

Fiscal Year 2022 (Period Ended March 2023) Financial Results Briefing

May 16, 2023

TSE Prime 4559

Mitsuhiro Ibe, Representative Director, President
Zeria Pharmaceutical Co., Ltd.

I. Consolidated Financial Highlights for Fiscal Year 2022

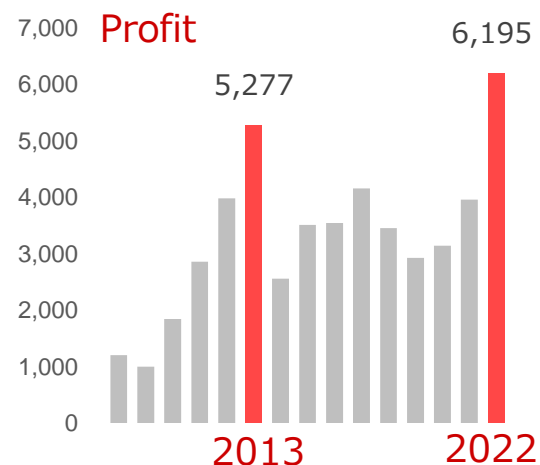
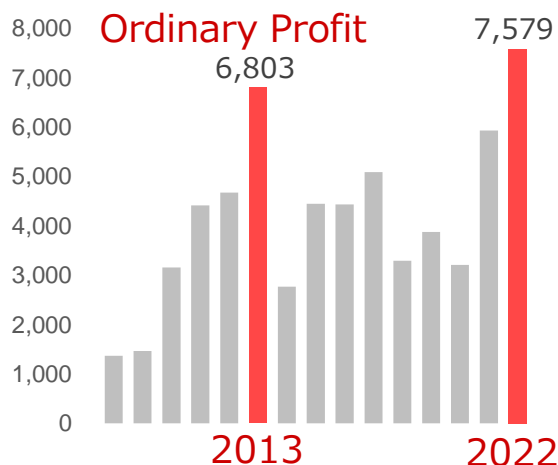
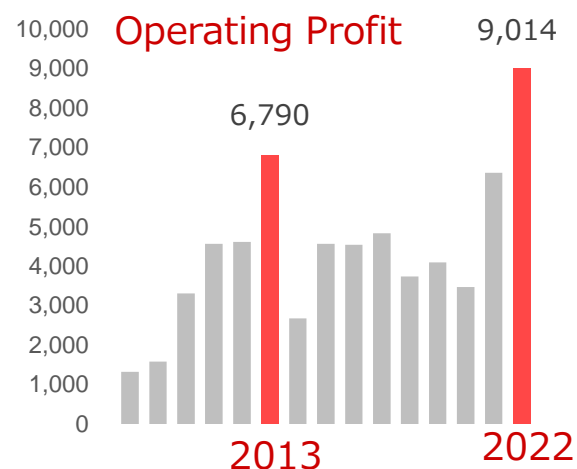
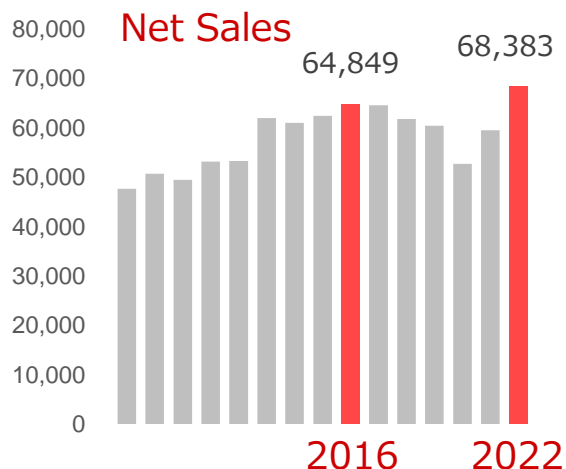
I-1 Overview

I-2 Ethical Pharmaceuticals Business

I-3 Consumer Healthcare Business

I-4 Overseas Net Sales

Fiscal Year 2022: Record highs achieved in both net sales and profit



(Unit: Million yen)

Net sales and profit level reached record highs, and the operating profit margin increased significantly

	Fiscal Year 2021		Fiscal Year 2022		
	Results	Sales Ratio	Results	Sales Ratio	Year-on-Year Growth Rate
(Million yen)					
Net Sales	59,532	100.0%	68,383	100.0%	14.9%
Gross Profit	42,148	70.8%	49,488	72.4%	17.4%
Selling, General, and Administrative Expenses	35,782	60.1%	40,473	59.2%	13.1%
Operating Profit	6,366	10.7%	9,014	13.2%	41.6%
Ordinary Profit	5,935	10.0%	7,579	11.1%	27.7%
Profit Attributable to Owners of Parent	3,961	6.7%	6,195	9.1%	56.4%
Dividend Per Share	35 yen		40 yen (planned)		

◆ Dificlir and Asacol contributed greatly to increased sales

		Fiscal Year 2021	Fiscal Year 2022	
(Unit: Million yen)		Results	Results	Year-on-Year Growth
Ethical Pharmaceuticals Business		37,006	43,145	16.6%
	Asacol	17,476	19,511	11.6%
	Dificlir	5,211	8,345	60.2%
	Entocort	4,480	5,688	27.0%
	Acofide	3,154	3,108	-1.4%
	Others	6,684	6,491	-2.9%

Factors Causing Changes from Previous Year

	Year-on-Year Comparison	Factors Causing Change	
		Domestic	Overseas
Asacol	+11.6%	Sales declined owing to the impact of competing products and drug price revisions	Robust performance in major markets such as the UK and Northern Europe Good performance of 1600mg tablets
Dificlir	+60.2%		Performed well thanks to the success of aggressive sales resource investment
Entocort	+27.0%	Robust performance despite being impacted by drug price revisions	Performed well in markets such as Canada and Italy
Acofide	-1.4%	In the previous year, shipments of newly packaged products increased at the beginning of the fiscal year in accordance with the start of independent promotions Increase in delivery volume to medical institutions	
Others	-2.9%	Growth with Ferinject, etc., but long-listed products struggled due to the impact of drug price revisions	

I-3 Consumer Healthcare Business

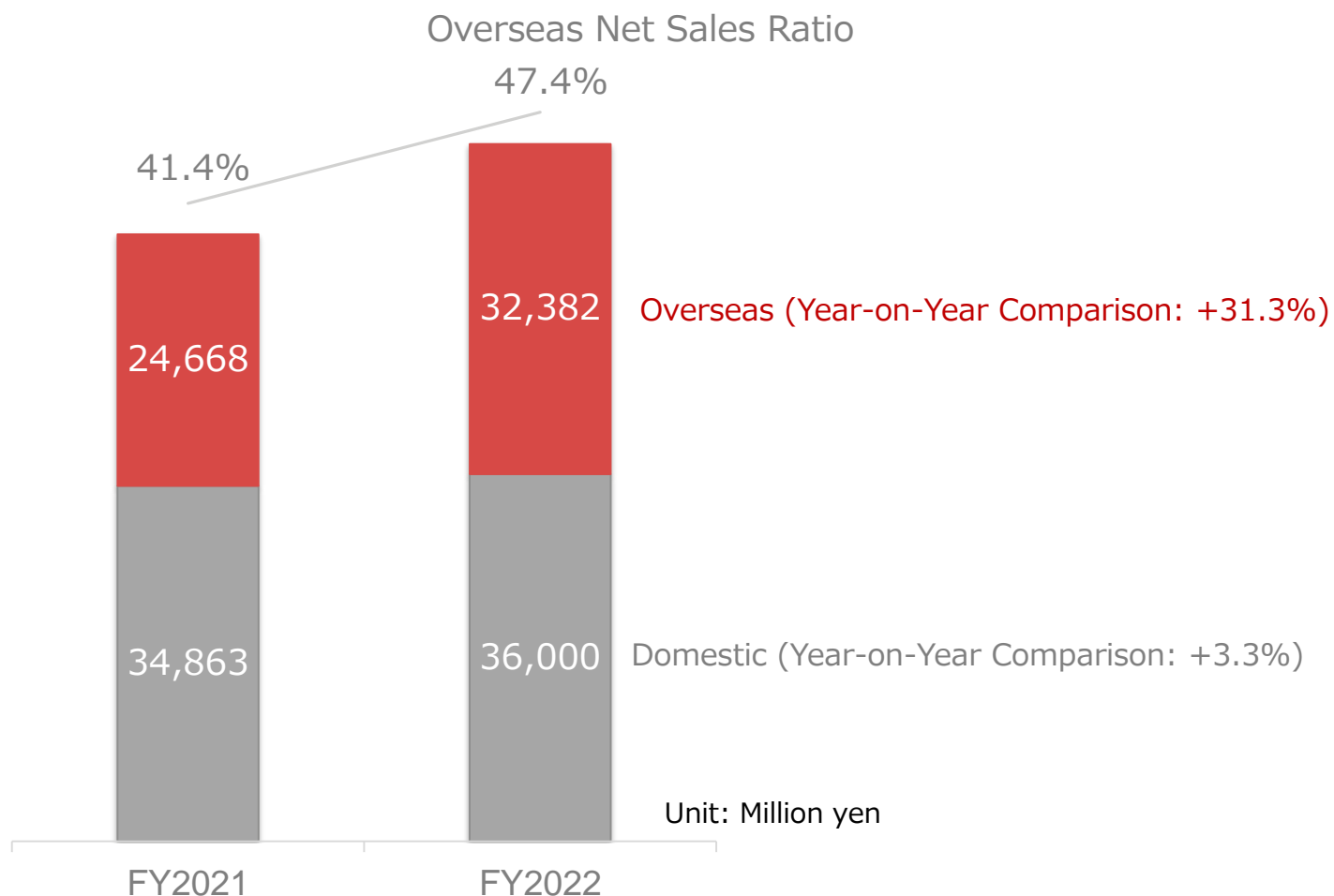
- ◆ Sales of the Hepalyse range recovered close to COVID-19 pre-pandemic levels
- ◆ Sales of items other than WithOne also increased year-on-year, and the segment as a whole increased 12% year-on-year

		Fiscal Year 2021	Fiscal Year 2022	
(Unit: Million yen)		Results	Results	Year-on-Year Growth
Consumer Healthcare Business		22,370	25,085	12.1%
Hepalyse Range		7,770	9,848	26.7%
Pharmaceuticals		4,345	4,769	9.8%
Soft Drinks Dietary Supplements		3,425	5,079	48.3%
Chondroitin Range		5,135	5,421	5.6%
WithOne Range		1,359	1,266	-6.8%
Others		8,104	8,548	5.5%

Factors Causing Changes from Previous Year

		Year-on-Year Comparison	Factors Causing Change
Hepalyse Range	Pharmaceuticals	+9.8%	Secured new customers by promoting product features, such as "Fatigue recovery" and "Metabolism improvement/promotion"
	Soft Drinks Dietary Supplements	+48.3%	Significant increase in sales thanks to the easing of self-imposed restrictions related to COVID-19 and a recovery in social activities
Chondroitin Range		+5.6%	Robust performance thanks to the impact of active advertising investment, etc.
WithOne Range		-6.8%	Unable to attract new customers due to competing products resulting in a decrease
Others		+5.5%	Contribution of new products such as Hi Jelly Granules EX

Asacol, Entocort, and Dificlir performed well Overseas net sales grew significantly



II. 11th Mid-Term Management Plan

II-1 10th Mid-Term Management Plan Results

II-2 11th Mid-Term Management Plan

II-2-1 European Business

II-2-2 Asian Business

II-2-3 Domestic Business

**II-3 Consolidated Financial Forecast for Fiscal
Year Ending March 31, 2024**

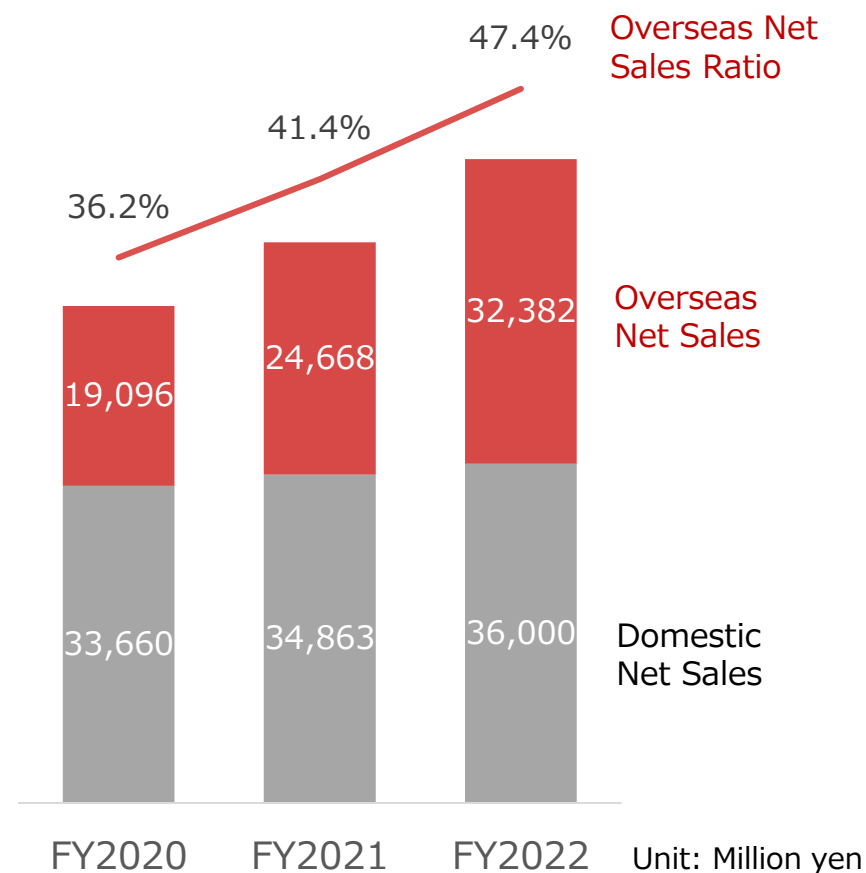
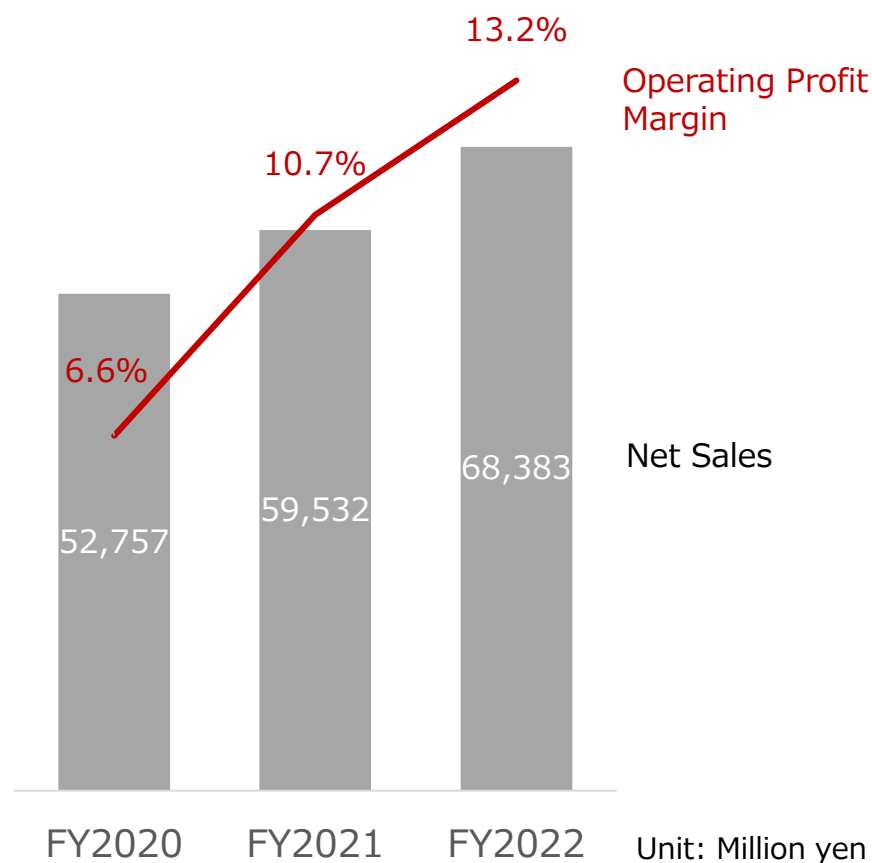
II-4 Development Pipeline Status



II-1 10th Mid-Term Management Plan (2020-2022) Results

**Net sales and profit level reached record highs,
and the operating profit margin increased significantly**

- While the overseas ethical pharmaceuticals business grew significantly, the domestic ethical pharmaceuticals business struggled
- The consumer healthcare business also failed to recover from the impact caused by COVID-19



Business Results at the End of the 10th Mid-Term Management Plan

Overseas Business

Primarily
ethical
pharmaceuticals

- ➕ Asacol
Continued growth of existing formulations, led by 1600mg tablets
- ➕ Dificlr
Significant growth after succession of sales

Domestic Business

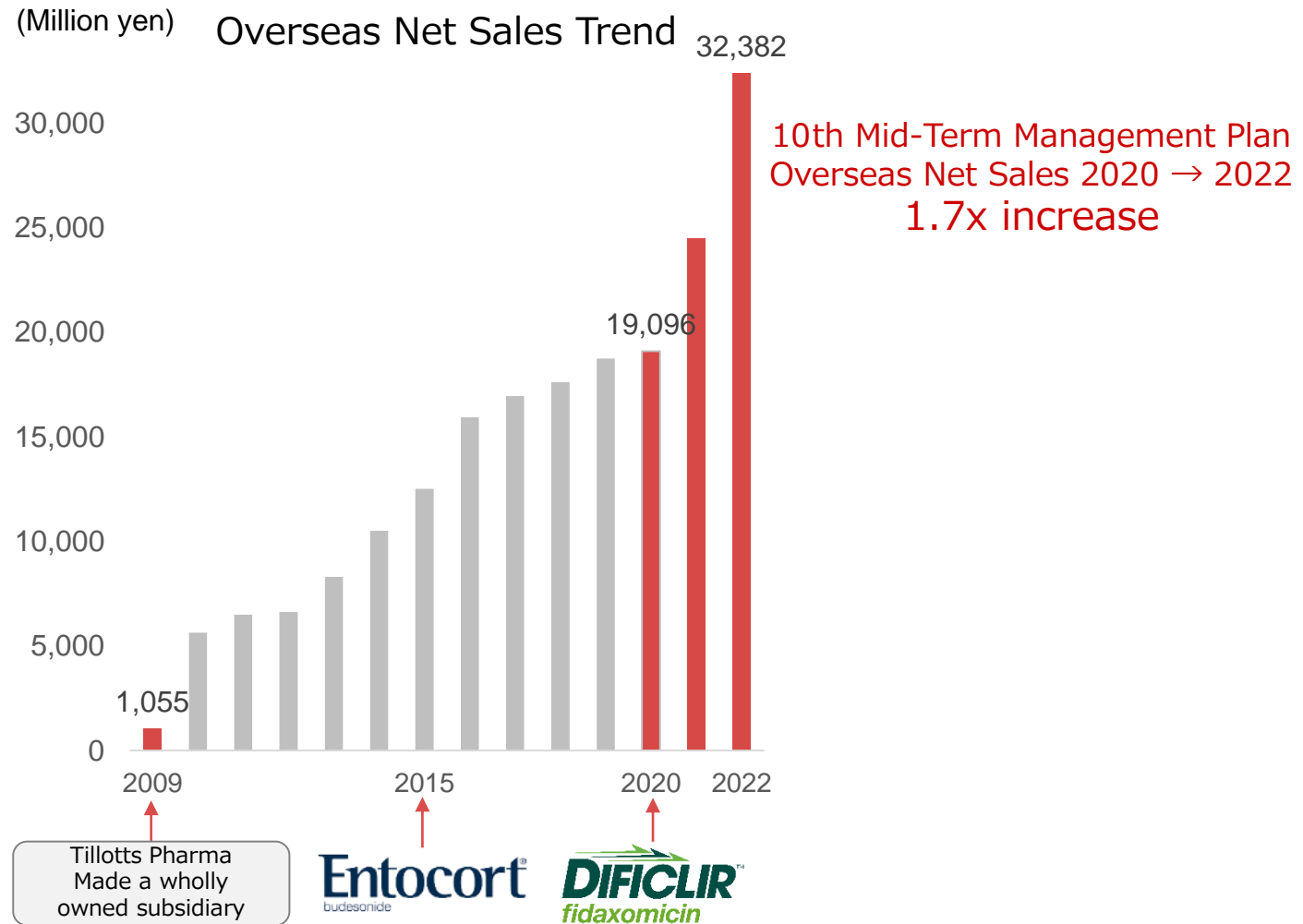
Ethical
pharmaceuticals

- ➕ Profitability improved thanks to shift to individual sales of Asacol and Acofide
- ➖ Struggling due to the impact, including market competition and price revisions

Consumer
healthcare

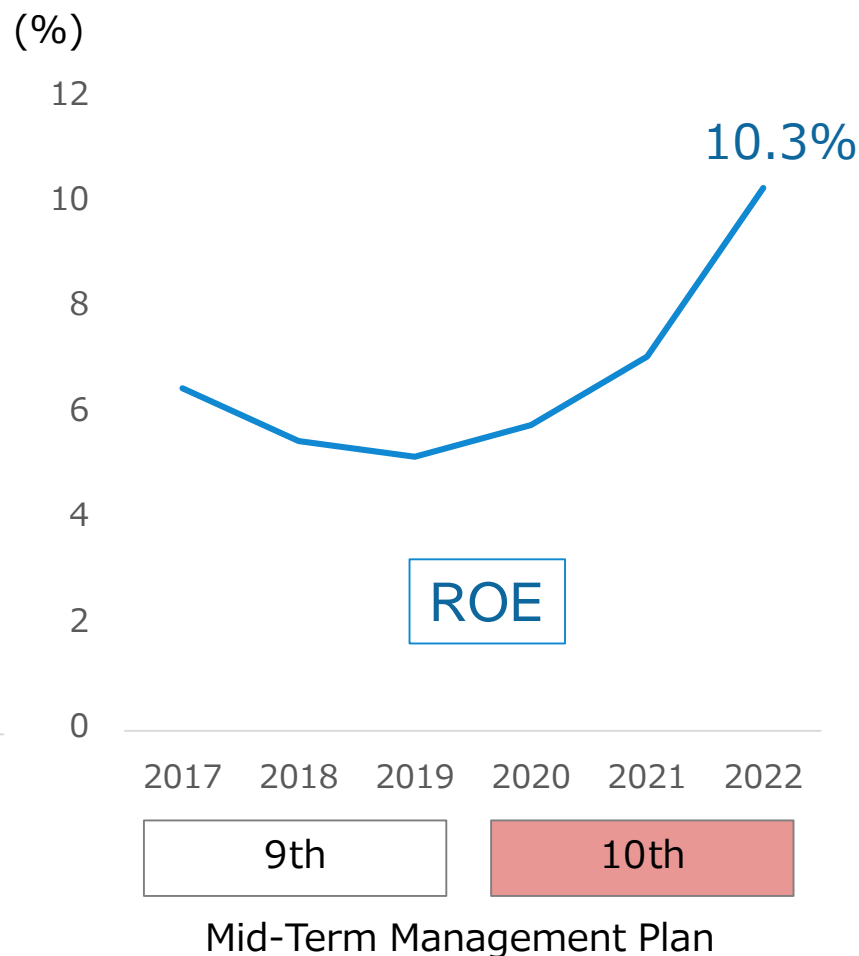
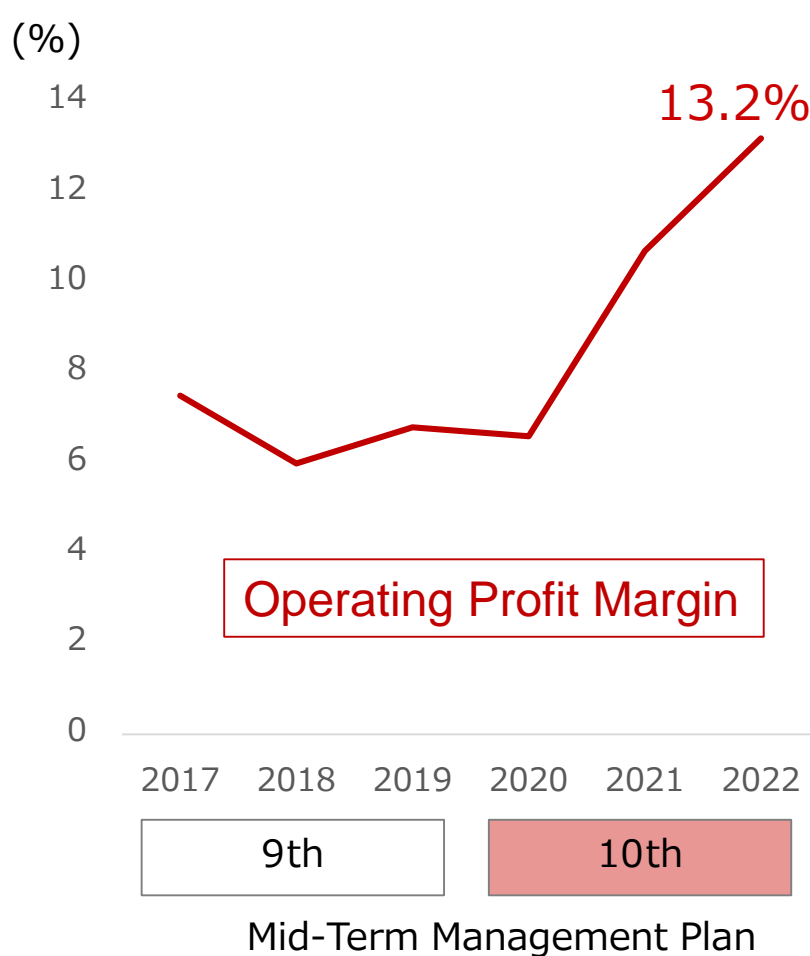
- ➖ Recovered from the decline in sales resulting from COVID-19, but a complete recovery has not yet been achieved

Overseas net sales grew 30-fold in 13 years



II-1 10th Mid-Term Management Plan (2020-2022) Results

ROE management target of 10% achieved,
significantly improving profitability



10th Mid-Term
Management Plan



11th Mid-Term Management Plan

European business
driving performance

In addition to European business,
focus on business development
in Asia

Management Targets

- Consolidated net sales: 90 billion yen
- Overseas net sales ratio: 50% or greater

11th Mid-Term Management Plan Main Policies

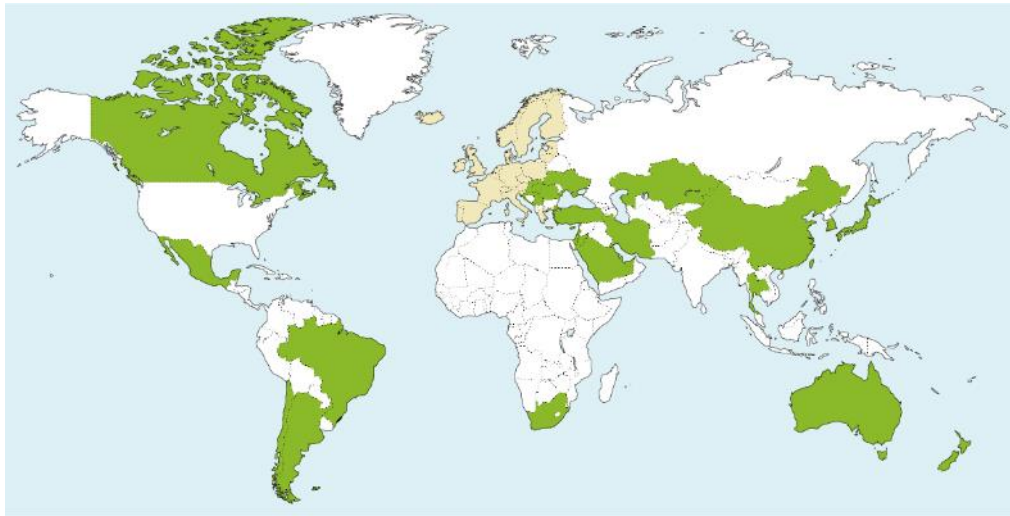
Aim for further growth centered around a strong overseas business

- ① Continuous market development in Europe
 - Asacol, Dificlir
- ② Market expansion in Asia
 - Zeria Pharmaceutical
Expand product exports to Asian countries
 - Vietnam F.T. Pharma
Construction of new plant, expansion of existing business, export to neighboring countries in Southeast Asia

Tillotts Pharma

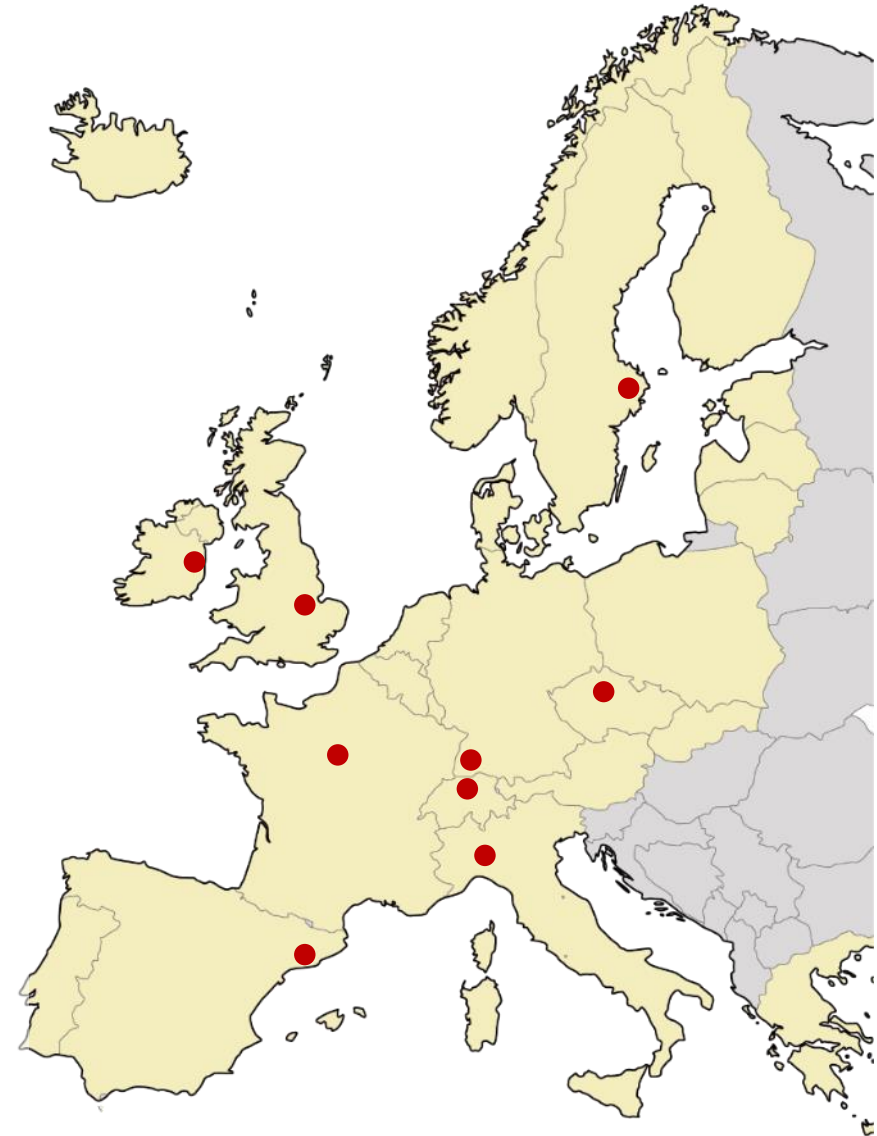
Global expansion of product ranges in more than 60 countries worldwide

Establishing a self-sales system through subsidiaries in Europe



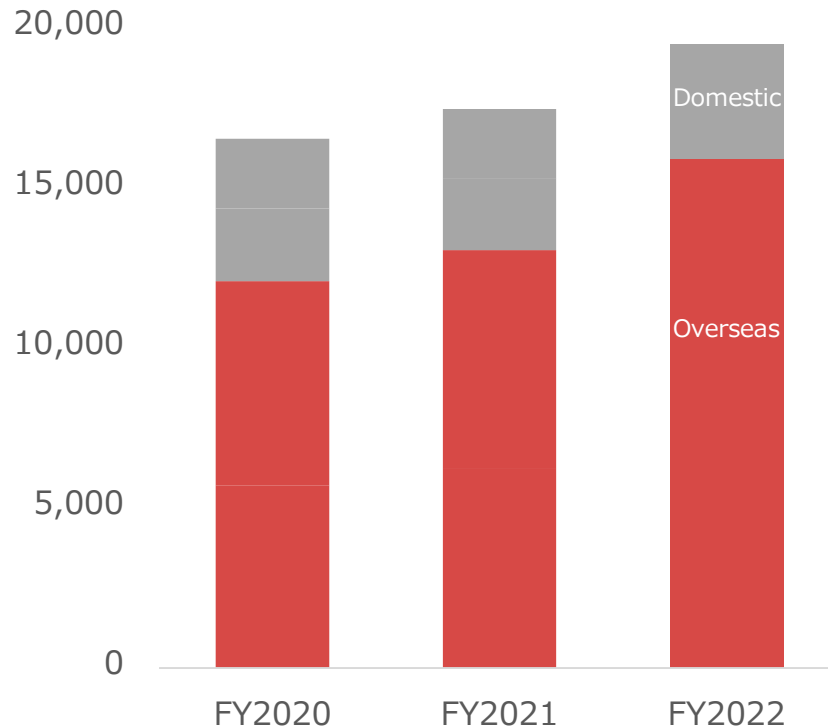
European sales network

- Tillotts Pharma AG (Switzerland)
- Tillotts Pharma AB (Sweden)
- Tillotts Pharma Ltd. (Ireland)
- Tillotts Pharma UK Ltd. (UK)
- Tillotts Pharma Czech s.r.o. (Czech Republic)
- Tillotts Pharma Spain S.L.U. (Spain)
- Tillotts Pharma GmbH (Germany)
- Tillotts Pharma France SAS (France)
- Tillotts Pharma Italy srl (Italy)



Expect growth in the overseas market to continue

(Million yen) 10th Mid-Term Management Plan
Asacol Results

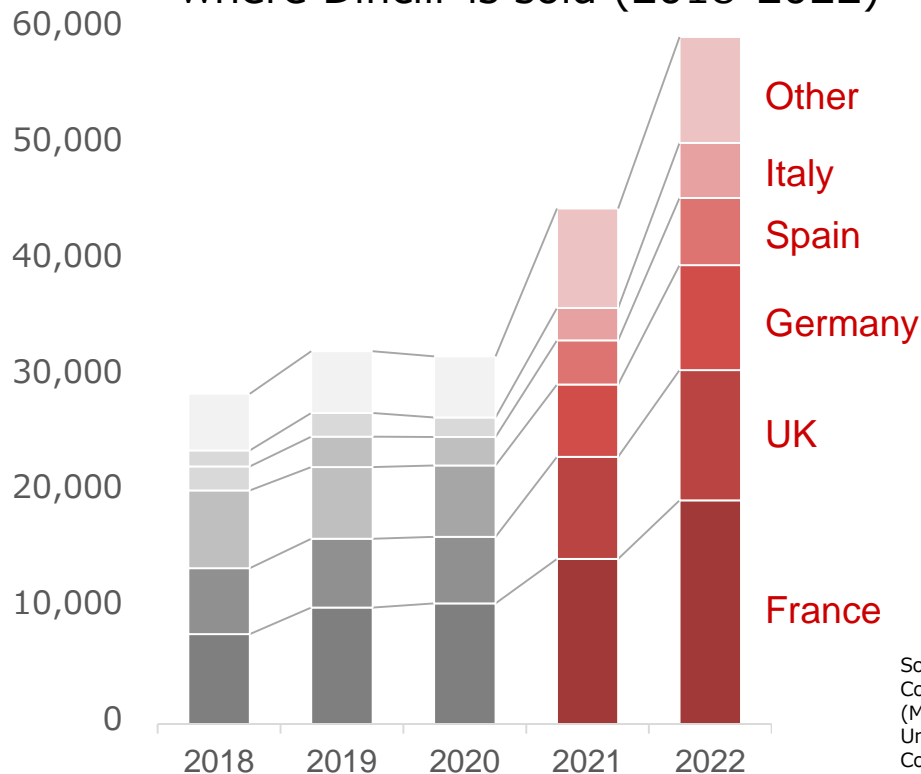


Fiscal Year 2023

- ◆ 1600mg tablets
Plan to add launch countries
- ◆ Asacol overseas market
2022 → 2025: Increase in sales expected

2021: Surge in sales due to European/US clinical guideline recommendations

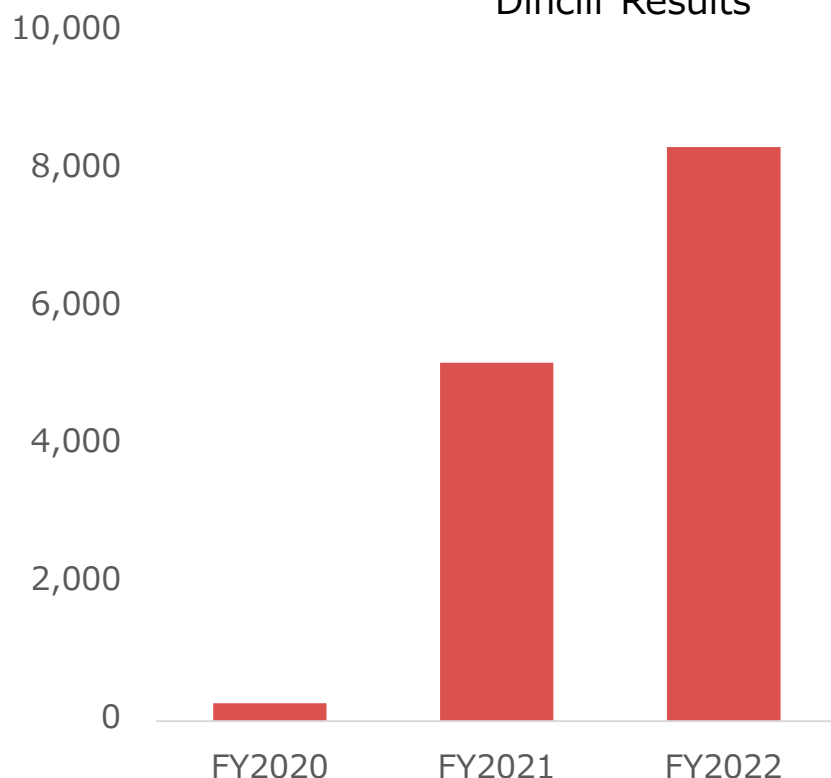
Thousand USD Sales trends in European countries where Dificlir is sold (2018-2022)



Source: IQVIA Analytics Link
Compiled internally based on 2018-2022 data
(Market definitions according to the Company)
Unauthorized reproduction prohibited
Copyright © 2023 IQVIA.

Further dissemination of guideline recommendations expected

(Million yen) 10th Mid-Term Management Plan Period
Dificlir Results



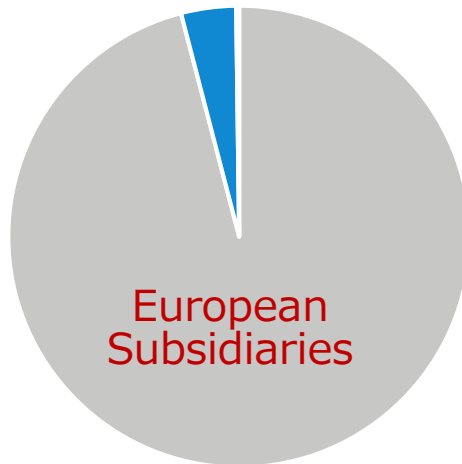
Nov. 2020: Succession of Dificlir

Fiscal Year 2023

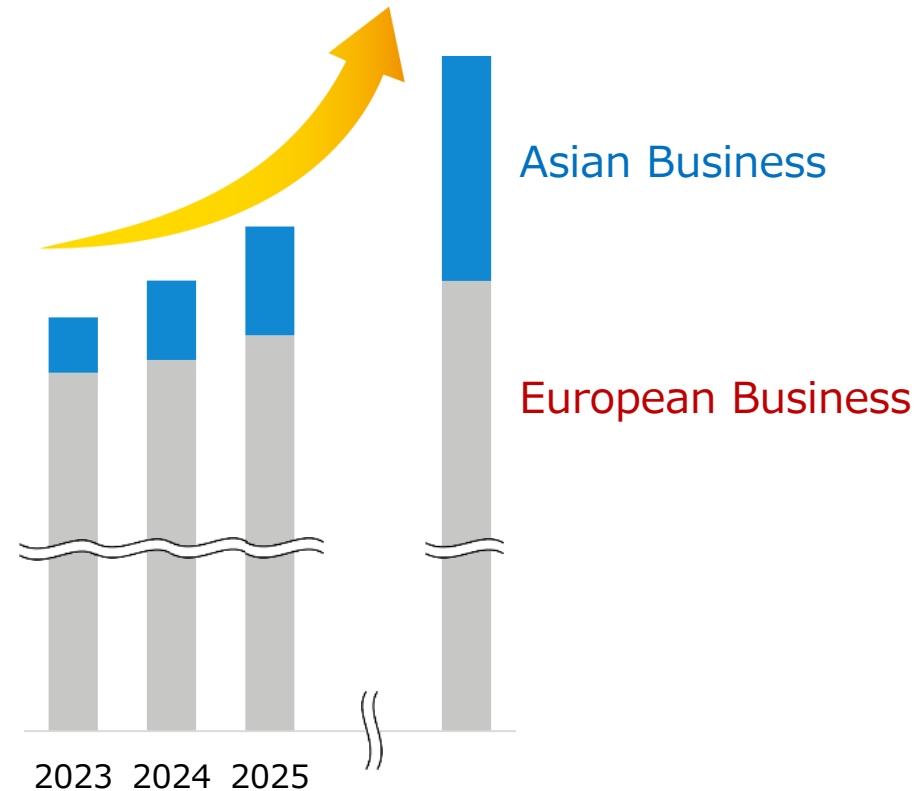
- ◆ Increased sales expected for Spain, Germany, and Italy
- ◆ 2022 → 2025: Increase in sales expected

Focus on expanding business in Asia

Asian Business
FTP/Asia Exports



Fiscal Year 2022: 90% or more of overseas net sales are European business



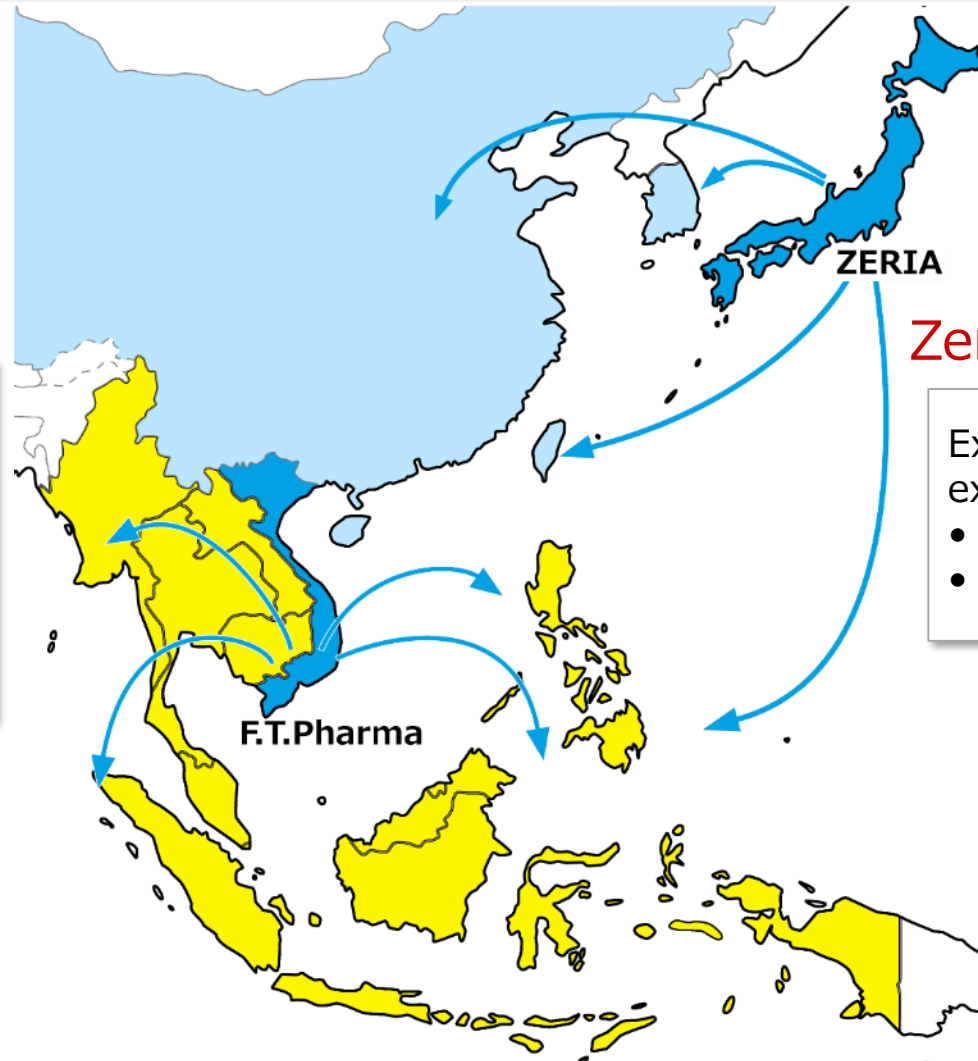
Improve the presence of the Zeria Group in Southeast Asia using Vietnam's F.T. Pharma as a base

Taking on the challenge of restructuring and expanding business in Asia

Vietnam F.T. Pharma

Construction of new plant
Expansion of existing
business

- Expand northward
- Export to neighboring countries

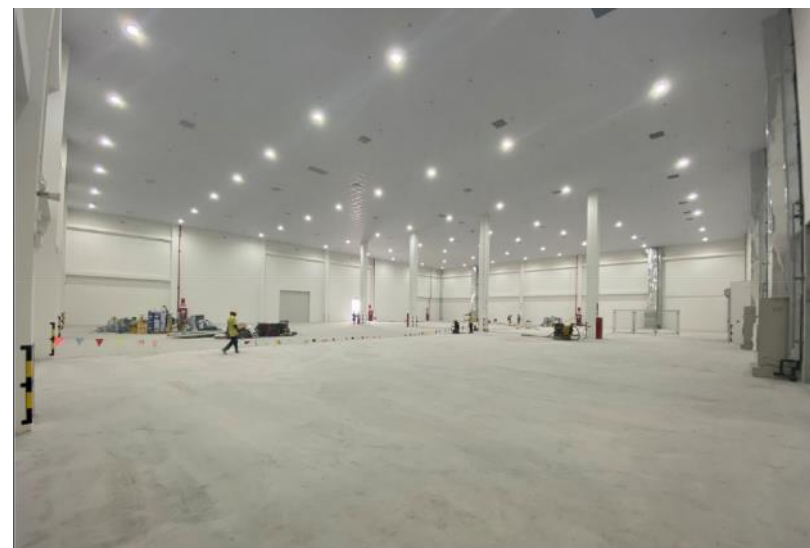


Zeria Pharmaceutical

Expand Zeria product
exports to Asian countries

- OTC drugs
- Health foods

II-2-2 Asian Business: F.T. Pharma New Plant Construction



- Ethical Pharmaceuticals Business

In addition to Acofide, which was developed internally, secure a presence in the domestic ethical pharmaceuticals market by actively investing sales resources in Ferinject, Dafclir, and ZG-801 (hyperkalemia therapeutic agent), which is expected to be launched during the 11th Mid-Term Management Plan.

- Consumer Healthcare Business

In addition to mainstay product ranges such as the Chondroitin range and Hepalyse range, work to expand the market for numerous other product ranges such as the royal jelly range, European herbal preparation range, and cosmetics range.

Focus on cultivating royal jelly and European herbal preparations



Chondroitin Range
Arthritis, Lumbago
Therapeutic Agent



Pharmaceutical
Hepalyse Range
Nutrient Tonics



WithOne Range
Laxatives



Hi Jelly Granules EX
Nutrient Tonics

Royal jelly range



Prevaline Range
Drug for the Skin



Viewclear
Range
Eye Drops



Masdent Range
Medicated
Toothpaste



IONA Cosmetics

Others



Prefemin

The only therapeutic agent for
premenstrual syndrome (PMS) in Japan
Apr. 2023: Transitioned to a Class II drug



Belfemin
(treatment for
ameliorating foot
swelling)



Colpermin
(treatment to improve
irritable bowel syndrome
(IBS))



Hepalyse W Premium
Soft Drink

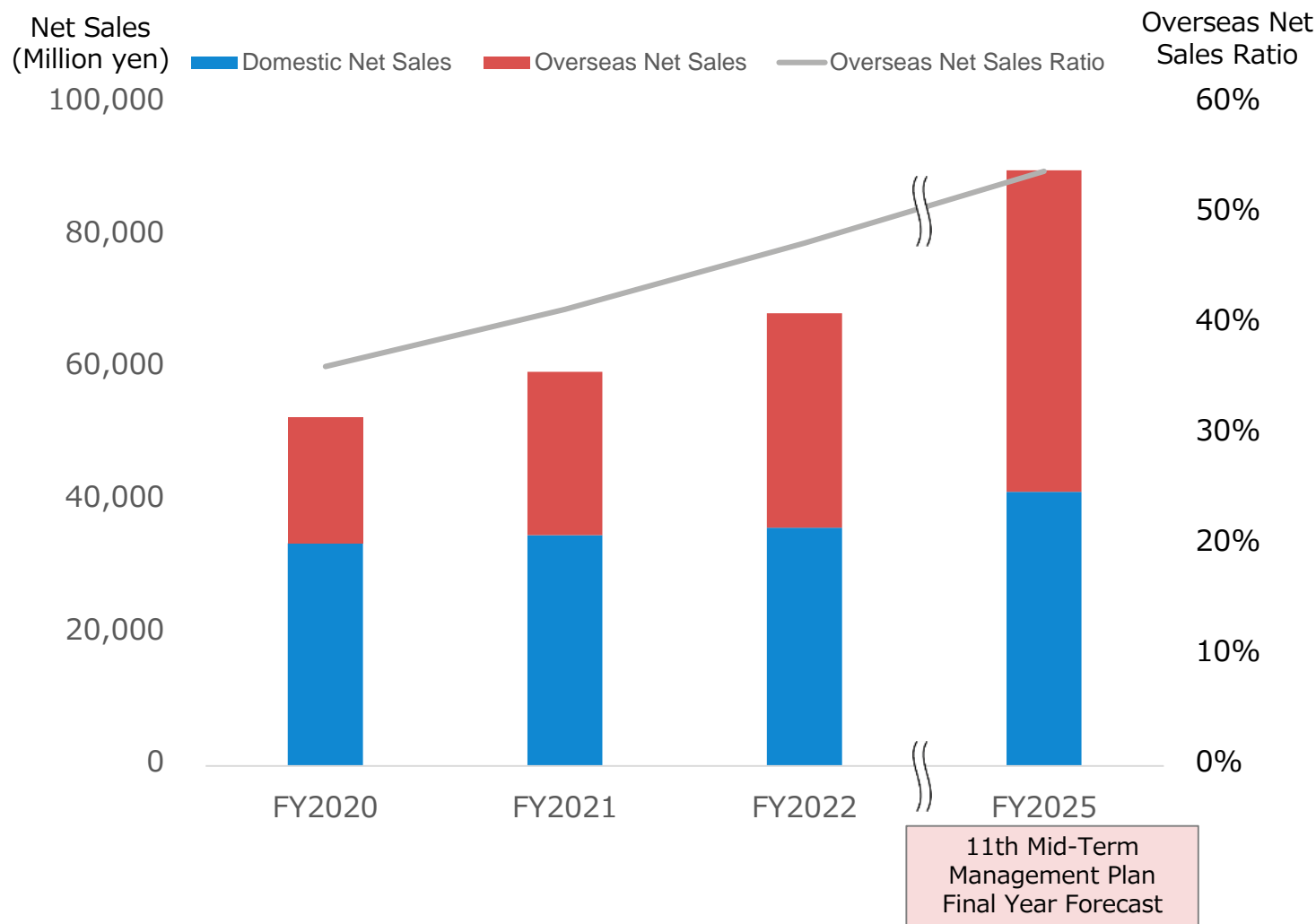
Hepalyse W series

European herbal preparation series

II-2 11th Mid-Term Management Plan (2023-2025)

**Aim to achieve net sales of 90 billion yen
by expanding overseas business**

Outlook for the final year of the 11th Mid-Term Management Plan



II-4 Development Pipeline Status

Domestic Development

Development Code/Name	Development Company/Institution	Indication	Phase1	Phase2	Phase3	NDA in Preparation	NDA Filed	NDA Approved
ZG-801	Zeria	Hyperkalemia						
Z-338 (Acotiamide)	Zeria	Pediatric functional dyspepsia						
ZG-802 (Acotiamide)	Zeria	Underactive bladder						
Z-338 (Acotiamide)	Kyushu University	Esophagogastric junction outflow obstruction (Investigator initiated trial)						

Overseas Development

Development Code/Name	Development Company/Institution	Indication	Phase1	Phase2	Phase3	NDA in Preparation	NDA Filed	NDA Approved
Z-338 (Acotiamide)	Zeria	Functional dyspepsia	Europe					
Z-338 (Acotiamide)	Meiji Seika Pharma	Functional dyspepsia	Thailand and Indonesia					
Z-338 (Acotiamide)	Faes Farma	Functional dyspepsia	Mexico, Honduras, Dominican Republic, Ecuador, and Chile					
			7 Latin-American countries*					

*Columbia, Peru, Costa Rica, Guatemala, Panama, Nicaragua, and El Salvador

This document includes statements related to future performance. These statements are not a guarantee of future performance and include risks and uncertainties. Please keep in mind that future business results may differ from expectations due to changes in the business environment and other factors. In addition, this document is for informational purposes only and is not intended to solicit transactions.

Contact: Attn: Nishizawa, Public Relations Division

Tel. 03-3661-1039

Fax. 03-3663-4203