



Fiscal Year 2024 (Period Ending March 2025) First Half Financial Results Briefing

November 12, 2024

TSE Prime 4559

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

I. Consolidated Financial Highlights for the First Half of Fiscal Year 2024

I-1 Overview

I-2 Ethical Pharmaceuticals Business

I-3 Consumer Healthcare Business

I-4 Overseas Net Sales

Mid-point of the 11th Mid-Term Management Plan (2023-2025)

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

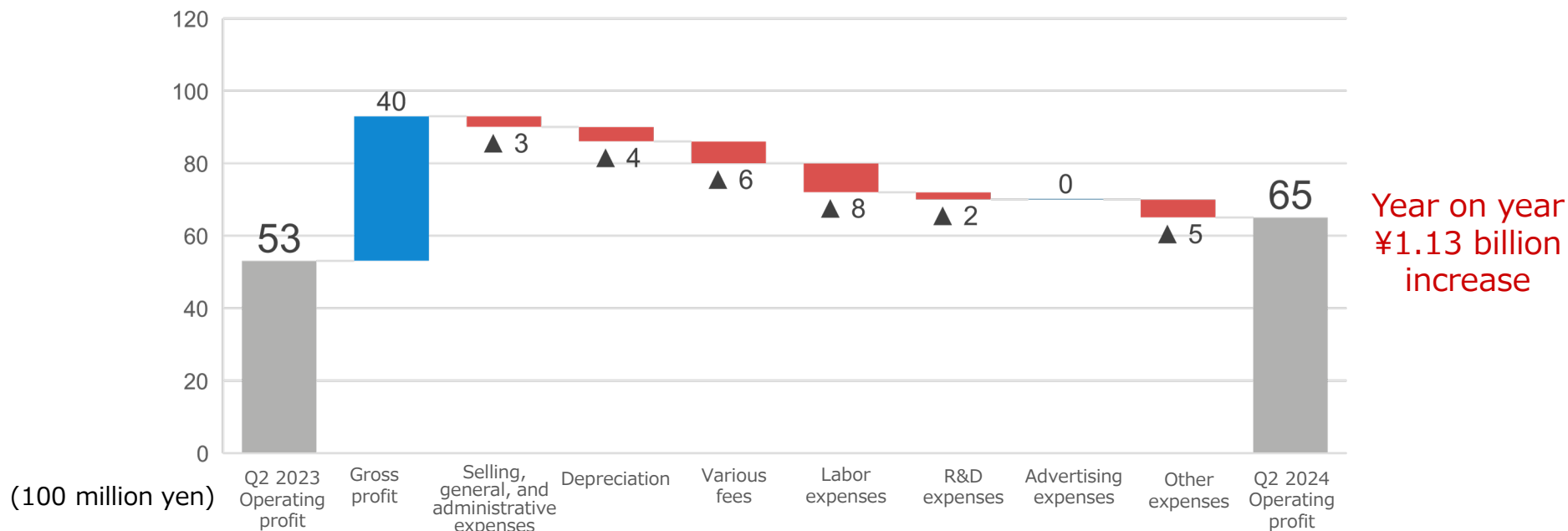
- ① Continuous market development in Europe
 - Asacol, Dificlir
- ② Market expansion in Asia
 - Zeria Pharmaceutical
Expand product exports to Asian countries
 - Vietnam F.T. Pharma
Construct new plant, expand existing businesses, export to neighboring countries in Southeast Asia

I-1 Overview

(Unit: Million yen)	First Half of Fiscal Year 2023 Results	First Half of Fiscal Year 2024 Results	Year-on- Year Difference	Forecast Announced in May	Difference with Publicly Announced Forecast
Net Sales	36,678	42,422	15.7%	41,000	3.5%
Gross Profit	27,046	31,013	14.7%	—	
Selling, General, and Administrative Expenses	21,719	24,554	13.1%	—	
Operating Profit	5,327	6,459	21.2%	5,600	15.3%
Ordinary Profit	5,495	7,949	44.6%	5,600	42.0%
Profit Attributable to Owners of Parent	5,396	6,061	12.3%	4,300	41.0%

I-1 Factors Causing Changes in Operating Profit

Operating profit increased by 1.13 billion yen year on year
(improvement in profitability)



Selling, general, and administrative expenses

Enhanced promotion activities in the Overseas Ethical Pharmaceuticals Business

Depreciation

Increase in expenses mainly due to exchange rates

Various fees

Royalties, etc.

Labor expenses

Increased hiring at overseas subsidiaries, wage increases

Other expenses

Increase in expenses mainly due to exchange rates

I-2 Ethical Pharmaceuticals Business: Net Sales by Product

Continued significant growth in Dificlir driving earnings

		First Half of Fiscal Year 2023	First Half of Fiscal Year 2024	
(Unit: Million yen)		Results	Results	Year-on-Year Growth
Ethical Pharmaceuticals Business		23,900	28,544	19.4%
	Asacol	10,097	11,254	11.5%
	Dificlir	6,545	9,889	51.1%
	Entocort	2,447	2,630	7.5%
	Acofide	1,522	1,526	0.3%
	Others	3,287	3,243	-1.4%

Factors Causing Changes from Previous Year

	Year-on-Year Change (Million yen)	Factors Causing Change	
		Domestic	Overseas
Asacol	1,156	(-) Impact from drug price revision	(+) Strong performance in Northern Europe and others
Dificlir	3,343	(+) Growth due to market penetration	(+) Significant growth in France, Germany, the UK, and others
Entocort	183	(-) Impact from drug price revision	(+) Strong performance in Canada, etc., despite impact from generic products in some European countries
Acofide	4	(+) Increase in volume negated impact from drug price revision	
Others	-44	(-) Impact from drug price revision in long-listed products	

I-3 Consumer Healthcare Business: Net Sales by Product

- ◆ The Hepalyse range achieved growth in both the Pharmaceuticals category and the Soft Drinks category
- ◆ The WithOne range performed strongly

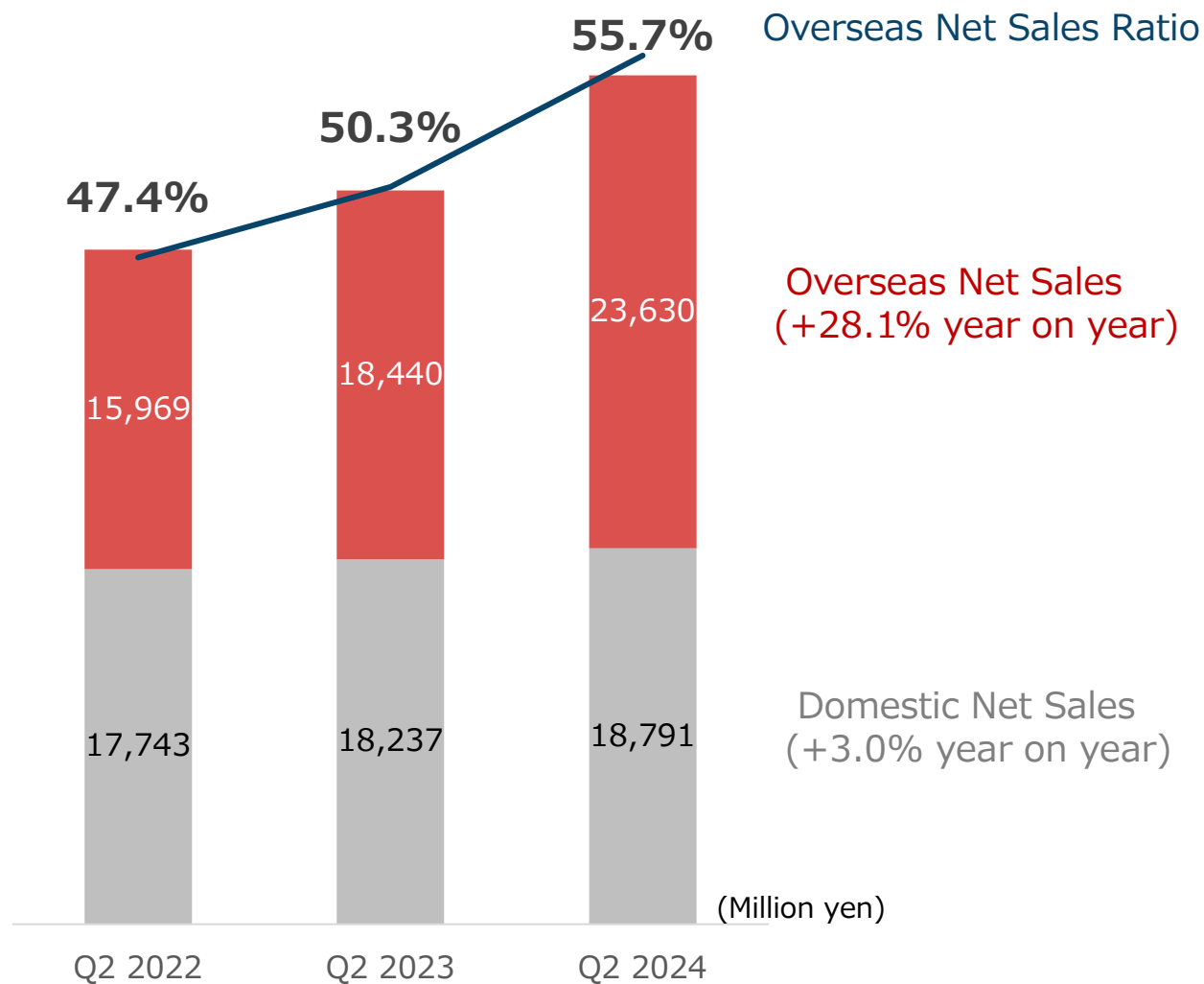
		First Half of Fiscal Year 2023	First Half of Fiscal Year 2024	
(Unit: Million yen)		Results	Results	Year-on-Year Growth
Consumer Healthcare Business	Hepalyse Range	12,700	13,802	8.7%
	Pharmaceuticals	5,190	5,877	13.2%
	Soft Drinks Dietary Supplements	2,676	3,012	12.5%
	Chondroitin Range	2,513	2,865	14.0%
	WithOne Range	2,862	2,825	-1.3%
	Others	612	722	17.9%
		4,034	4,376	8.5%

Factors Causing Changes from Previous Year

		Year-on-Year Change (Million yen)	Factors Causing Change
Hepalyse Range	Pharmaceutical Hepalyse	335	(+) Broader understanding among consumers feeling fatigue and weariness
	Soft Drinks Dietary Supplements	352	(+) Successful advertising and sales promotion measures (+) Launch of new products
Chondroitin Range		-37	(-) Slowdown in growth in small- and medium-sized standard products
WithOne Range		109	(+) Successful advertising and sales promotion measures
Others		342	(+) Growth in Prevaline range and Masdent range, etc.

I-4 Overseas Net Sales

Overseas net sales again grew significantly thanks to strong performance by Asacol and Dificlir (overseas net sales ratio 55.7%)



II. Consolidated Financial Forecast for Fiscal Year 2024

II-1 Ethical Pharmaceuticals Business

II-2 Consumer Healthcare Business

II-3 Development Pipeline Status

II-4 Consolidated Full-Year Financial Forecast for Fiscal Year 2024, etc.

◆ First Half of Fiscal Year 2024

Domestic market

Asacol	Significant impact from drug price revision
Acofide	Increase in volume negated impact from drug price revision
Ferinject	Market penetration progressed but impact from drug price revision meant that figures were almost on a par with the previous year
Dafclir	Growth thanks to increased awareness of revised guidelines
Other long-listed products, etc.	Most products struggled due to drug price revisions

Overseas market

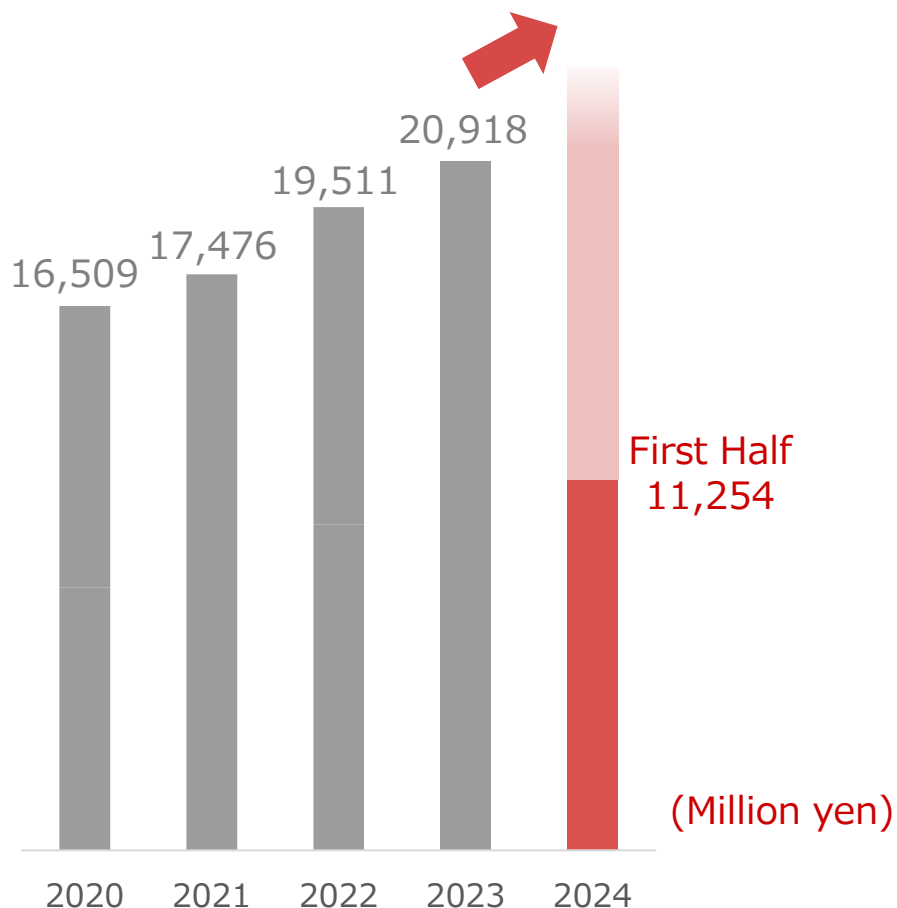
Asacol	Strong performance in Northern Europe and others
Dificlir	Significant growth in France, Germany, the UK, and others
Entocort	Sales increased in Canada, etc., despite impact from the launch of generic products in the European market

◆ Second Half of Fiscal Year 2024: Forecast

Progress in overseas markets is expected to surpass initial assumptions due to continued strong performance

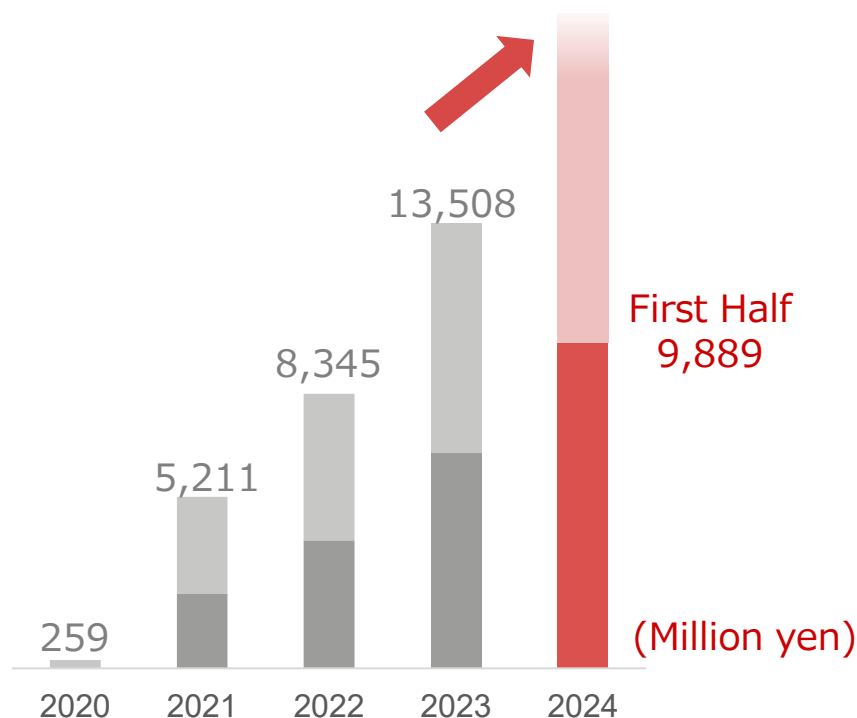
In the domestic market, ZG-801 (Veltassa) for the therapeutic agent of hyperkalemia is expected to launch before the end of the fiscal year

Continued growth in the European and other overseas markets

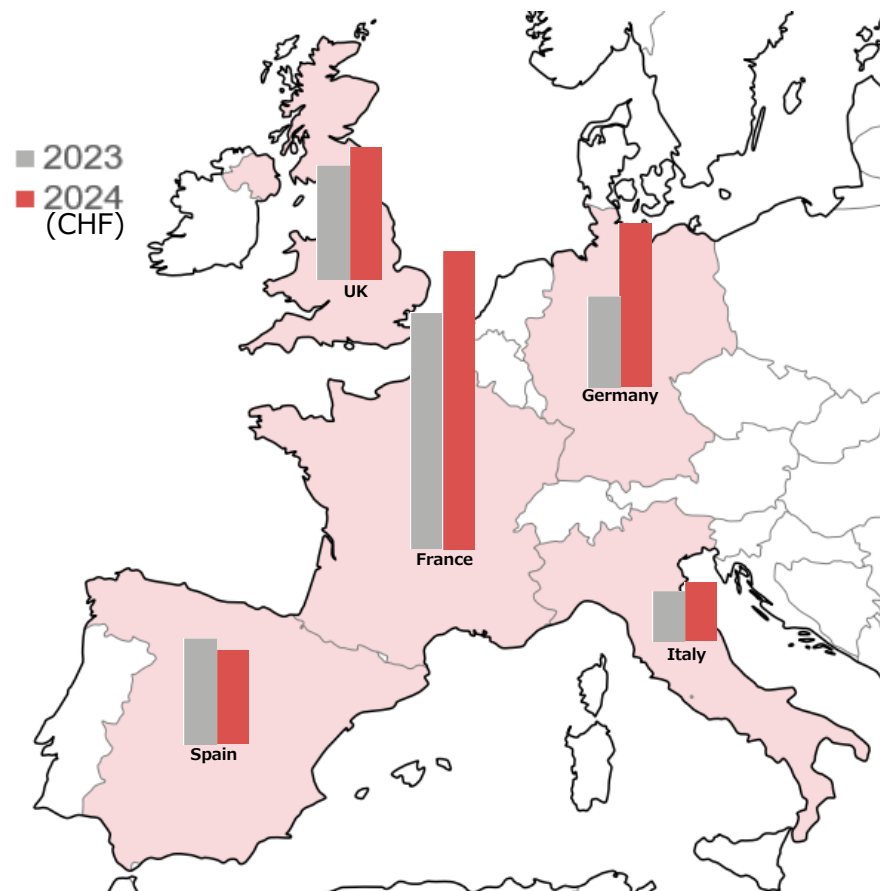


Expected increase in sales thanks to continued growth of 1600mg tablets in overseas markets

Similar growth to past fiscal years in major European markets



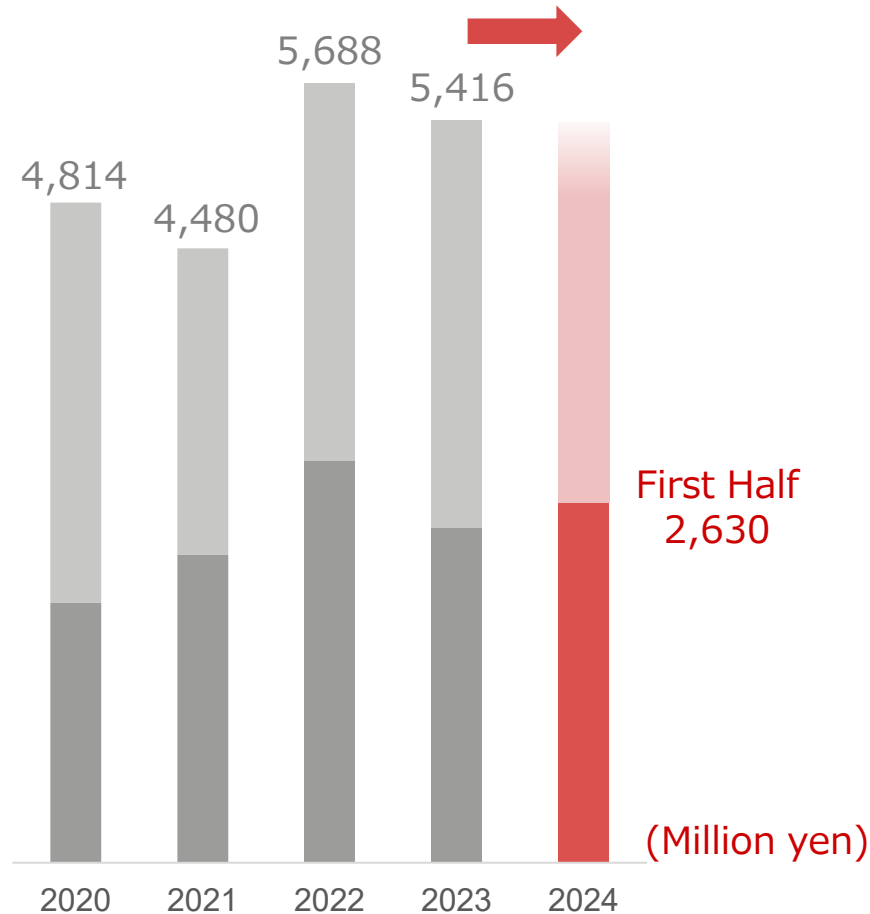
Top 5 sales regions in first half of fiscal year 2024



- Germany to drive sales growth after France
- Continued sales growth mainly in Europe due to penetration of guidelines

II-1 Ethical Pharmaceuticals Business: Entocort

In the first half of the year, despite impact from generic products in some European countries, strong performance in Canada, etc. led to an upturn and increase in sales



Entocort generics
Launched in nine countries
(as of September 2024)

First Half of Fiscal Year 2024

- ◆ Hepalyse range
Successful promotion among consumers feeling fatigue and weariness led to an increase in sales in the pharmaceutical Hepalyse range
Positive effects from advertising and sales promotion measures led to strong performance in the convenience store Hepalyse range
- ◆ Chondroitin range
Almost on a par with the previous year
- ◆ WithOne range
Sales growth thanks to successful advertising and sales promotion measures, including TV commercials

Second Half of Fiscal Year 2024: Forecast

- ◆ Hepalyse range
Continued strong performance is expected due to peak demand period
Launch of Hepalyse W Shine on October 1
- ◆ Cultivation of the market for Prevaline α Quick series of drug for the skin

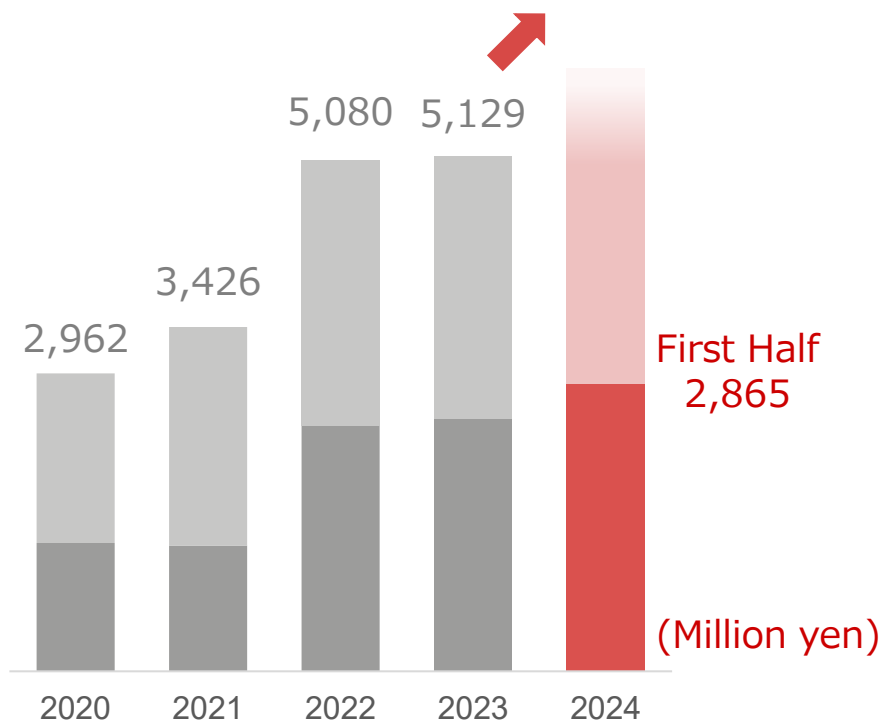


Hepalyse W Shine

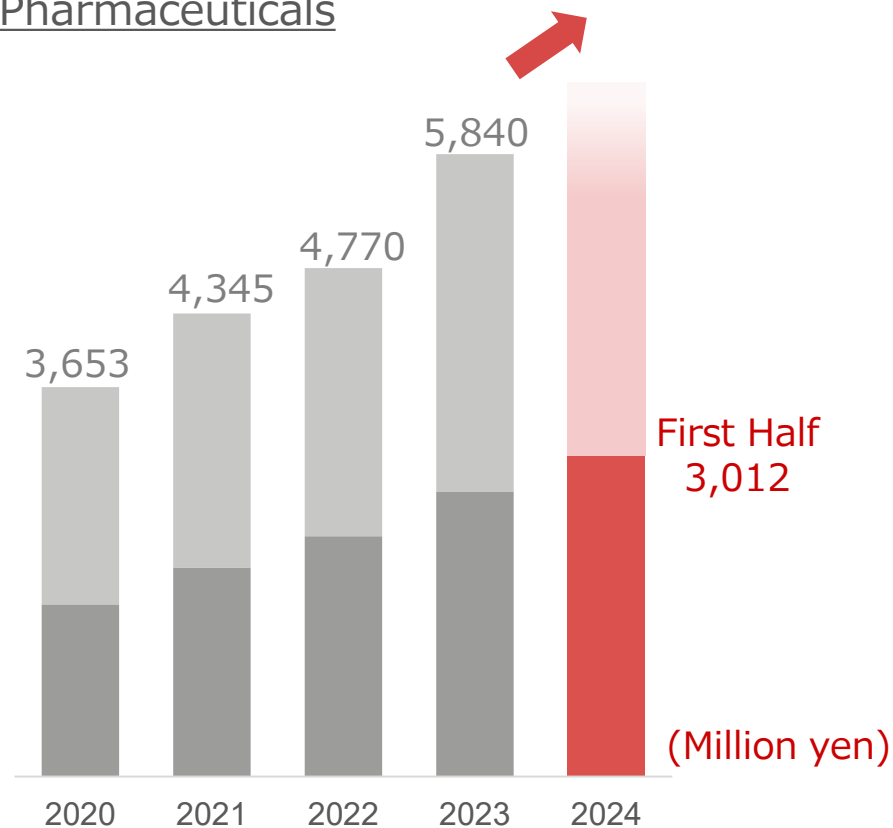
II-2 Consumer Healthcare Business: Hepalyse Range

- ◆ Growth in both pharmaceuticals and soft drinks in the first half of fiscal year 2024
- ◆ Aim to capture demand through proactive rollout of advertising ahead of peak demand period in December

Soft drinks/Health foods



Pharmaceuticals



Focus on cultivation of product range that can become a new profit pillar

Main product ranges



Pharmaceutical
Hepalyse range
Nutrient tonics



Chondroitin range
Arthritis, lumbago
therapeutic agent

Soft Drinks



Hepalyse W range



WithOne range
Laxatives

Product ranges to develop

Drug for the skin Prevaline range



Prevaline a Quick ointment
Prevaline a Quick cream

European herbal preparation range



Prefemin

IONA Cosmetics



IONA Spa&Mineral Essences

Medicated toothpaste Masdent range



Masdent Care

And many more

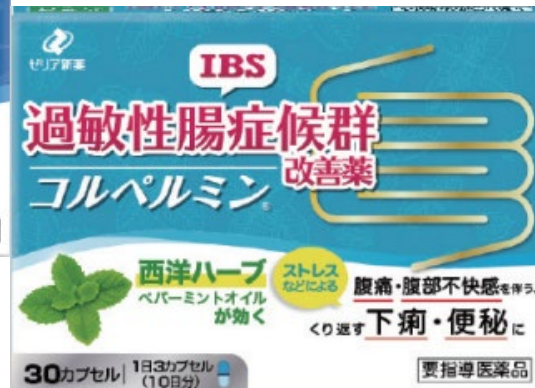


Therapeutic agent for premenstrual syndrome (PMS): Prefemin

Currently increasing presence in line with growth of the feminine care market



Treatment for ameliorating foot swelling: Belfemin
Expected to transition to a Class I drug



Treatment to improve irritable bowel syndrome (IBS): Colpermin

- ◆ Cultivation of products that contribute to sales through proactive use of diverse advertising mediums and opportunities
- ◆ Aim for further market penetration of diverse consumer healthcare products range



Drug for the skin

Prevaline range

- ◆ Aired TV commercial for the Prevaline α Quick series released in November last year, which helped to drive sales of the Prevaline range of drugs for the skin



Medicated toothpaste

Masdent range

- ◆ Improving performance thanks to effective sales promotion measures in tandem with TV commercial.

II-3 Development Pipeline Status

Domestic Development

Development Code/Name	Development Company/Institution	Indication	Phase 1	Phase 2	Phase 3	NDA Filed	NDA Approved	Launch
ZG-801	Zeria	Hyperkalemia						
Z-338 (Acotiamide)	Zeria	Pediatric functional dyspepsia						
ZG-802 (Acotiamide)	Zeria	Underactive bladder						

Overseas Development

Development Code/Name	Development Company/Institution	Indication	Phase 1	Phase 2	Phase 3	NDA Filed	NDA Approved	Launch
Z-338 (Acotiamide)	Agastra-Lab s.r.l.	Functional dyspepsia	Europe, United States, Canada					
	Meiji Seika Pharma	Functional dyspepsia	Thailand					
	Faes Farma	Functional dyspepsia	Peru, Guatemala					
			Colombia, Costa Rica, Panama, Nicaragua					
			Ecuador, Dominican Republic, Honduras, El Salvador, Chile					
	F.T. Pharma	Functional dyspepsia	Vietnam					
	United Italian Trading Corporation Pte. Ltd.	Functional dyspepsia	Singapore					

ZG-801 (Veltassa) for the therapeutic agent of hyperkalemia Received domestic approval for the manufacture and marketing

- ◆ ZG-801 (Veltassa) is a potassium binder that mainly adsorbs potassium in the colonic lumen, increasing the excretion of potassium in stool to lower the serum potassium value in patients with hyperkalemia
- ◆ As of September 2024, it has been approved in 41 countries worldwide including the United States, Canada, and Europe
- ◆ We received domestic approval for the manufacture and marketing in September 2024, and are continuing with preparations to commence sales before the end of the fiscal year

II-4 Consolidated Full-Year Financial Forecast for Fiscal Year 2024

We have revised the full-year results forecast announced in May 2024 upwards, and are working to ensure record-high results for three consecutive years

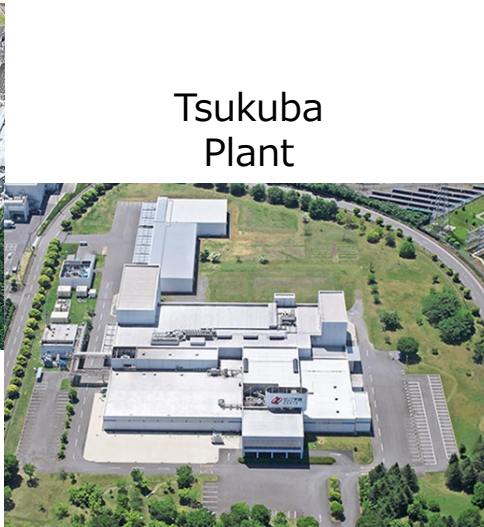
	Fiscal Year 2023	Fiscal Year 2024	
	Results	Expectation	Year-on-Year Growth Rate
(Million yen)			
Net Sales	75,725	86,000	13.6%
Operating Profit	9,621	11,000	14.3%
Ordinary Profit	8,513	11,000	29.2%
Profit Attributable to Owners of Parent	7,731	8,500	9.9%
Dividend Per Share	44 yen	46 yen (expected)	
R&D Expenses	3,726	5,100	38.8%
Advertising Expenses	2,582	3,000	16.2%
Overseas Net Sales	38,972	48,000	23.2%

Creation of an effective and sustainable production system

- ◆ We will conduct a merger with our wholly owned subsidiary Kenso-Seiyaku, which is in charge of the manufacture and marketing of liver hydrolysate, a key ingredient in the core Hepalyse range of products in the Consumer Healthcare Business (planned date of merger: April 1, 2025).
- ◆ We will gradually move forward with the concentration of production lines from four domestic plants (our Saitama Plant and Tsukuba Plant, IONA INTERNATIONAL's Fukushima Plant, and Kenso-Seiyaku's Tsukuba Plant) and shift manufacturing in-house



Saitama
Plant



Tsukuba
Plant



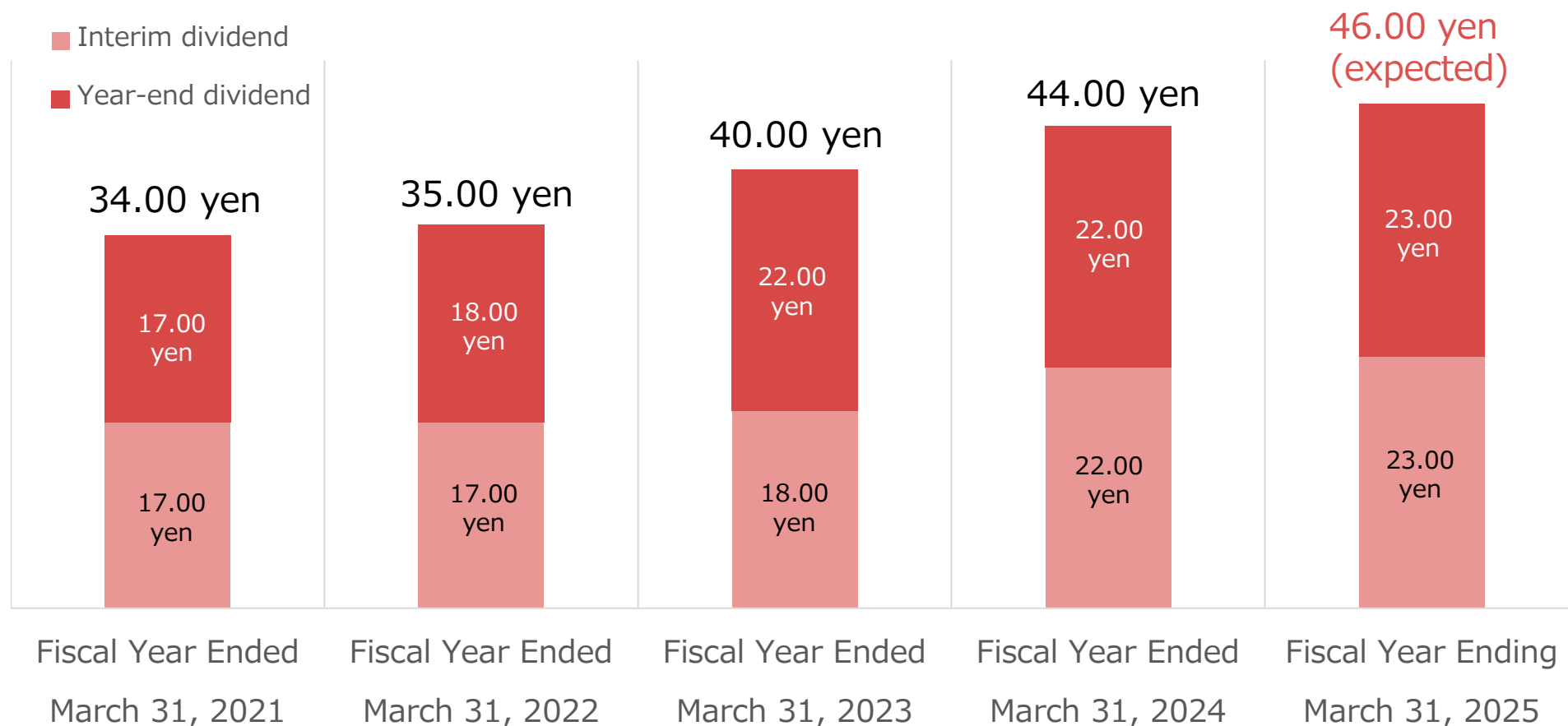
IONA INTERNATIONAL
Fukushima Plant



Kenso-Seiyaku
Tsukuba Plant

II-4 Approach to Dividends and Shareholder Returns

With a focus on maintaining stable dividends, dividends will be paid in line with financial performance
Dividend increases for four consecutive terms



II-4 Efforts to Implement Management That Is Conscious of Cost of Capital and Stock Price

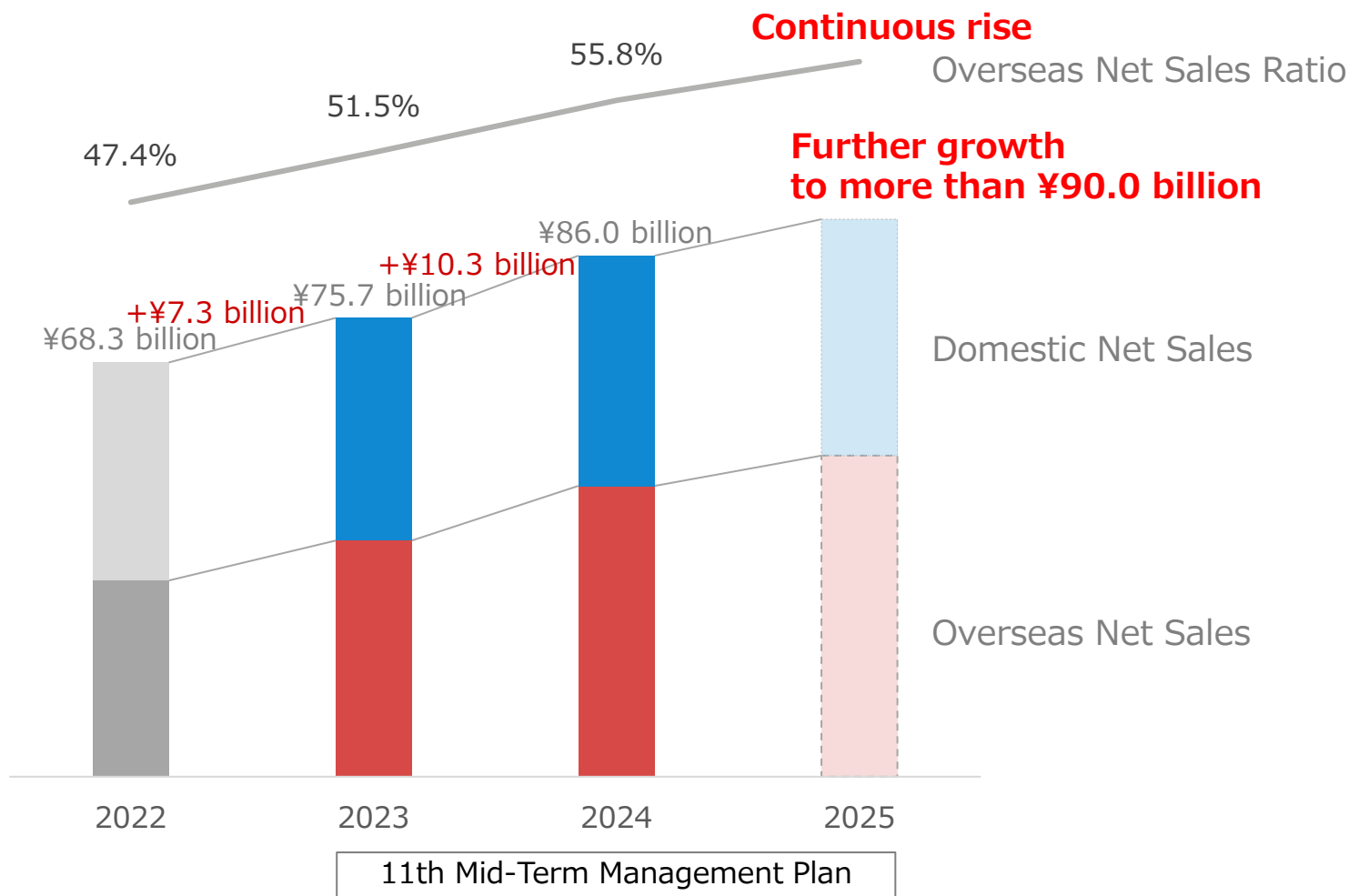
Achieved ROE of more than 10% thanks to profitability improvements



- ◆ Profitability improved significantly due to overseas business investments, mainly in Europe.

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

11th Mid-Term Management Plan - Consolidated Net Sales Forecast



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