

**Summary of Consolidated Financial Results for the Second Quarter of
the Year Ending March 31, 2023 (FY2022)
<Based on Japanese GAAP>**

November 7, 2022

Company name: ASKA Pharmaceutical Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4886 URL <https://www.aska-pharma-hd.co.jp/english/>
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 Scheduled date to file Quarterly Report : November 10, 2022
 Scheduled date to commence dividend payments : November 30, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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 FY2022	30,172	6.0	2,879	8.3	2,987	8.9	2,346	-
Second quarter of FY2021	28,477	-	2,657	-	2,743	-	(2,796)	-

Note: Comprehensive income
 Second quarter of FY2022 (Millions of yen) 3,251 (-%)
 Second quarter of FY2021 (Millions of yen) (2,559) (-%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter of FY2022	83.18	-
Second quarter of FY2021	(98.52)	-

Note: There are no year on year changes for the previous second quarter because ASKA Pharmaceutical Holdings Co., Ltd. was established through a sole share transfer on April 1, 2021.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	86,227	52,002	60.3
As of March 31, 2022	83,297	48,892	58.7

Reference: Tangible net worth
 Second quarter of FY2022 (Millions of yen) 52,002
 Second quarter of FY2021 (Millions of yen) 48,892

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended March 31, 2022	Yen -	Yen 7.00	Yen -	Yen 8.00	Yen 15.00
Year ending March 31, 2023	-	8.00	-	8.00	16.00
Year ending March 31, 2023 (Forecast)	-	-	-	8.00	16.00

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

2. Dividend resources for the second quarter FY2021 are from other capital surplus.

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	60,000	6.0	5,200	8.4	5,300	8.6	4,200	(2.1)	148.88

Notes: 1. Revision from the forecast of consolidated financial results currently announced: Yes

See "Notice of Revisions to the Forecast of Consolidated Financial Results for FY2022" released today (November 7, 2022).

Notes:

(1) Changes in significant subsidiaries during the second quarter of FY2022
(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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

Note: For more information, see Page 8 "2. Quarterly Consolidated Financial Statements Notes to the Quarterly Consolidated Financial Statements (Changes to accounting policies)".

(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, 2022	30,563,199	As of March, 2022	30,563,199
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2) Number of treasury shares at the end of the period

As of September 30, 2022	2,302,861	As of March, 2022	2,379,856
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Second quarter of FY2022	28,210,040	Second quarter of FY2021	28,389,313
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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.
- The Company plans to hold a briefing on financial results for institutional investors and securities analysts on November 11, 2022. 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 Quarterly Financial Results

(1) Description of Operating Results

During the second quarter of the consolidated fiscal year, despite a gradual return to normal in social and economic activities as restrictions on activities related to COVID-19 were eased, future prospects remained uncertain due to the economic impact caused by cost increasing factors such as the lengthening of the Russia-Ukraine crisis, 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 FY2021 Consolidated Cumulative Period (Millions of yen)	Second Quarter of FY2022 Consolidated Cumulative Period (Millions of yen)	Actual (Millions of yen)	Growth (%)
Net sales	28,477	30,172	1,694	6.0%
Operating profit	2,657	2,879	221	8.3%
Ordinary profit	2,743	2,987	244	8.9%
Profit attributable to owners of parent	(2,796)	2,346	5,143	-

Business results by segment are described below.

(i) Pharmaceutical business

The pharmaceutical drug 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 field were driven by the second consecutive year of large-scale growth in the uterine fibroid and endometriosis agent RELUMINA (relugolix), to 4,524 million yen (up 22.2% YoY), and steady growth in the dysmenorrhea agent FREWELL (norethisterone/ ethinylestradiol), to 1,765 million yen (up 5.9% YoY). In addition to these, the dysmenorrhea agent DroEthi (drospirenone/ ethinylestradiol), which went on sale in June of this year, largely drove performance with sales of 1,279 million yen. Sales also grew steadily in the internal medicine field, as sales of the thyroid hormone agent THYRADIN (levothyroxine), our main product in this field, grew to 3,921 million yen (up 3.5% YoY) and those of the poorly absorbable rifamycin antimicrobial agent RIFXIMA (rifaximin) to 2,757 million yen (up 11.9% YoY). In the urology field, sales of the LH-RH derivative microcapsule sustained-release agent LEUPRORELIN (leuporelin) were 2,619 million yen (up 3.9% YoY). As a result of the above factors, net sales were 26,851 million yen (up 4.8% YoY) in this segment, and segment income was 3,141 million yen (up 12.3% YoY).

(ii) Animal health business

Sales of the animal health business, which sells products such as veterinary pharmaceuticals and feed additives, grew to 3,234 million yen (up 15.9% YoY), thanks to strong sales of feed additives and other products. Segment income was 231 million yen (up 1.0% YoY).

(iii) Other businesses

Sales results for other businesses, which include clinical testing, medical devices, and supplements, grew to 86 million yen (up 29.7% YoY). Although the hair hormone level measurement kits introduced in the previous fiscal year made a positive contribution to sales, segment loss was 20 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 second quarter of the consolidated fiscal year under review stood at 86,227 million yen, up 2,929 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, notes, accounts receivable, and contract assets and raw materials and supplies.

(Liabilities)

Total liabilities at the end of the second quarter of the consolidated fiscal year under review stood at 34,224 million yen, down 180 million yen from the end of the previous consolidated fiscal year. This figure was due primarily to decreases in electronically recorded obligations, despite increases in notes and accounts payable – trade and in other current liabilities. The total of short-term borrowings and long-term borrowings decreased through repayment.

(Net assets)

Total assets at the end of the second quarter of the consolidated fiscal year under review stood at 52,002 million yen, up 3,109 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 and an increase in valuation difference on available-for-sale securities reflecting rising share prices.

The resulting equity ratio was 60.3%, up 1.6 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 17,224 million yen, up 121 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 1,666 million yen (vs. a gain of 1,417 million yen in the same period of the previous year), due mainly to profit before income taxes and depreciation, which more than covered an increase in notes and accounts receivable-trade and an increase in inventories.

(Cash flows from investing activities)

Net cash provided by investing activities was 199 million yen (vs. a loss of 427 million yen in the same period of the previous year), due mainly to gain of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was 1,346 million yen (vs. a loss of 1,386 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

Based on the state of progress of financial results during the second quarter of the consolidated fiscal year, the forecasts of consolidated financial results published on May 12, 2022 have been revised. For details, please refer to “Notice of Revisions to the Forecast of Consolidated Financial Results for FY2022” announced today (November 7, 2022).

(4) Description of Research and Development

R&D expenses during the second quarter of the current consolidated fiscal year stood at 1,768 million yen.

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	12,103	17,224
Notes and accounts receivable - trade, and contract assets	14,482	16,357
Securities	5,000	-
Merchandise and finished goods	10,016	9,865
Work in process	457	512
Raw materials and supplies	4,587	5,779
Other	2,911	3,112
Allowance for doubtful accounts	(0)	-
Total current assets	49,557	52,852
Non-current assets		
Property, plant and equipment	10,936	10,798
Intangible assets	6,183	5,192
Investments and other assets		
Investment securities	12,223	13,274
Other	4,414	4,126
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	16,620	17,383
Total non-current assets	33,739	33,374
Total assets	83,297	86,227
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,118	4,299
Electronically recorded obligations - operating	3,723	2,514
Short-term borrowings	1,723	2,848
Provision for bonuses	1,160	1,103
Other provisions	28	-
Other	6,257	7,228
Total current liabilities	16,011	17,995
Non-current liabilities		
Long-term borrowings	12,323	10,049
Retirement benefit liability	5,730	5,849
Other	338	330
Total non-current liabilities	18,393	16,229
Total liabilities	34,404	34,224
Net assets		
Shareholders' equity		
Share capital	1,197	1,197
Capital surplus	1,867	1,847
Retained earnings	45,833	47,954
Treasury shares	(3,479)	(3,375)
Total shareholders' equity	45,419	47,624
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,231	3,739
Foreign currency translation adjustment	164	547
Remeasurements of defined benefit plans	77	91
Total accumulated other comprehensive income	3,473	4,378
Total net assets	48,892	52,002
Total liabilities and net assets	83,297	86,227

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	28,477	30,172
Cost of sales	15,051	15,870
Gross profit	13,426	14,301
Selling, general and administrative expenses	10,768	11,422
Operating profit	2,657	2,879
Non-operating income		
Interest income	0	0
Dividend income	137	185
Share of profit of entities accounted for using equity method	51	-
Other	65	51
Total non-operating income	254	236
Non-operating expenses		
Interest expenses	29	25
Expenses of inactive non-current assets	108	27
Other	30	75
Total non-operating expenses	168	128
Ordinary profit	2,743	2,987
Extraordinary income		
Gain on sale of investment securities	-	32
Total extraordinary income	-	32
Extraordinary losses		
Impairment losses	5,921	-
Other	961	-
Total extraordinary losses	6,882	-
Profit (loss) before income taxes	(4,139)	3,019
Income taxes – current	117	693
Income taxes - deferred	(1,460)	(19)
Total income taxes	(1,342)	673
Profit (loss)	(2,796)	2,346
Profit (loss) attributable to owners of parent	(2,796)	2,346

(Consolidated Statements of Income)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit (loss)	(2,796)	2,346
Other comprehensive income		
Valuation difference on available-for-sale securities	162	519
Remeasurements of defined benefit plans, net of tax	15	13
Share of other comprehensive income of entities accounted for using equity method	59	371
Total other comprehensive income	237	905
Comprehensive income	(2,559)	3,251
Details		
Comprehensive income attributable to owners of parent	(2,559)	3,251

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(4,139)	3,019
Depreciation	1,346	1,527
Impairment losses	5,921	-
Increase (decrease) in retirement benefit liability	221	132
Interest and dividend income	(137)	(185)
Interest expenses	29	25
Share of loss (profit) of entities accounted for using equity method	(51)	21
Loss (gain) on sale of investment securities	-	(32)
Decrease (increase) in trade receivables	(1,697)	(1,876)
Decrease (increase) in inventories	730	(1,096)
Increase (decrease) in trade payables	(254)	(27)
Other, net	234	397
Subtotal	2,203	1,907
Interest and dividends received	137	184
Interest paid	(30)	(26)
Income taxes paid	(894)	(398)
Net cash provided by (used in) operating activities	1,417	1,666
Cash flows from investing activities		
Purchase of property, plant and equipment	(262)	(292)
Purchase of intangible assets	(133)	(21)
Proceeds from sale of investment securities	-	56
Purchase of shares of subsidiaries and associates	(53)	-
Other, net	22	58
Net cash provided by (used in) investing activities	(427)	(199)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(30)	-
Repayments of long-term borrowings	(1,149)	(1,149)
Decrease (increase) in treasury shares	(7)	29
Dividends paid	(199)	(225)
Net cash provided by (used in) financing activities	(1,386)	(1,346)
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	(396)	121
Cash and cash equivalents at beginning of period	10,514	17,103
Cash and cash equivalents at end of period	10,117	17,224

(4) 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.

(Changes to accounting policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan [ASBJ] Guidance No. 31, June 17, 2021; "Fair Value Measurement Accounting Standard Implementation Guidance" hereinafter) has been applied beginning with the start of the first quarter of the consolidated fiscal year under review. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance, the new accounting policies stipulated in that Guidance are applied to future accounts. This change has had no impact on the quarterly consolidated financial statements.

(Segment information etc.)

I. Previous second quarter of the consolidated fiscal year (from April 1, 2021 to September 30, 2021)

1. 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	25,619	2,791	66	28,477	-	28,477
Intersegment sales and transfers	-	-	26	26	(26)	-
Total	25,619	2,791	93	28,504	(26)	28,477
Segment profit (loss)	2,797	229	(26)	3,000	(342)	2,657

Notes:

- The "Other" business segment consists of businesses not included in the reporting segments, including clinical testing and medical devices etc.
 - The adjustment of (342) 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.
 - Segment profit or loss (numbers in parentheses) is adjusted against operating profit on the quarterly consolidated statements of income.
2. Information regarding impairment loss on fixed assets or goodwill, etc. by reporting segment
We record impairment loss on intangible assets in the "pharmaceutical business" segment. The amount recorded for this impairment loss was 5,921 million yen during the second quarter of the previous consolidated fiscal year.

II. Current second quarter of the consolidated fiscal year (from April 1, 2022 to September 30, 2022)

1. 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:

- The "Other" business segment consists of businesses not included in the reporting segments, including clinical testing and medical devices etc.
- 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.
- Segment profit or loss (numbers in parentheses) is adjusted against operating profit on the quarterly consolidated statements of income.

2. Changes to reporting segments etc.

From the first quarter of the consolidated fiscal year under review, the animal health business, which heretofore had been included under “others,” is presented as its own reporting segment. This change is due to the increase in the quantitative importance of that business.

Segment information for the second quarter of the previous consolidated fiscal year has been restated to conform to segment categories reflecting this change.

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 2 2 Q A c t u a l)

ASKA Pharmaceutical Co., Ltd.

(Millions of yen)

Therapeutic category	Products	FY2021		FY2022		2Q Actual YOY(%)
		2Q Actual	FY2021 Actual	2Q Actual	FY2022 Forecast	
Antihypertensive agent	CANDESARTAN* (candesartan)	6,259	12,394	5,477	10,697	(12.5)
Uterine fibroid and endometriosis agent	RELUMINA (relugolix)	3,703	7,334	4,524	9,671	22.2
Thyroid hormone agent	THYRADIN (levothyroxine)	3,790	7,499	3,921	7,706	3.5
Poorly absorbable rifamycin antimicrobial agent	RIFXIMA (rifaximin)	2,464	4,854	2,757	5,500	11.9
LH-RH derivative microcapsule sustained- release agent	LEUPRORELIN (leuprorelin)	2,520	5,183	2,619	5,018	3.9
Dysmenorrhea agent	FREWELL (norethisterone/ ethinylestradiol)	1,667	3,463	1,765	3,276	5.9
Dysmenorrhea agent	DroEthi (drospirenone/ ethinylestradiol)	-	-	1,279	3,023	-
Antithyroid agent	MERCAZOLE (thiamazole)	751	1,458	761	1,467	1.4
Progesterone hormone agent	LUTEUM (Progesterone)	298	661	569	979	90.6
Antihypertensive agent	AMLODIPINE (amlodipine)	555	1,073	465	937	(16.2)

* Including compounding agents

ASKA Animal Health Co., Ltd.

(Millions of yen)

Business field	FY2021		FY2022		2Q Actual YOY(%)
	2Q Actual	FY2021 Actual	2Q Actual	FY2022 Forecast	
Feed additives and materials, and mixed feed	1,689	3,508	2,062	3,855	22.0
Livestock pharmaceuticals	746	1,466	767	1,532	2.9

(2) Product Pipeline

Pipeline (as of November 7, 2022)

ASKA Pharmaceutical Co., Ltd.

Stage	Development code	Generic name	Indication	Origin
Phase III	LF111	Drospirenone	Oral contraceptive	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 Toray Industries, Inc.
Phase II / III	L-105	Rifaximin	Hepatic encephalopathy (pediatrics)	Alfasigma S.p.A (Italy)
Phase II	AKP-009	Ludaterone acetate	Benign prostatic hyperplasia	In-house Co-development: KYORIN Pharmaceutical Co., Ltd.
Phase I	L-105	Rifaximin	Crohn's disease	Alfasigma S.p.A (Italy)

Note: Changes from last time

The clinical trial for TRM-270 (adhesion barrier) was initiated from Phase III.

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

1. Capital Expenditures (Millions of yen)

	FY2020	FY2021	FY2022
Second quarter	401	438	399
Full year	765	657	(Forecast) 1,276

2. Depreciation (Millions of yen)

	FY2020	FY2021	FY2022
Second quarter	1,797	1,346	1,527
Full year	3,305	2,885	(Forecast) 3,163

3. Research and Development expenses (Millions of yen)

	FY2020	FY2021	FY2022
Second quarter	2,338	1,941	1,768
Full year	4,709	3,598	(Forecast) 4,134

Note: The results for FY2020 are published by ASKA Pharmaceutical Co., Ltd.