

Consolidated Financial Results for the Third Quarter of FY2023 (from April 1, 2023 to March 31, 2024) <Based on Japanese GAAP>

February 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/>
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 Scheduled date to file Securities Report : February 9, 2024
 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 third quarter of FY2023 (from April 1, 2023 to December 31, 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	%
Third quarter of FY2023	48,824	3.3	5,526	9.6	5,631	7.3	6,458	54.4
Third quarter of FY2022	47,259	7.0	5,041	7.8	5,246	9.5	4,183	2.5

Note: Comprehensive income
 Third quarter of FY2023 (Millions of yen) 6,588 (19.0%)
 Third quarter of FY2022 (Millions of yen) 5,538 (30.1%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter of FY2023	228.13	-
Third quarter of FY2022	148.19	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	94,857	60,391	63.7
As of March 31, 2023	87,138	54,533	62.6

Reference: Equity
 As of December 31, 2023 (Millions of yen) 60,391
 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

Note: Revision from the dividends forecast currently announced: No

3. Forecast of consolidated financial results for FY2023 (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	219.01

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

Notes:

- (1) Changes in significant subsidiaries during the third quarter of FY2022
(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 issued shares (common shares)

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

As of December 31, 2023	30,563,199	As of March 31, 2023	30,563,199
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2) Number of treasury shares at the end of the period

As of December 31, 2023	2,233,957	As of March 31, 2023	2,280,061
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Third quarter of FY2023	28,308,608	Third quarter of FY2022	28,227,429
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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 third quarter of the current fiscal year, although a gradual recovery trend continued against the backdrop of a pickup in domestic economic activities, the business environment remained uncertain due to such factors as ongoing high prices of resources and materials and sharp exchange rate fluctuations caused by the unstable international situation. The pharmaceutical business, which is at the core of the Group, continued to show a favorable trend following the previous fiscal year, despite the challenging business conditions caused by the periodical NHI drug price revisions and other factors.

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

	Third Quarter of FY2022 Consolidated Cumulative Period (Millions of yen)	Third Quarter of FY2023 Consolidated Cumulative Period (Millions of yen)	Actual (Millions of yen)	Growth (%)
Net sales	47,259	48,824	1,564	3.3
Operating profit	5,041	5,526	484	9.6
Ordinary profit	5,246	5,631	384	7.3
Profit attributable to owners of parent	4,183	6,458	2,275	54.4

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 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 large-scale growth in the uterine fibroid and endometriosis agent RELUMINA (relugolix), to 7,873 million yen (up 12.6% YoY), and the dysmenorrhea agent DroEthi (drospirenone/ ethinylestradiol), which went on sale in June 2022, largely drove performance with sales of 4,604 million yen (up 81.4% YoY). Sales also grew in the internal medicine area, as sales of the thyroid hormone agent THYRADIN (levothyroxine), our main product in this field, grew to 6,104 million yen (up 1.2% YoY) and those of the poorly absorbable rifamycin antimicrobial agent RIFXIMA (rifaximin) to 4,572 million yen (up 8.1% YoY). In the urology field, sales of the LH-RH derivative microcapsule sustained-release agent LEUPRORELIN (leuprorelin) were 3,476 million yen (down 11.5% YoY).

As a result of the above factors, the segment sales were 43,603 million yen (up 4.0% YoY), and segment profit was 6,346 million yen (up 17.1% YoY).

(ii) Animal health business

Sales of the animal health business, which sells products such as veterinary pharmaceuticals and feed additives, were 5,096 million yen (down 1.7% YoY), maintaining the same level as the previous year. However, the segment profit was 186 million yen (down 55.3% 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, were 124 million yen (down 19.9% YoY). Segment loss was 103 million yen (vs. a loss of 26 million yen in the same period of the previous year).

(2) Description of Financial Position

(Assets)

Total assets at the end of the third quarter of the consolidated fiscal year under review stood at 94,857 million yen, up 7,719 million yen from the end of the previous consolidated fiscal year. This figure was due primarily to increases in accounts receivable - trade, cash and deposits, and raw materials and supplies despite decreases in intangible assets.

(Liabilities)

Total liabilities at the end of the third quarter of the consolidated fiscal year under review stood at 34,465 million yen, up 1,861 million yen from the end of the previous consolidated fiscal year. This figure was due primarily to increases in notes and accounts payable – trade and in other current liabilities, despite decreases in long-term borrowings and short-term borrowings.

(Net assets)

Total net assets at the end of the third quarter of the consolidated fiscal year under review stood at 60,391 million yen, up 5,858 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 63.7%, up 1.1 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 "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 third quarter of the consolidated fiscal year stood at 3,429 million yen.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	14,505	17,454
Accounts receivable - trade	15,217	18,307
Securities	3,400	2,900
Merchandise and finished goods	10,815	11,641
Work in process	429	255
Raw materials and supplies	6,443	7,817
Other	2,948	3,582
Total current assets	53,759	61,959
Non-current assets		
Property, plant and equipment	10,796	10,594
Intangible assets	4,465	3,180
Investments and other assets		
Investment securities	14,385	15,315
Other	3,748	3,824
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	18,117	19,122
Total non-current assets	33,378	32,898
Total assets	87,138	94,857
Liabilities		
Current liabilities		
Accounts payable - trade	2,838	4,722
Electronically recorded obligations - operating	3,022	3,916
Short-term borrowings	3,438	3,180
Income taxes payable	736	1,616
Other provisions	1,167	564
Other	6,445	7,520
Total current liabilities	17,650	21,520
Non-current liabilities		
Long-term borrowings	9,185	6,925
Retirement benefit liability	5,433	5,680
Other	335	339
Total non-current liabilities	14,954	12,945
Total liabilities	32,604	34,465
Net assets		
Shareholders' equity		
Share capital	1,197	1,197
Capital surplus	1,847	1,848
Retained earnings	49,619	55,284
Treasury shares	(3,350)	(3,287)
Total shareholders' equity	49,315	55,043
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,590	4,458
Foreign currency translation adjustment	405	691
Remeasurements of defined benefit plans	222	198
Total accumulated other comprehensive income	5,218	5,348
Total net assets	54,533	60,391
Total liabilities and net assets	87,138	94,857

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

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	47,259	48,824
Cost of sales	24,893	25,193
Gross profit	22,366	23,631
Selling, general and administrative expenses	17,324	18,104
Operating profit	5,041	5,526
Non-operating income		
Interest income	0	3
Dividend income	331	321
Other	70	53
Total non-operating income	402	378
Non-operating expenses		
Interest expenses	38	31
Expenses of inactive non-current assets	40	72
Other	118	169
Total non-operating expenses	197	273
Ordinary profit	5,246	5,631
Extraordinary income		
Gain on sale of investment securities	121	2,889
Total extraordinary income	121	2,889
Profit before income taxes	5,367	8,520
Income taxes - current	1,036	2,151
Income taxes - deferred	148	(88)
Total income taxes	1,184	2,062
Profit	4,183	6,458
Profit attributable to owners of parent	4,183	6,458

(Quarterly Consolidated Statements of Comprehensive Income)
 (Third quarter of the consolidated fiscal year)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	4,183	6,458
Other comprehensive income		
Valuation difference on available-for-sale securities	858	(131)
Remeasurements of defined benefit plans, net of tax	20	(23)
Share of other comprehensive income of entities accounted for using equity method	477	285
Total other comprehensive income	1,355	130
Comprehensive income	5,538	6,588
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,538	6,588

(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 etc.)

I. Previous third quarter of the consolidated fiscal year (from April 1, 2022 to December 31, 2022)

Net sales and profit or loss (numbers in parentheses) 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	41,916	5,187	155	47,259	—	47,259
Intersegment sales and transfers	—	—	41	41	(41)	—
Total	41,916	5,187	196	47,300	(41)	47,259
Segment profit/loss	5,418	417	(26)	5,809	(767)	5,041

Notes:

1. The "Other" business segment consists of businesses not included in the reporting segments, including clinical testing and medical devices.
2. The adjustment of (767) million yen to segment profit or loss 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 is adjusted against operating profit on the quarterly consolidated statements of income.

II. Current third quarter of the consolidated fiscal year (from April 1, 2023 to December 31, 2023)

Net sales and profit or loss (numbers in parentheses) 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	43,603	5,096	124	48,824	—	48,824
Intersegment sales and transfers	—	—	41	41	(41)	—
Total	43,603	5,096	166	48,866	(41)	48,824
Segment profit/loss	6,346	186	(103)	6,429	(903)	5,526

Notes:

1. The "Other" business segment consists of businesses not included in the reporting segments, including clinical testing and medical devices.
2. The adjustment of (903) million yen to segment profit or loss 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 is adjusted against operating profit on the quarterly consolidated statements of income.

3. 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 3 Q A c t u a l)

ASKA Pharmaceutical Co., Ltd.

(Millions of yen)

Therapeutic category	Products	FY2022		FY2023		3Q Actual YOY(%)
		3Q Actual	FY2022 Actual	3Q Actual	FY2023 Forecast	
Uterine fibroid and endometriosis agent	RELUMINA (relugolix)	6,995	8,839	7,873	10,234	12.6
Antihypertensive agent	CANDESARTAN* (candesartan)	8,464	10,723	7,558	9,497	(10.7)
Thyroid hormone agent	THYRADIN (levothyroxine)	6,031	7,733	6,104	7,720	1.2
Dysmenorrhea agent	DroEthi (drospirenone/ ethinylestradiol)	2,538	3,671	4,604	6,096	81.4
Poorly absorbable rifamycin antimicrobial agent	RIFXIMA (rifaximin)	4,230	5,397	4,572	5,762	8.1
LH-RH derivative microcapsule sustained-release agent	LEUPRORELIN (leuprorelin)	3,930	4,999	3,476	4,381	(11.5)
Dysmenorrhea agent	FREWELL (norethisterone/ ethinylestradiol)	2,718	3,489	2,556	3,253	5.9
Progesterone hormone agent	LUTEUM (progesterone)	918	1,251	1,505	2,050	63.9
Antithyroid agent	MERCAZOLE (thiamazole)	1,163	1,486	1,180	1,489	1.4
Antihypertensive agent	AMLODIPINE (amlodipine)	710	901	655	821	(7.7)

* Including compounding agents

ASKA Animal Health Co., Ltd.

(Millions of yen)

Business field	FY2022		FY2023		3Q Actual YOY(%)
	3Q Actual	FY2022 Actual	3Q Actual	FY2023 Forecast	
Feed additives, mixed feed, and feed materials	3,258	4,152	3,014	3,848	(7.5)
Veterinary pharmaceuticals	1,832	2,370	1,957	2,515	6.8