note: Comprehensive income
 Second quarter of FY2024 (Millions of yen) 2,745 (35.4%)
 Second quarter of FY2023 (Millions of yen) 4,251 30.7%

	Earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter of FY2024	90.36	-
Second quarter of FY2023	145.93	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	88,263	64,192	72.7
As of March 31, 2024	90,745	61,930	68.2

Reference: Tangible net worth
 As of September 30, 2024 (Millions of yen) 64,192
 As of March 31, 2024 (Millions of yen) 61,930

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, 2024	-	20.00	-	20.00	40.00
Year ending March 31, 2025	-	25.00	-	-	-
Year ending March 31, 2025 (Forecast)	-	-	-	25.00	50.00

Notes: 1. Revision from the dividend forecast currently announced: No

3. Forecast of consolidated financial results for FY2024 (from April 1, 2024 to March 31, 2025)

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	63,000	0.2	6,700	3.1	6,700	2.7	5,000	(33.7)	176.50

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

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Notes:

- (1) Significant changes in the scope of consolidation during the second quarter of FY2024:
 Newly included: -, Excluded: - 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, 2024	30,563,199	As of March 31, 2024	30,563,199
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2) Number of treasury shares at the end of the period

As of September 30, 2024	2,199,395	As of March 31, 2024	2,233,957
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Second quarter of FY2024	28,334,112	Second quarter of FY2023	28,299,759
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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 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.
- The Company plans to hold a briefing on financial results for institutional investors and securities analysts on November 12, 2024. 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 current interim consolidated accounting period, while economic activity is recovering, the outlook remains uncertain due to continuing heightened geopolitical risks and rising raw material and resource prices. In addition, the pharmaceuticals business, which is the core of our Group, continued to face a difficult operating environment due in part to the impact of annual NHI drug price revisions. In the Group's business, however, net sales increased by 722 million yen year on year (YoY) to 32,371 million yen (up 2.3% YoY) due to growth in the pharmaceuticals business and the veterinary pharmaceuticals business. In terms of profits, despite an increase in expenses such as R&D expenses, operating profit was 3,345 million yen (up 9.5% YoY) and ordinary profit was 3,312 million yen (up 7.0% YoY), both of which were up from the same period of the previous year since efforts were made to improve costs. On the other hand, profit attributable to owners of parent was down 1,569 million yen YoY to 2,560 million yen (down 38.0% YoY) due to the retraction of gains on sales of investment securities recorded as extraordinary income in the previous year.

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

	Previous interim consolidated accounting period (Millions of yen) (Millions of yen)	Current interim consolidated accounting period (Millions of yen) (Millions of yen)	Actual (Millions of yen)	Growth (%)
Net sales	31,648	32,371	722	2.3
Operating profit	3,055	3,345	290	9.5
Ordinary profit	3,096	3,312	216	7.0
Profit attributable to owners of parent	4,129	2,560	(1,569)	(38.0)

Business results by segment are described below.

(i) Pharmaceutical business

The pharmaceutical business, which focuses on the three fields: internal medicine, obstetrics and gynecology, and urology, showed favorable trends overall, despite the impact of annual NHI drug price revisions. A look at results by product shows that the results in the field of obstetrics and gynecology were driven by the steady growth in the uterine fibroid and endometriosis agent RELUMINA (relugolix), to 5,413 million yen (up 4.4% YoY), and the dysmenorrhea agent DroEthi (drospirenone/ ethinylestradiol), continued to significantly drive performance from the previous year with sales of 3,589 million yen (up 23.3% YoY). 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 4,052 million yen (up 1.3% YoY) and those of the poorly absorbable rifamycin antimicrobial agent RIFXIMA (rifaximin) to 3,227 million yen (up 7.7% YoY). In the urology field, sales of the LH-RH derivative microcapsule sustained-release agent LEUPRORELIN were 2,037 million yen (down 12.2% YoY).

As a result of the above factors, the segment sales were 28,617 million yen (up 0.7% YoY), and the segment profit was 3,825 million yen (up 4.6% YoY).

(ii) Animal health business

Sales of the animal health business, which sells products such as veterinary pharmaceuticals and feed additives, largely increased to 3,640 million yen (up 15.1% YoY), mainly from feed additives and companion animal pharmaceuticals. Therefore, segment profit was 177 million yen (up 293.8% YoY) due to higher sales.

(iii) Other businesses

Sales results for other businesses, which include clinical testing and medical devices, grew to 113 million yen (up 39.9% YoY). Segment loss was 4 million yen (vs. a loss of 61 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 current interim consolidated accounting period stood at 88,263 million yen, down 2,481 million yen from the end of the previous consolidated fiscal year. This figure was due mainly to a decrease in securities and cash and deposits, despite an increase in raw materials and supplies, and property, plant and equipment.

(Liabilities)

Total liabilities at the end of the current interim consolidated accounting period stood at 24,070 million yen, down 4,744 million yen from the end of the previous consolidated fiscal year. This figure was due primarily to a decrease in income taxes payable, short-term borrowings and long-term borrowings, despite an increase in other non-current liabilities.

(Net assets)

Total assets at the end of the current interim consolidated accounting period stood at 64,192 million yen, up 2,262 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 72.7%, up 4.5 percentage points from the end of the previous consolidated fiscal year.

(Overview of cash flow position)

The balance of cash and cash equivalents (hereinafter referred to as "Net cash") at the end of the current interim consolidated accounting period stood at 13,705 million yen, down 3,033 million yen from the end of the previous consolidated fiscal year.

The standing of each type of cash flow for the current interim consolidated accounting period, and major contributing factors of each, are summarized below.

(Cash flows from operating activities)

Net cash provided by operating activities was 1,159 million yen (vs. a gain of 3,097 million yen in the same period of the previous fiscal year). This was due mainly to the recording of interim net income before income taxes and depreciation, despite the payment of income taxes and a decrease in notes and accounts payable.

(Cash flows from investing activities)

Net cash used in investing activities was 1,783 million yen (vs. a gain of 1,382 million yen in the same period of the previous fiscal year). This was due mainly to the acquisition of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was 2,406 million yen (vs. a loss of 2,539 million yen in the same period of the previous year). This was 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, 2025 (FY2024) are unchanged from the full-year consolidated performance forecasts in the "Forecast of Consolidated Financial Results for FY2024," published on May 10, 2024.

(4) Description of Research and Development

Total R&D expenses during the current interim consolidated accounting period stood at 3,093 million yen.

2. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	13,738	12,705
Accounts receivable - trade	15,579	15,591
Securities	3,500	1,000
Merchandise and finished goods	12,578	11,697
Work in process	466	590
Raw materials and supplies	7,358	8,440
Other	2,922	2,421
Total current assets	56,143	52,445
Non-current assets		
Property, plant and equipment	11,263	12,333
Intangible assets	2,877	3,175
Investments and other assets		
Investment securities	15,654	16,123
Other	4,823	4,203
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	20,461	20,309
Total non-current assets	34,601	35,817
Total assets	90,745	88,263
Liabilities		
Current liabilities		
Accounts payable - trade	4,060	3,320
Electronically recorded obligations - operating	3,295	2,446
Short-term borrowings	4,980	3,980
Income taxes payable	2,896	729
Provision for bonuses	1,151	1,167
Other provisions	74	—
Other	7,509	6,958
Total current liabilities	23,968	18,602
Non-current liabilities		
Long-term borrowings	4,505	3,665
Retirement benefit liability	—	21
Other	341	1,782
Total non-current liabilities	4,846	5,468
Total liabilities	28,815	24,070
Net assets		
Shareholders' equity		
Share capital	1,197	1,197
Capital surplus	1,848	1,883
Retained earnings	56,372	58,365
Treasury shares	(3,287)	(3,239)
Total shareholders' equity	56,130	58,207
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,790	4,676
Foreign currency translation adjustment	424	755
Remeasurements of defined benefit plans	584	552
Total accumulated other comprehensive income	5,799	5,985
Total net assets	61,930	64,192
Total liabilities and net assets	90,745	88,263

(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, 2023	Six months ended September 30, 2024
Net sales	31,648	32,371
Cost of sales	16,461	16,463
Gross profit	15,186	15,907
Selling, general and administrative expenses	12,130	12,561
Operating profit	3,055	3,345
Non-operating income		
Interest income	2	1
Dividend income	187	148
Other	34	55
Total non-operating income	224	204
Non-operating expenses		
Interest expenses	21	22
Loss on disposal of non-current assets	3	101
Other	158	113
Total non-operating expenses	183	238
Ordinary profit	3,096	3,312
Extraordinary income		
Gain on sale of investment securities	2,314	—
Total extraordinary income	2,314	—
Profit before income taxes	5,410	3,312
Income taxes - current	1,424	602
Income taxes - deferred	(143)	150
Total income taxes	1,280	752
Profit	4,129	2,560
Profit attributable to owners of parent	4,129	2,560

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

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	4,129	2,560
Other comprehensive income		
Valuation difference on available-for-sale securities	(134)	(115)
Remeasurements of defined benefit plans, net of tax	(15)	(32)
Share of other comprehensive income of entities accounted for using equity method	271	333
Total other comprehensive income	121	185
Comprehensive income	4,251	2,745
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,251	2,745

(3) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	5,410	3,312
Depreciation	1,376	1,069
Increase (decrease) in retirement benefit asset and liability	130	80
Interest and dividend income	(189)	(149)
Interest expenses	21	22
Loss (gain) on sale of investment securities	(2,314)	—
Decrease (increase) in trade receivables	(2,137)	(8)
Decrease (increase) in inventories	(899)	(326)
Increase (decrease) in trade payables	1,586	(1,588)
Increase (decrease) in income taxes payable - factor based tax	67	(457)
Other, net	652	1,463
Subtotal	3,703	3,418
Interest and dividends received	189	146
Interest paid	(21)	(22)
Income taxes paid	(774)	(2,381)
Net cash provided by (used in) operating activities	3,097	1,159
Cash flows from investing activities		
Proceeds from redemption of securities	—	500
Purchase of securities	(500)	—
Purchase of property, plant and equipment	(639)	(1,560)
Purchase of intangible assets	(46)	(418)
Purchase of investment securities	(299)	—
Proceeds from sale of investment securities	2,883	—
Other, net	(14)	(303)
Net cash provided by (used in) investing activities	1,382	(1,783)
Cash flows from financing activities		
Repayments of long-term borrowings	(2,298)	(1,840)
Decrease (increase) in treasury shares	9	(0)
Dividends paid	(226)	(566)
Other, net	(24)	—
Net cash provided by (used in) financing activities	(2,539)	(2,406)
Effect of exchange rate change on cash and cash equivalents	(0)	(3)
Net increase (decrease) in cash and cash equivalents	1,940	(3,033)
Cash and cash equivalents at beginning of period	17,505	16,738
Cash and cash equivalents at end of period	19,446	13,705

(4) Notes to the Interim Consolidated Financial Statements

(Notes concerning the Going-Concern Assumption)

Not applicable.

(Notes concerning Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Notes concerning Interim Consolidated Statements of Cash Flows)

Not applicable.

Note: Cash and cash equivalents at the end of the interim period and the amounts of the items shown in the interim consolidated balance sheet are as follows.

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash and deposits	17,446	12,705
Securities that mature within three months of the date of acquisition	2,000	1,000
Cash and cash equivalents	19,446	13,705

(Segment information etc.)

I. Previous 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	Reconciling items Note 2.	Per semi- annual consolidated financial statements Note 3.
	Pharmaceutical business	Animal health business				
Sales						
Sales from external customers	28,404	3,162	80	31,648	—	31,648
Intersegment sales and transfers	—	—	27	27	(27)	—
Net sales	28,404	3,162	108	31,675	(27)	31,648
Operating profit (loss)	3,658	44	(61)	3,641	(585)	3,055

Notes:

1. "Others" 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.

II. Current second quarter of the consolidated fiscal year (from April 1, 2024 to September 30, 2024)
Net sales and profit or loss by reporting segment

(Millions of yen)

	Reporting-segment		Others Note 1.	Total	Reconciling items Note 2.	Per semi- annual consolidated financial statements Note 3.
	Pharmaceutical business	Animal health business				
Sales						
Sales from external customers	28,617	3,640	113	32,371	—	32,371
Intersegment sales and transfers	—	—	38	38	(38)	—
Net sales	28,617	3,640	151	32,409	(38)	32,371
Operating profit (loss)	3,825	177	(4)	3,998	(652)	3,345

Notes:

1. "Others" consists of businesses not included in the reporting segments, including clinical testing and medical devices etc.
2. The adjustment of (652) 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 4 2 Q A c t u a l)

ASKA Pharmaceutical Co., Ltd.

(Millions of yen)

Therapeutic category	Products	FY2023		FY2024		2Q Actual YOY(%)
		2Q Actual	FY2023 Actual	2Q Actual	FY2024 Forecast	
Uterine fibroid and endometriosis agent	RELUMINA (relugolix)	5,186	9,906	5,413	10,726	4.4
Antihypertensive agent	CANDESARTAN* (candesartan)	4,952	9,593	4,302	8,388	(13.1)
Thyroid hormone agent	THYRADIN (levothyroxine)	4,000	7,862	4,052	7,861	1.3
Dysmenorrhea agent	DroEthi (drospirenone/ ethinylestradiol)	2,909	6,125	3,589	7,070	23.3
Poorly absorbable rifamycin antimicrobial agent	RIFXIMA (rifaximin)	2,997	5,864	3,227	6,288	7.7
LH-RH derivative microcapsule sustained-release agent	LEUPRORELIN (leuprorelin)	2,321	4,430	2,037	3,938	(12.2)
Dysmenorrhea agent	FREWELL (norethisterone/ ethinylestradiol)	1,663	3,303	1,550	3,026	(6.8)
Progesterone hormone agent	LUTEUM (Progesterone)	876	2,029	1,143	2,341	30.5
Antithyroid agent	MERCAZOLE (thiamazole)	776	1,521	792	1,526	2.1
Antihypertensive agent	AMLODIPINE (amlodipine)	430	840	400	784	(7.0)

* Including fixed dose combination

ASKA Animal Health Co., Ltd.

(Millions of yen)

Business field	FY2023		FY2024		2Q Actual YOY(%)
	2Q Actual	FY2023 Actual	2Q Actual	FY2024 Forecast	
Feed additives and materials, and mixed feed	1,873	4,042	2,275	4,260	21.5
Veterinary pharmaceuticals	1,189	2,487	1,339	2,590	12.6

(2) Product Pipeline

Pipeline (as of November 5, 2024)

ASKA Pharmaceutical Co., Ltd.

Stage	Development code	Generic name	Indication	Notes
Filed ¹	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	AKP-022	Relugolix combination tablet	Uterine fibroids	In-licensed from Takeda Pharmaceutical Company Limited

Note: Changes from the last announcement

1. An application for approval for LF111 is currently under review.

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

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

	FY2022	FY2023	FY2024
Second quarter	399	370	1,677
Full year	1,256	1,540	(Forecast) 2,789

2. Depreciation (Millions of yen)

	FY2022	FY2023	FY2024
Second quarter	1,527	1,376	1,069
Full year	3,127	2,662	(Forecast) 2,301

3. Research and Development expenses (Millions of yen)

	FY2022	FY2023	FY2024
Second quarter	1,768	2,410	3,093
Full year	4,227	4,728	(Forecast) 5,875