

ASKA Pharmaceutical Holdings' Medium-Term Management Plan 2025

With the aim of becoming a total healthcare company, ASKA Pharmaceutical Holdings is implementing its Medium-Term Management Plan 2025, which ends in FY2025. To realize the four visions we have set, we are pursuing seven strategies based on the foundation of specialty, ability to create, and social contribution.

ASKA Pharmaceutical Holdings' Medium-Term Management Plan 2025

Four Visions

- 1 Expand business scope centered on pharmaceutical products
- 2 Improve business operations by promoting open innovation (from R&D to production and sales)
- 3 Become the top domestic company in our specialty areas for pharmaceutical products
- 4 Continue to be a company that is trusted by society

The Foundation for Formulating the Medium-Term Management Plan

Specialty

Ability to create

Social contribution

7

Net sales: ¥70 billion

Operating profit margin: 8%

ROE: 8%

Targeted Net Sales

Year	Prescription pharmaceutical business	Animal health, testing, healthcare, and overseas businesses	Total
2020	45.5 (91%)	4.8	50.3
2025	51.3 (73%)	18.8	70.0

	FY2021 Actual	FY2022 Actual	FY2025 Targets
Net sales (Millions of yen)	56,607	60,461	70,000
Operating profit margin (%)	8.5	8.4	8.0
ROE (%)	8.8	8.2	8.0

Review of FY2022

In FY2022, the second year of ASKA Pharmaceutical Holdings' Medium-Term Management Plan 2025, economic activities continued to normalize. However, soaring energy and raw material prices and other cost increases meant the outlook remained uncertain. In the pharmaceutical industry, the business environment has become increasingly difficult due to factors such as NHI price revisions imposed each year since April 2021 to curb drug costs. However, despite these conditions, the Group was able to match the excellent performance it achieved in the previous fiscal year and has achieved record consolidated net sales of ¥60,461 million. This was achieved through growth in Ob/Gyn products in the pharmaceutical business and strong sales of feed additives

in the animal health business. Despite higher R&D and sales promotion expenses from the normalization of sales activities, operating profit increased to ¥5,108 million due to an increase in gross profit. Ordinary profit was ¥5,232 million, after recording ¥433 million in non-operating income and ¥308 million in non-operating expenses. Although extraordinary income of ¥124 million was recorded from the sale of investment securities, profit attributable to owners of parent declined ¥51 million year on year to ¥4,238 million. This was partly because there was no extraordinary income from the sale of non-current assets that was booked in the previous fiscal year.

Note: Amounts are rounded down to the nearest million yen.

Seven Strategies: Achievements, Future Challenges and Initiatives

Seven Strategies	FY2022 Achievements	Future Challenges and Initiatives
1. Enhance Corporate Value by Strengthening Initiatives in the Specialty Areas <small>▶ See pages 26-28 for details.</small>	<ul style="list-style-type: none"> • Expanded the Company's share of the LEP formulation market based on the sole sales rights for DroEthi and achieved market penetration of RELUMINA to become the leading company in the Ob/Gyn area • LF111 new drug application filed by Hyundai Pharm. Co., Ltd. (South Korea) 	<ul style="list-style-type: none"> • Continue to grow the business by providing products that cater to a wide range of women's life stages • Promote accurate understanding through awareness campaigns on often-overlooked diseases
2. Continuously Create New Drugs through Advanced Drug Discovery <small>▶ See page 28 for details.</small>	<ul style="list-style-type: none"> • Made progress toward the application preparation stage for L-105 (pediatric) and the completion of recruiting for LF111 Phase III clinical trials, among other development stage advancements. • Concluded a collaborative research agreement with Epsilon Molecular Engineering, Inc., aiming to create novel VHH drugs in the Ob/Gyn area 	<ul style="list-style-type: none"> • Expedite schedule for research and development themes • Create new assets to meet unmet medical needs in priority areas
3. Overseas Operations <small>▶ See page 29 for details.</small>	<ul style="list-style-type: none"> • Supported operation of Hataphar's new plant following its completion 	<ul style="list-style-type: none"> • Support Hataphar's new plant operation by enhancing collaboration
4. Provide New Value to Realize Total Healthcare <small>▶ See pages 24-33 for details.</small>	<p>(ASKA Pharmaceutical)</p> <ul style="list-style-type: none"> • Started collaboration in the pharmaceutical peripheral area (Adoption of Femtech and other support service businesses, conclusion of consortium agreement with four companies, conclusion of joint information provision agreement on fetal monitors with Melody International Ltd.) <p>(ASKA Animal Health)</p> <ul style="list-style-type: none"> • Took over and newly launched a total of three products, including feed additives and veterinary pharmaceuticals <p>(ASKA Pharma Medical)</p> <ul style="list-style-type: none"> • Following registration as a clinical laboratory, started contracting to perform testing and diagnostics for medical institutions 	<p>(ASKA Pharmaceutical)</p> <ul style="list-style-type: none"> • Establish projects to support improvement of women's health issues (Femtech) <p>(ASKA Animal Health)</p> <ul style="list-style-type: none"> • Expand companion animal product lineup and establish and develop an efficient sales structure <p>(ASKA Pharma Medical)</p> <ul style="list-style-type: none"> • Expand lineup of hormone measurement kits for hair samples and develop measurement business for samples other than fixed hair samples
5. Improve Operational Efficiency, Cut Costs, and Reinforce Our Financial Base <small>▶ See pages 24-29 for details.</small>	<ul style="list-style-type: none"> • Continued cost reduction measures • Reexamined product portfolio 	<ul style="list-style-type: none"> • Promote autonomous digitalization of departments to improve operational efficiency • Secure a stable financial base while improving capital efficiency
6. Foster an Organizational Culture That Emphasizes thorough Compliance and Accountability <small>▶ See pages 46-51 for details.</small>	<ul style="list-style-type: none"> • Continued reviews of quality management system • Continued to implement compliance training 	<ul style="list-style-type: none"> • Enhance employee awareness through ongoing education and training
7. Develop Human Resources to Realize Growth Strategies <small>▶ See pages 34-39 for details.</small>	<ul style="list-style-type: none"> • Expanded flexible work styles, including renovating head office and promoting paperless operations • Continued health management initiatives to maintain our presence in White 500 Certified Health & Productivity Management Outstanding Organizations Recognition Program • Expanded e-learning, selection, and enhanced opportunities for level-specific education and training 	<ul style="list-style-type: none"> • Promote measures to achieve work-life balance and health management • Build an organizational structure that embraces diversity and enables all employees to thrive