



朝日印刷株式会社

ASAHI PRINTING CO.,LTD.

Q2 FY2024 Earnings Presentation Materials

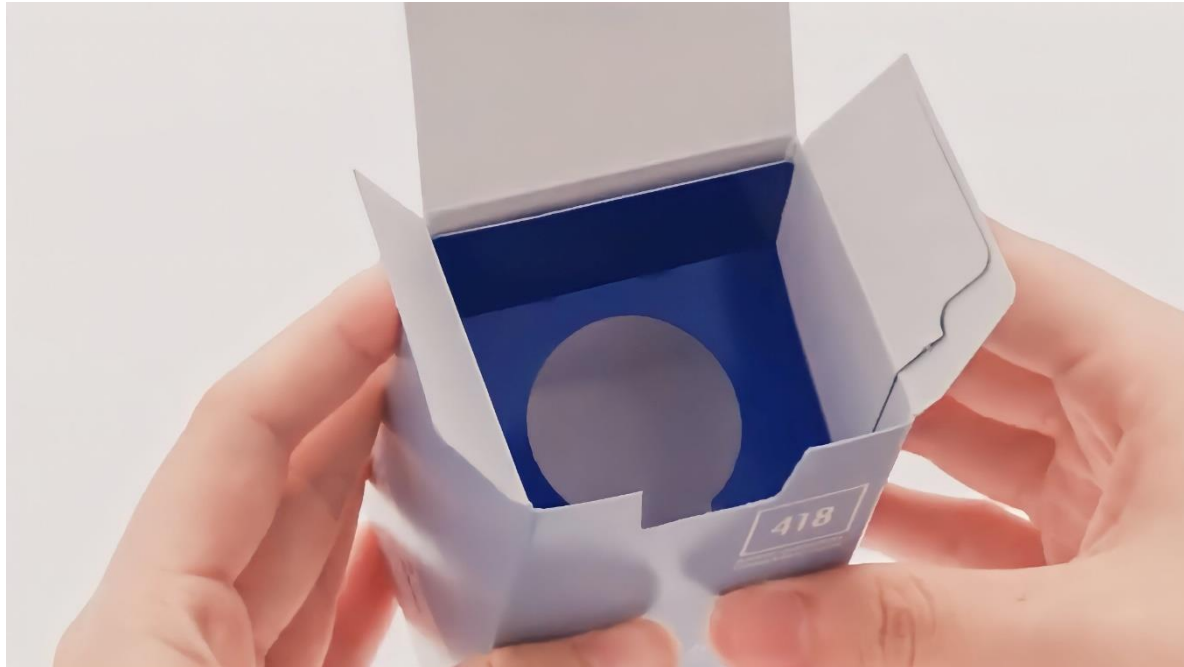
November 2024



朝日印刷

CONTENTS

01	Q2 FY2024 Financial Overview	P 3
02	FY2024 Financial Forecast	P 11
03	Market Environment	P 16
04	Mid-term Business Plan AX2024	P 20
05	Dividend Policy	P 32
06	Appendix	P 35

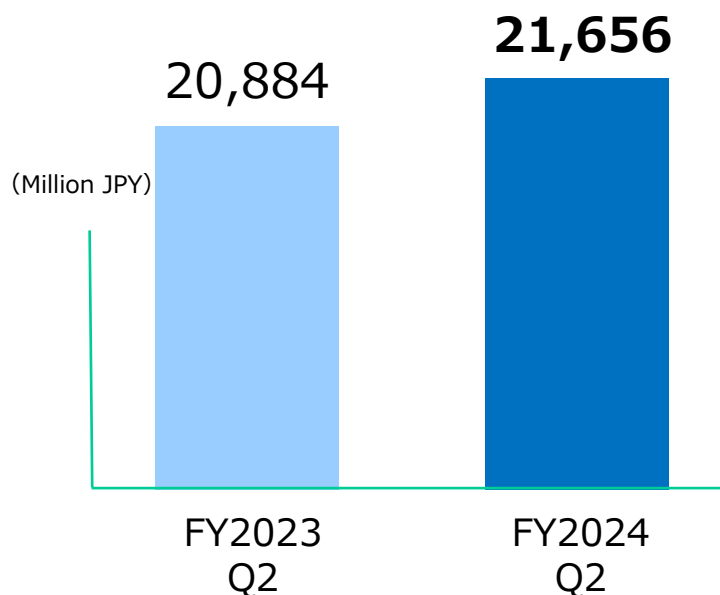


01. Financial Overview

Sales and Profits Progressed as Planned in Q2

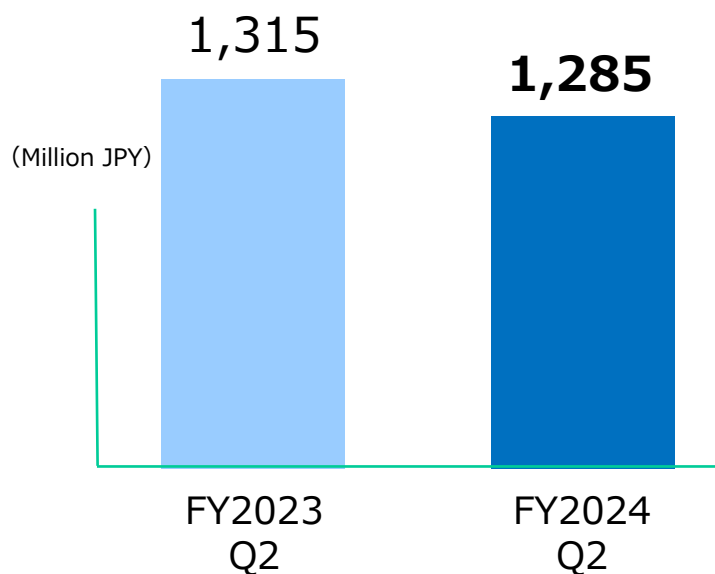
Sales

Year-on-year : **Revenue Increase**



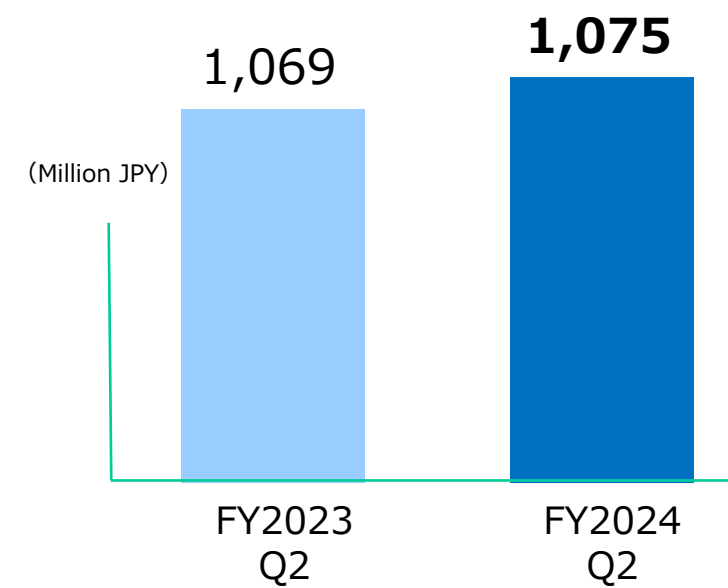
Operating profit

Year-on-year : **Profit Decrease**



Net profit

Year-on-year : **Net Profit Increase**



- Strong performance in the packaging Machinery sales business.
- Consolidation of Kinta as a subsidiary.
- Decrease in orders for printing and packaging materials compared to the same period last year, influenced by the digitalization of medical package inserts and a reactionary decline following increased demand during the post-COVID era in the previous year.

- Recording special profit through the partial sale of policy-held stocks.

Summary of Q2 FY2024 Performance

Year on year Sales: Increased by 772 million yen Operating Profit: Decreased by 30 million yen

(Unit: Million Yen, %)

	Q2 FY2023 Result	Q2 FY2024 Result	Y-on-Y change (%)	Y-on-Y change (Yen)
Sales	20,884	21,656	+3.7	+772
Operating profit	1,315	1,285	△2.3	△30
Ordinary profit	1,422	1,390	△2.2	△31
Q2 Net profit attributable to owners of the Company	1,069	1,075	+0.5	+5
Q2 Earnings per Share	49.30Yen	50.57Yen	+2.6	+1.27Yen

Analysis of Changes in Operating Profit

(Million JPY)



〈Major factors for increase/decrease〉

- Decrease in cash and deposits due to debt repayment
- Reduction in investment securities due to the partial sale of policy-held stocks

- Decrease in short-term and long-term interest-bearing liabilities due to debt repayment

(Million JPY)

(Million JYP)

Assets

Mar. 31, 2024

FY2024 Q2

Y-on-Y Change

	Mar. 31, 2024	FY2024 Q2	Y-on-Y Change
Current Assets	28,969	26,917	△2,051
Cash and deposit	8,944	7,259	△1,684
Account Receivables	15,856	15,303	△553
Inventories	3,433	3,566	+133
Non-current Assets	39,728	39,812	+83
Tangible Fixed Assets	30,508	30,791	+282
Intangible Fixed Assets	2,370	2,448	+78
Investments and Other Assets	6,850	6,573	△277
Total Assets	68,698	66,730	△1,967

Liabilities

Mar. 31, 2024

FY2024 Q2

Y-on-Y Change

	Mar. 31, 2024	FY2024 Q2	Y-on-Y Change
Current Liabilities	15,538	14,677	△871
Accounts Payable	8,298	7,687	△611
Short-term Interest-bearing Debt	3,730	2,813	△917
Non-Current Liabilities	18,988	16,916	△2,062
Long-term Interest-bearing Debt	16,328	14,122	△2,205
Total Liabilities	34,526	31,593	△2,933
Net Assets			
Total Net Assets	34,171	35,137	+965
Equity Ratio (%)	48.1	50.8	+2.7pt

This is our group's main business

We manufacture and sell products mainly for the pharmaceutical and cosmetics markets

<Points>

【Domestic】

Decrease in revenue and profit

- Decrease in orders following a significant increase in the same period of the previous year due to the post-COVID-19 surge
- Decrease in orders due to the document digitization of medical instruction leaflets

【Overseas】

Decrease in revenue and profit

- Contribution from the consolidation of Malaysia printing company, Kinta Press as a subsidiary

(Million JPY)

	FY2023 Q2	FY2024 Q2	Y-on-Y change (%)	Y-on-Y change (amount)
Sales	19,782	20,289	+2.6%	+ 506
Segment Profit	4,710	4,928	+4.6%	+ 217

We provide comprehensive proposal ranging from packaging materials to packaging line, including processes before and after packaging

<Points>

- Steady order trends driven by increasing demand for labor-saving machinery
- Increase in larger projects

(Million JPY)

	FY2023 Q2	FY2024 Q2	Y-on-Y change (%)	Y-on-Y change (amount)
Sales	851	1,105	+29.9%	+254
Segment Profit	149	177	+18.9%	+28

We provide staffing services not only for our group but also for local businesses in the region

〈Points〉

- Implementation of job consultation meetings throughout Toyama Prefecture
- Strengthening transactions with new customers
- Increase in staffing needs

(Million JPY)

	FY2023 Q2	FY2024 Q2	Y-on-Y change (%)	Y-on-Y change (amount)
Sales	250	261	+4.3%	+ 10
Segment Profit	58	64	+8.7%	+ 5

02. FY2024 Financial Forecast



FY2024 Financial Forecast

To improve profitability and aim for the first increase in profit in three years

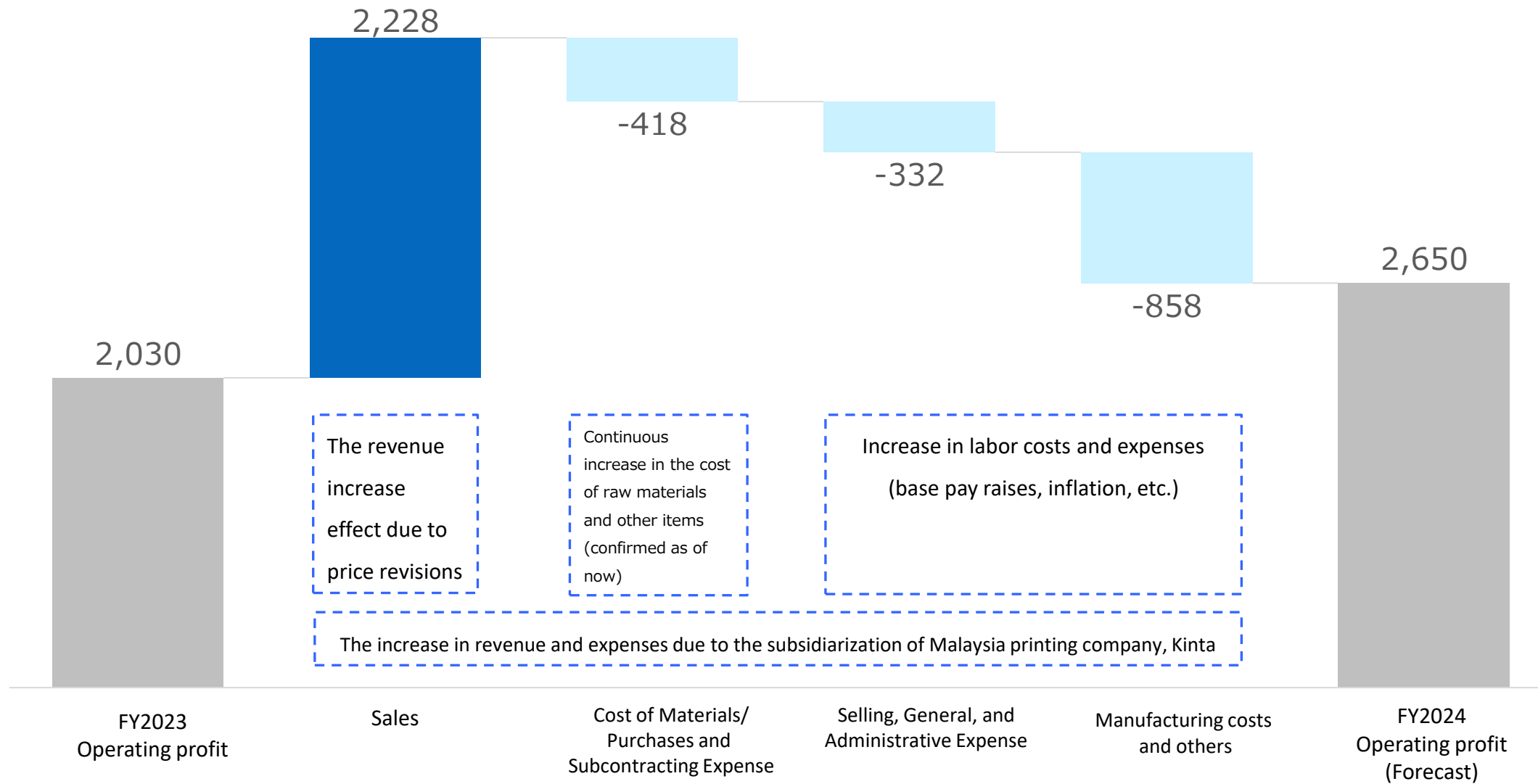
Domestic	The increase in revenue due to the price revisions implemented in the second half of FY2023, along with cost reductions from improved production efficiency through labor-saving and workforce reduction measures	▶ Expected increase in revenue and profit
Overseas	The contribution of Kinta's sales to the consolidated P/L starting from FY2024, following the M&A in October 2023	▶ Expected significant increase in revenue

	FY2023 Results	FY2024 Forecast	Y-on-Y change (%)	Y-on-Y change (amount)
Sales	41,871	44,100	+5.3	+2,228
Operating profit	2,030	2,650	+30.5	+619
Operating profit margin	4.9	6.0	-	-
Ordinary profit	2,323	2,700	+16.2	+376
Net profit <small>attributable to owners of the Company</small>	1,627	1,800	+10.6	+172
Earnings per Share (JPY)	75.33	83.31	+10.6	+7.98

(Million JPY)

FY2024 Analysis of Changes in Operating Profit Forecast

(Million JPY)



Both sales and profits have progressed at approximately 50% of the target.

▶ Generally, in line with the initial plan

(Million JPY)

	FY2023 Results	FY2024 Q2 Results	FY2024 Forecast	Progress Rate
Sales	41,871	21,656	44,100	49.1%
Operating profit	2,030	1,285	2,650	48.5%
Ordinary profit	2,323	1,390	2,700	51.5%
Net profit attributable to owners of the Company	1,627	1,075	1,800	59.7%

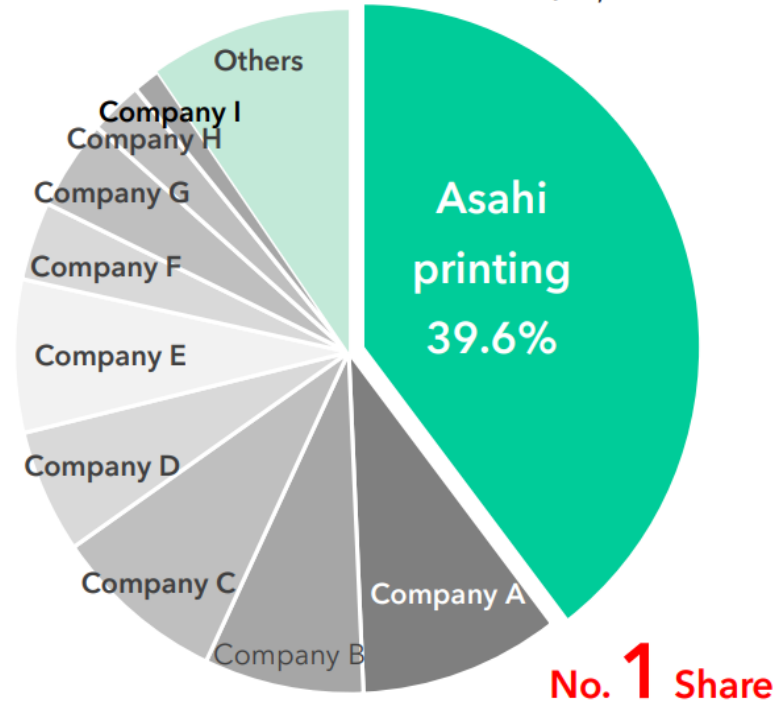
- The sales forecast for FY 2024 is 44.1 billion yen, exceeding the final year target of the mid-term business plan by **2.1 billion yen**. However, the operating profit margin is expected to be **1.0 pt lower**, and the ROE is expected to be **0.7 pt lower** than the target.

	FY2024 Forecast	target of the mid-term business plan	difference	
Sales	44,100	42,000	+2,100	<ul style="list-style-type: none"> ● Increase in revenue due to the acquisition of Kinta ● Revenue increase effect due to price revisions
Operating profit margin	6.0%	7.0%	△1.0pt	<ul style="list-style-type: none"> ● The increase in costs for raw materials and energy exceeds the initial plan ● The occurrence of goodwill amortization expenses due to the acquisition of Kinta
ROE	5.3%	6.0%	△0.7pt	



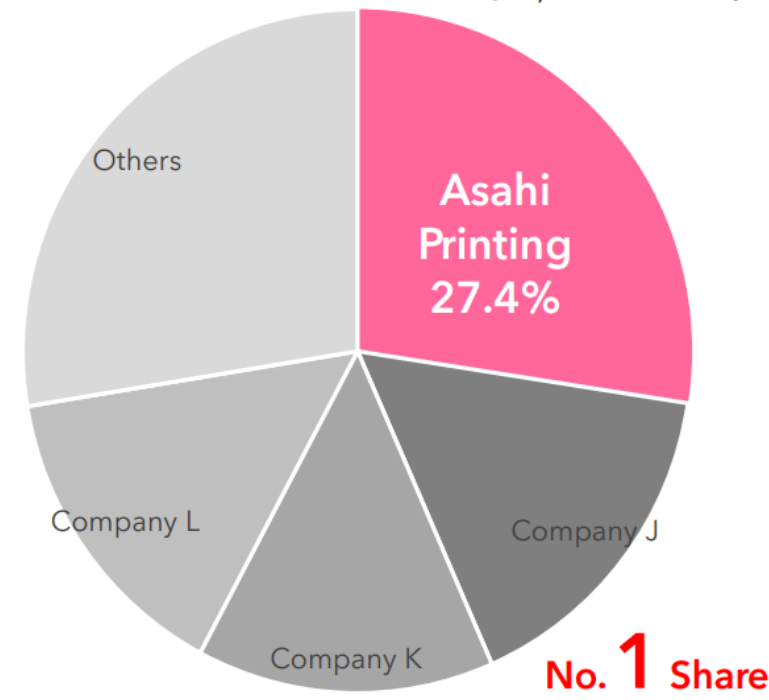
03. Market Environment

Pharma Printed packaging market
 Estimated Market Size (66,500 Million JPY) ※



2021.3	2022.3	2023.3
40.6%	39.6%	39.6%

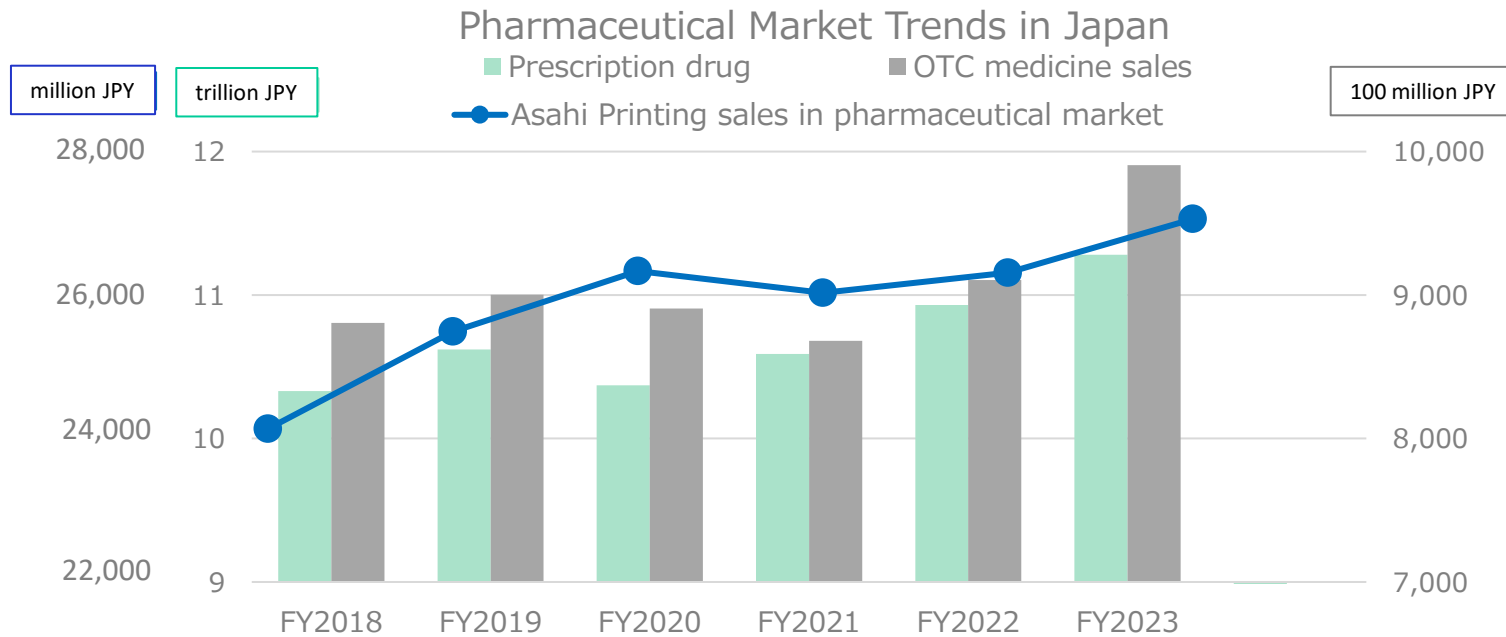
Cosmetics Printed packaging market
 Estimated Market Size (26,200 Million JPY) ※



2021.3	2022.3	2023.3
24.8%	27.3%	27.4%

※Copyright ©Yano Research Institute Ltd.

- **Unbiased dealings with lots of clients** (About **3%** sales of top clients)
- **Community and proposal-based sales** through a nationwide network of 20 sales office
 (More than 90% of clients are within 50 km)



Prescription Drug Copyright © 2022 IQVIA. All rights reserved
OTC medicine Copyright © METI

Our Forecast

Drug use will **increase** for the foreseeable future because of the increase in the elderly population, promotion of generic drugs, and an increase in drug variety.

Pharmaceuticals Medicine

Prescription pharmaceuticals

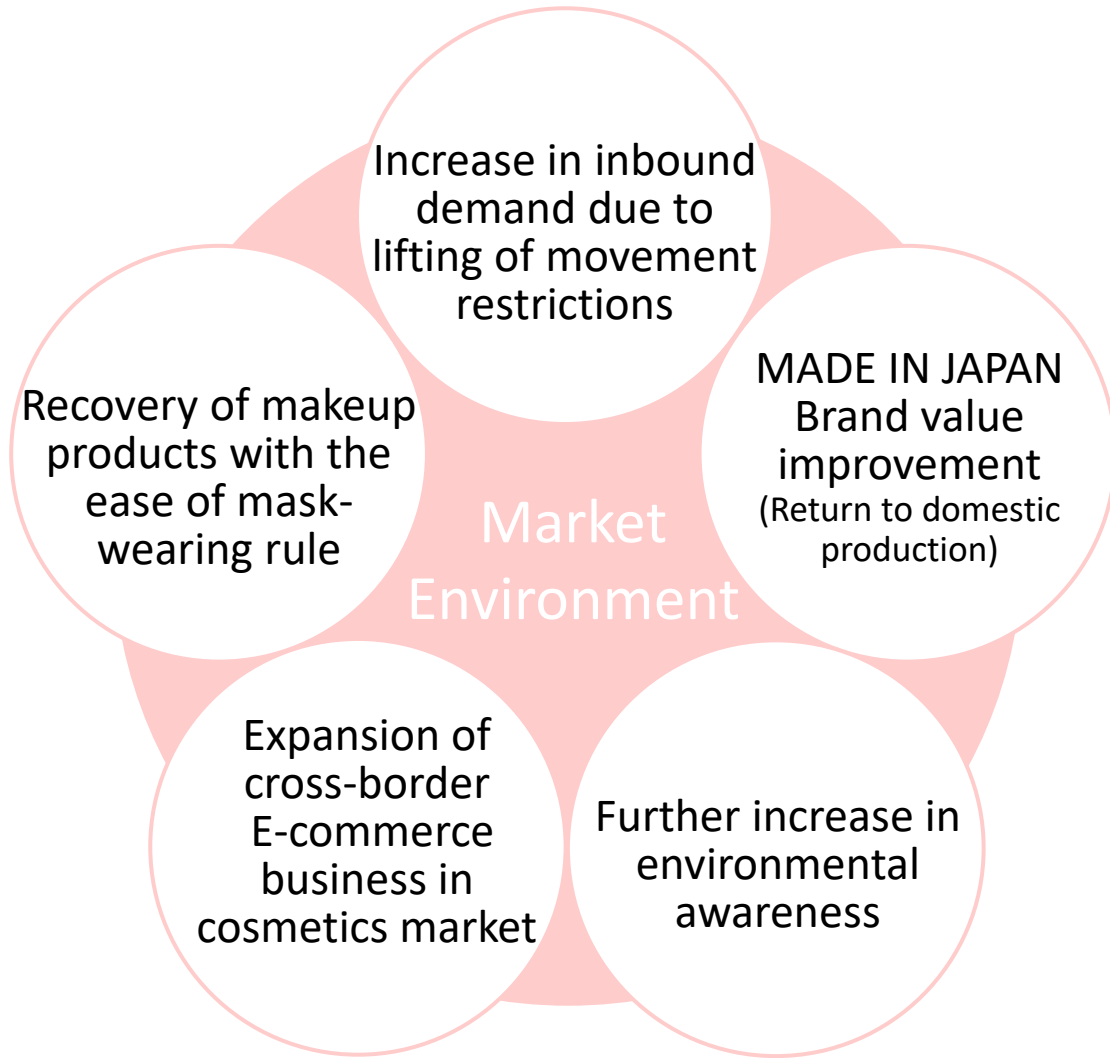
- The domestic market for prescription drugs is 11 trillion yen. **Steady sales** due to the aging of the population and infectious diseases.
- **The decrease in sales of medical instruction leaflets** was in line with our expectations due to government policy.

Generic drugs

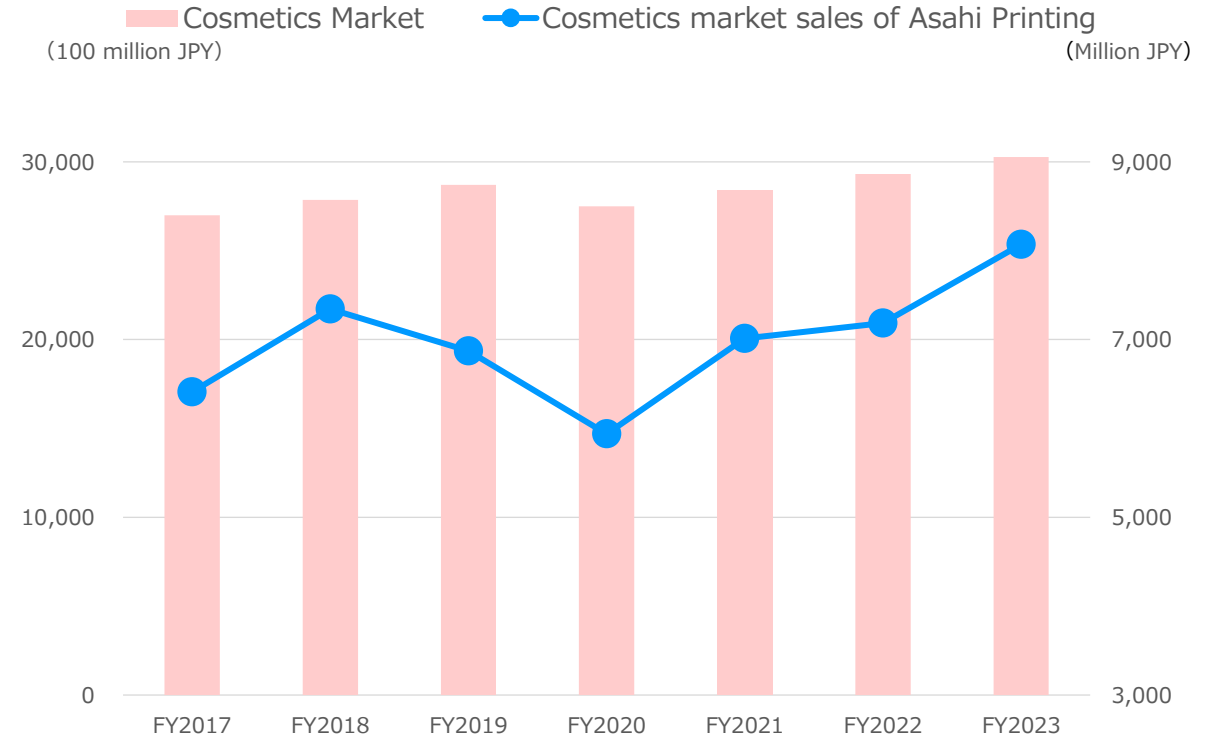
- Estimated market expansion of **30%** in 2023 compared to 2018.
- Biosimilars and authorized GE products to be doubled in number.
- Anticipated supply chain disruptions and product shortages.

OTC Medicine

- Although sales continued to decline in 2020 and 2021 due to the impact of infectious diseases, sales of gastrointestinal drugs and drinks, which had declined, recovered due to the revision of infection control measures and the lifting of behavioral restrictions. In addition, sales of common cold remedies recovered due to inbound demand and are expected to increase from the second half of 2022. Significant Increase in 2023
- Expected increase in switching of prescription drugs in OTC status, with the support of government policy. Self medication is also expected to become pervasive, and the sales of OTC medicine will increase accordingly



Cosmetics market sales in Japan and Asahi Printing



Copyright ©Fuji Economic Group, Domestic Cosmetics Market Research

Return to domestic production, demand for cosmetics is recovering

04. Mid-term Business Plan

AX2024

AX2024 Slogan

Embracing the spirit of “tsu tsu mu ko ko ro’ – the heartfelt hospitality” and taking a new first step

Under our slogan, **“Embracing the spirit of ‘tsu tsu mu ko ko ro – the heartfelt hospitality’ and taking a new first step,”** we will strive to create unwavering added value in packaging for our customers and enhance the corporate value of the entire Asahi Printing Group by implementing the following five business strategies.

Five Strategies

Market penetration and expansion

Strategically expand market share in pharmaceuticals and cosmetics fields and take on the challenge of new business sections. (strengthen label business, packaging machinery sales business and new businesses)

Added-value optimization

Optimize our productivity and added value to customers.

Work engagement

Build a system that enables all employees of the Asahi Printing Group to have goals and pride in what we do and perform at our best.

Overseas business development

From Toyama to the World.
Expand the business in ASEAN region and develop strategies to enter the next market.

Management resources utilization

Bring together all the resources and technologies of the Asahi Printing Group to generate synergies among the entire group's businesses.

Initiatives of AX2024



**Market Penetration
and expansion**



**Added-value
Optimization**



**Work
Engagement**



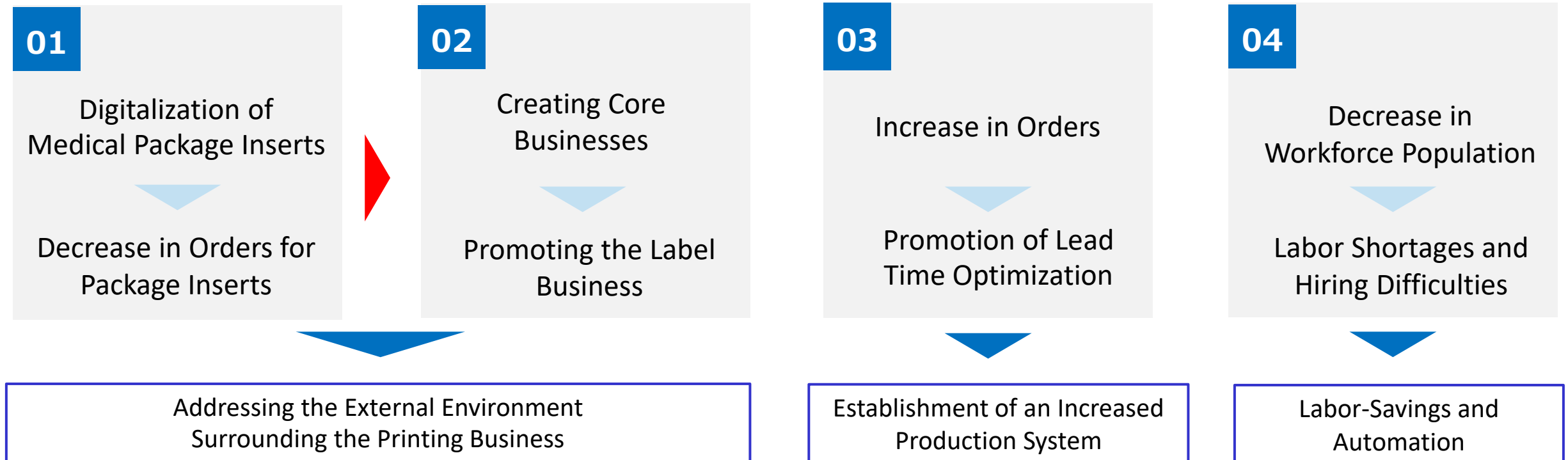
**Overseas Business
Development**



**Management
Resources Utilization**

Factory Reorganization in the Toyama Area

Background



Established the Factory Reorganization Promotion Office in April 2024

STEP 1 (To be Implemented in FY2024)

Review of Manufacturing Areas Due to the Digitalization of Medical Package Inserts

【Target Factories】

Toyama South
Factory
(Medical package inserts)

Toyama Second
Factory
(pharmaceutical packages)

Toyama Third
Factory
(label)

【Review Details】

- Package Inserts ... Reduction of Manufacturing Area
- Pharmaceutical Packages ... Expansion of Manufacturing Area
- Labels ... Expansion of Manufacturing Area

Introduction of Labor-Saving and Automation Machinery in Expanded Areas



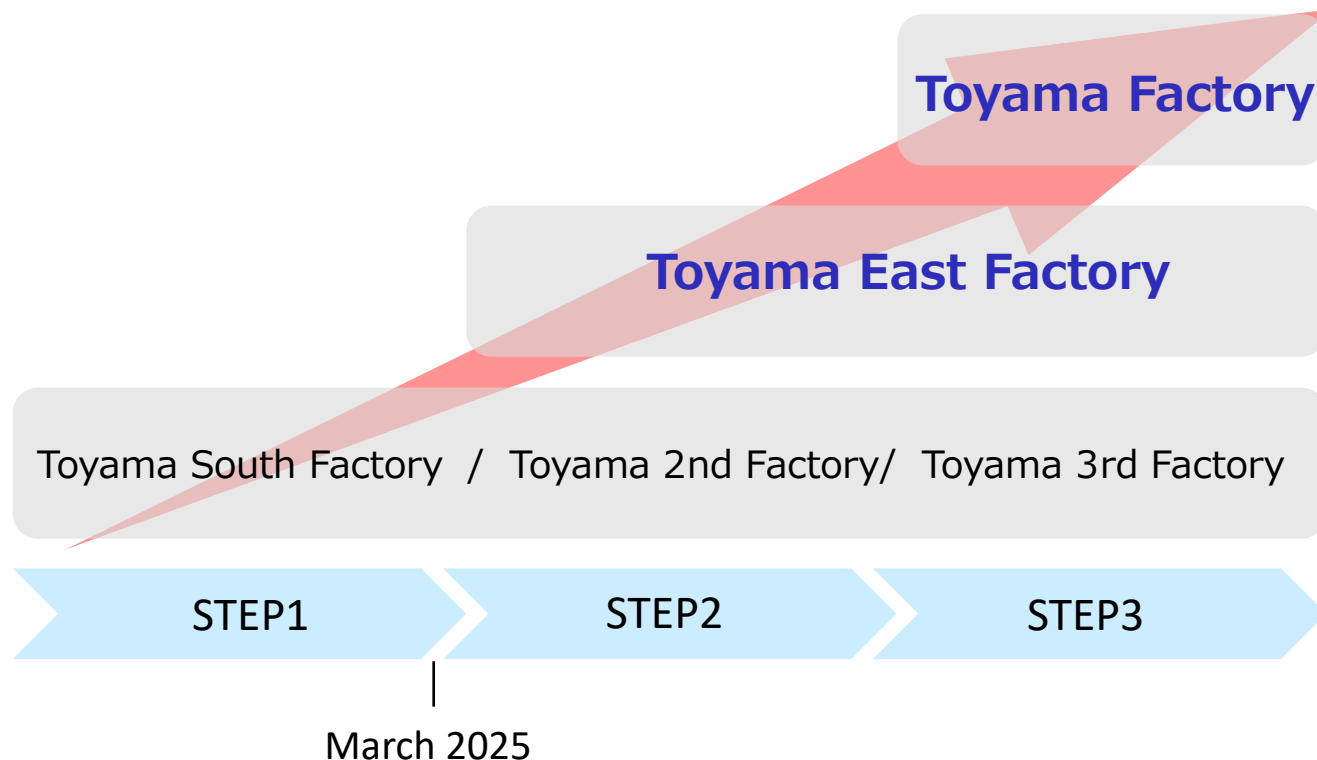
Investment Amount: Over JPY 2 billion

【Effect】

- ✓ Improvement of Production Capacity for Pharmaceutical Packages
- ✓ Promotion of In-House Production of Labels
- ✓ Promotion of Labor-Savings and Automation

NEXT STEP (Future Outlook)

In addition to STEP 1, we will consider the reorganization of all factories in the Toyama area, including Toyama Factory and Toyama East Factory.



Factory Reorganization Vision

- Addressing external environmental changes
- Building an increased production system
- Promoting labor-savings and automation
- Improving productivity to enhance work engagement
- Advancing carbon offset initiatives

Achieving sustainable growth and establishing a permanent and stable supply system



Market penetration
and expansion



Added-value
Optimization



Work
Engagement



Overseas Business
Development



Management
Resources Utilization

In October 2023, we acquired 65% of the shares of Kinta Press & Packaging (M) Sdn.Bhd.

High-end Market Focus: Cosmetics and food packaging

Kinta's main market is Malaysia, where it has established a solid position and strong customer base with reliable relationships.

Point.01

Differentiation through advanced technology and manufacturing knowledge

Point.02

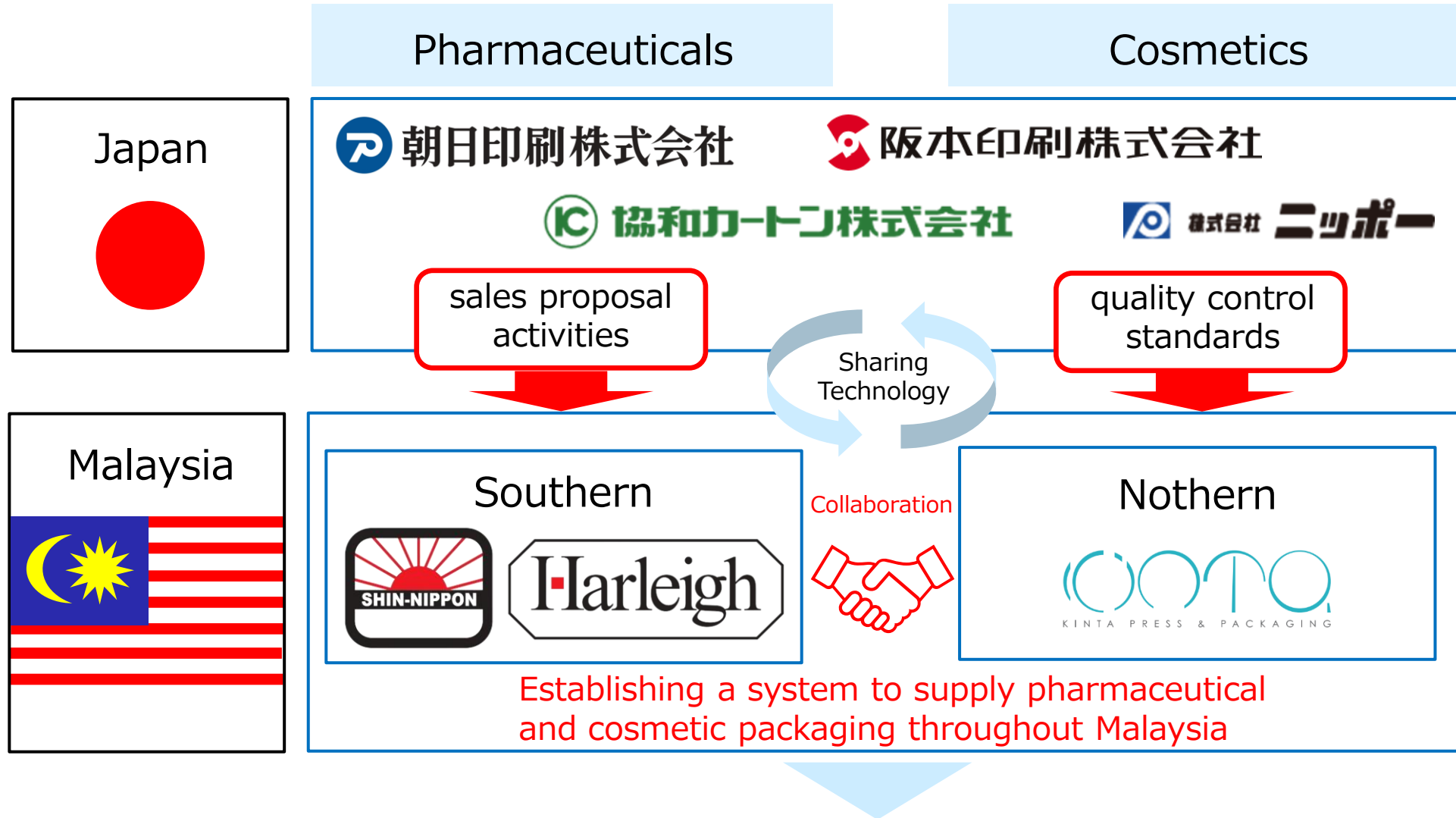
Provision of comprehensive solutions through advanced machine technology

Point.03

Achievement of high profit margins by targeting the premium segment



<https://www.kintapress.my>



Using Malaysia as a base to secure market share in the ASEAN pharmaceutical and cosmetic packaging markets

Construction Plan for Malaysia Subsidiary, Shin-Nippon

Trends

01

Environment

Malaysia is expected to achieve particularly stable growth within the continuously expanding ASEAN region

Many companies are currently investing in Malaysia

02

Strategy

Promotion of the "Overseas Business Expansion" strategy in AX2024

Strong promotion will continue in the next fiscal year and beyond

03

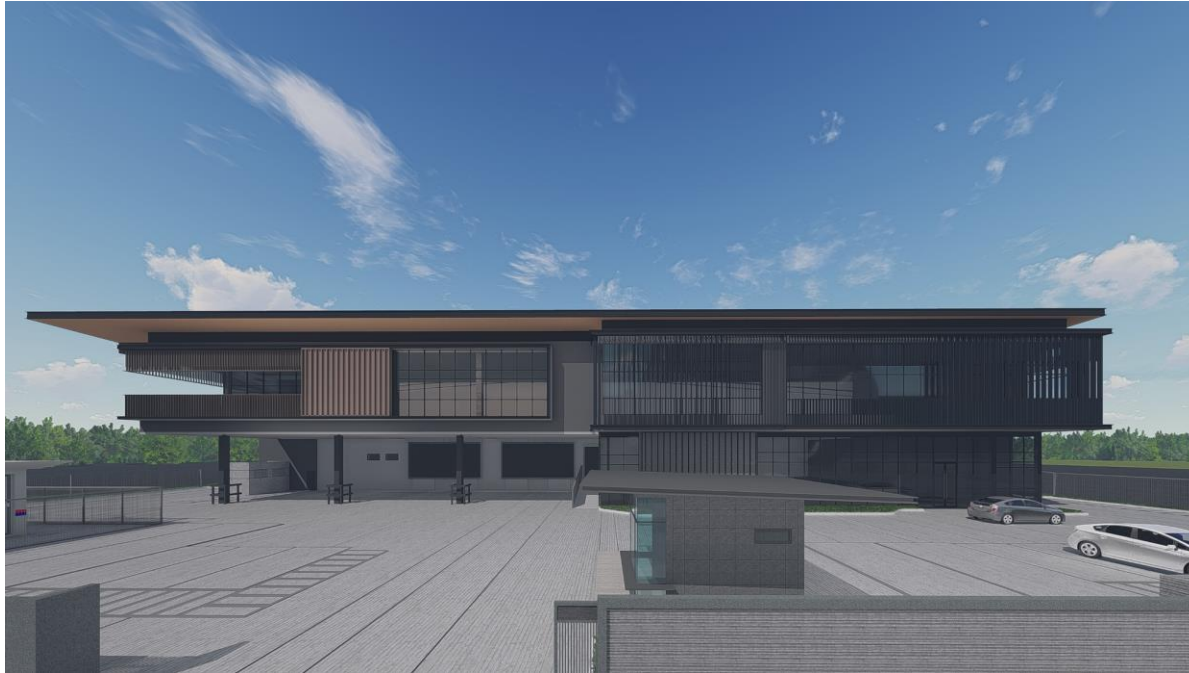
Performance

Steady growth since becoming a subsidiary

Strong order forecast going forward

Mission : Building a strategic manufacturing base that will serve as the core for ASEAN business expansion

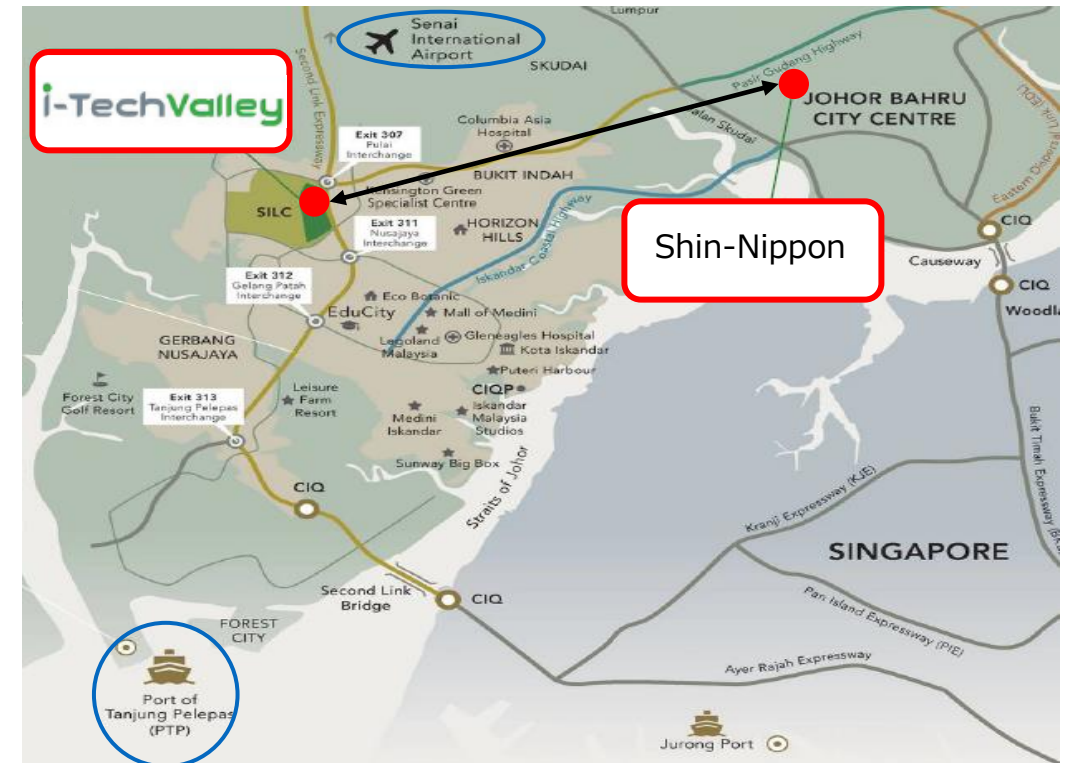
Overview



- Construction Site : i-Tech Valley (Malaysia)
- Total Floor Area : Approximately 12,000 m²
- Total Investment : Over JPY 2 billion
- Main Products : Pharmaceutical Packaging, Medical Device Packaging
- Operation : Scheduled for early 2026

Location of i-Tech Valley

- 22 km from Shin-Nippon
- 16 km from Tanjung Pelepas Port
- 27 km from Senai Airport



Concept

01

A factory that can meet the demands of the ASEAN market

- Expand production capacity
- Strengthen the quality control system

02

Introduction of new technologies and equipment

- Introduce high-efficiency technologies
- Implement labor-saving and automation machinery
- Adopt the latest color management systems

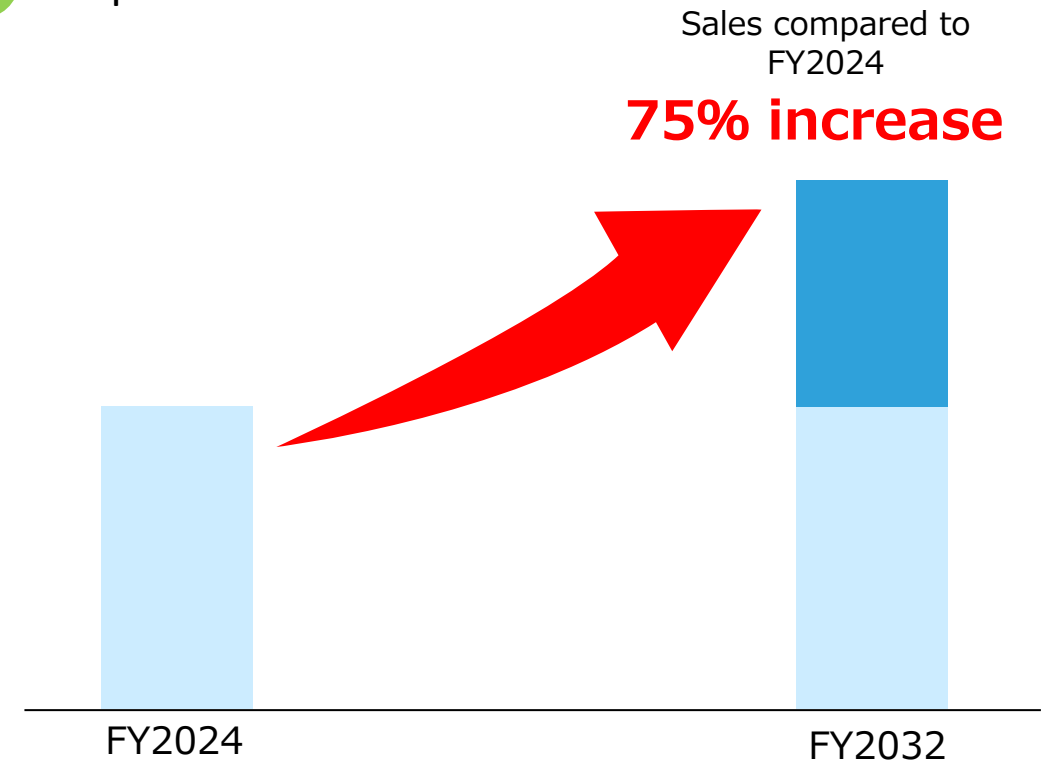
03

Enhancement of work engagement

- Establish a better working environment

Plan

- ✓ Achieve further differentiation in the ASEAN region
- ✓ Improve customer satisfaction
- ✓ Acquire new customers



05. Shareholder Returns



Dividend Policy

- ◆ Continuation of stable dividends and distribution of results according to performance.
- ◆ Implementing dividends with a consolidated payout ratio of 40% or more.

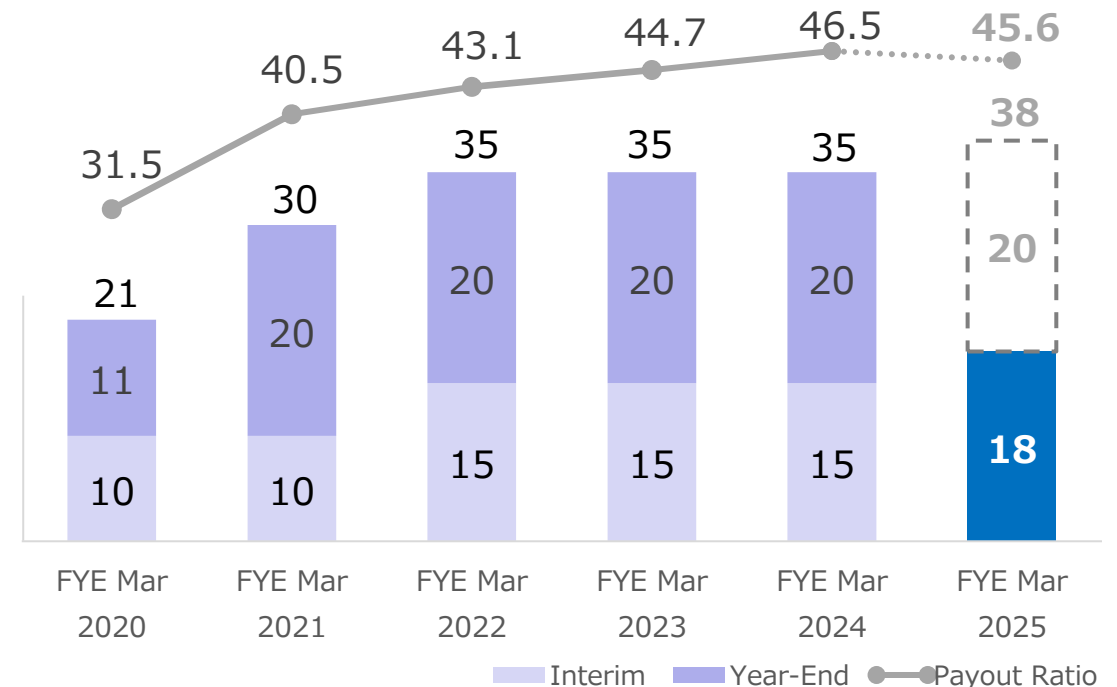
FY2024 Interim and Year-End Dividend Forecasts

- ◆ The interim dividend is set at "18 yen": No change from the forecast
 An increase of 3 yen compared to the previous interim dividend.
- ◆ The year-end dividend forecast remains unchanged at "20 yen."

Interim 18 Yen per share

Annual Dividend 38 Yen per share

Year-End 20 Yen per share



Thank you !

<Inquiry> ASAHI PRINTING CO., LTD.

Business Management Department
Corporate Division

TEL : 076-491-6137

MAIL : home@asahi-pp.co.jp

HP URL : <https://www.asahi-pp.co.jp/>

■ The forecasts and outlooks contained in this handout are based on information available to the Group at the time this document was prepared. These forecasts are based on information currently available to the Group and are subjected to the influence of uncertainties in the economic environment and other factors. Actual results may differ materially from those projected in this document.

■ The purpose of this document is to provide information to investors in general and is not intended as a solicitation or recommendation to buy or sell our stock or other securities.





6. Appendix

With over 150 years of experience,
we are a leading company
in the pharmaceutical and cosmetic industries

Company

ASAHI PRINTING Co., Ltd.

Location

Toyama-shi, Toyama

Foundation

1872

Established

May 1946

Stock Market

Tokyo Stock Exchange Standard Section (Code: 3951)

Capital

2,228 Million JPY

Core Business

Production and Sales of Printed Packaging Materials
Sales of Packaging Machinery • Staffing Services



Representative Director
and President

Shigenori Asahi

1872: **Founded** Asahi's Forerunner, Ozawa Printing Workshop (Privately held), in Uozu-shi, Toyama.

1946: **Established** Asahi Printing and Packaging Co., Ltd. in Toyama-shi, Toyama.

▶ **Latter half of the 1950s: Shifted the core business to pharmaceutical packaging materials.**

1964: Opened Tokyo Sales Office (Current Tokyo Branch).

1969: Opened Osaka Sales Office (Current Osaka Branch).

▶ **Latter half of the 1970s: Expanded its business in cosmetics packaging materials.**

1989: Completed Toyama Plant.

1993: Listed stock on Japan Securities Dealers Association.

2002: **Listed stock on the 2nd Section of Tokyo Stock Exchange.**

2003: Completed Toyama 2nd plant within the premises of Toyama Plant.

2008: Completed Toyama East Plant.

2010: Completed Toyama South Plant.

2015: Completed Kyoto Creative Park.

2018: Completed SCM Center.

2019: Harleigh (Malaysia) Sdn. Bhd. and Shin-Nippon Industries Sdn. Bhd. became subsidiaries.

2020: **Completed Kyoto Creative Park (West Building).**

2023: Kinta Press & Packaging (M) Sdn. Bhd. became a subsidiary (Malaysia).



License of copyright issued in 1875

Asahi Group Operation Bases



Toyama/Toyama 2nd/



Toyama East Plant



Toyama South Plant



Head Office

Creative Center/Toyama Sales Dept.

Kyowa Carton Co., Ltd.

Nippo Co., Ltd.

Asahi Jinzai Service Co., Ltd.



Kyoto Creative Park

Kanazawa Sales Office

Shiga Sales Office

Kyoto Sales Office

Fukuoka Sales Office

Kumamoto Sales Office

Overseas Subsidiaries

Harleigh (Malaysia) Sdn.Bhd.

Shin-Nippon Industries Sdn.Bhd.

Kinta Press & Packaging(M) Sdn. Bhd.

Yamaguchi Sales Office

Tokushima Sales Office

Kobe Sales Office

Sakamoto Printing Co., Ltd. (Tondabayashi Plant)

Mie Sales Office

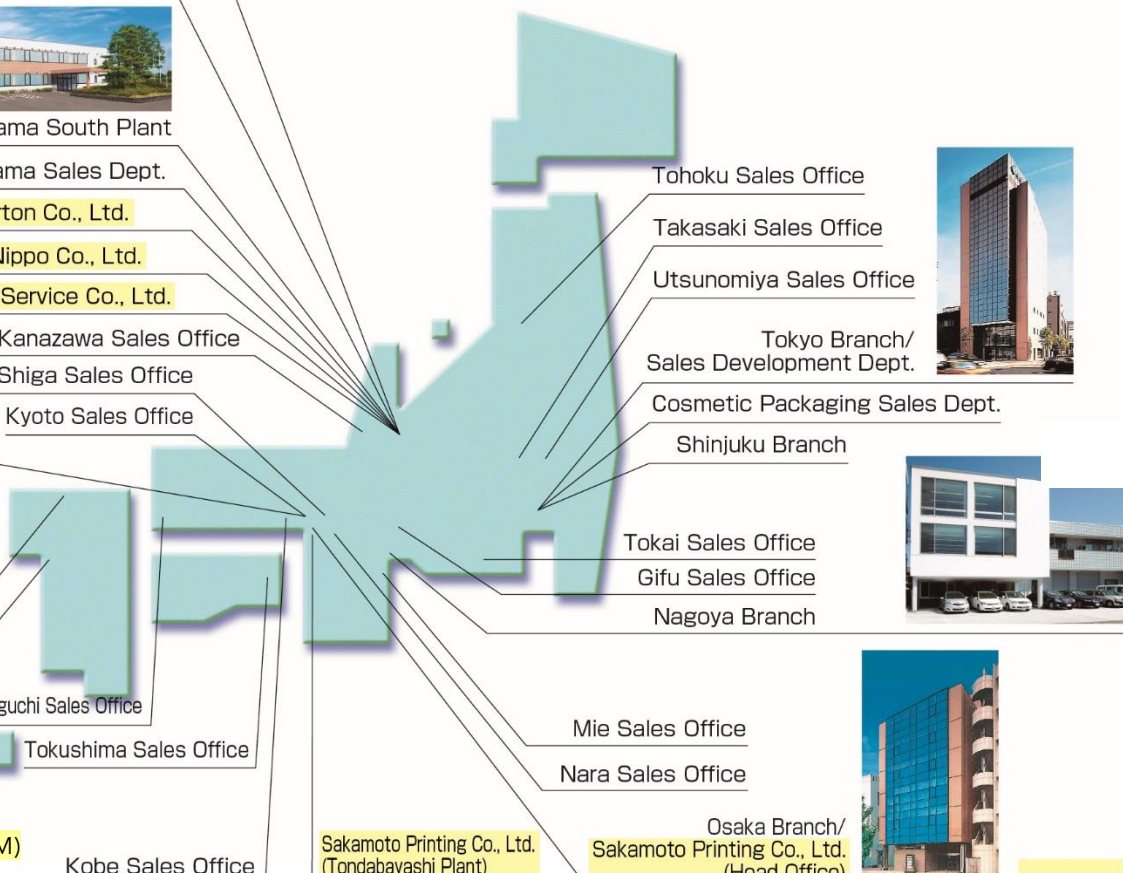
Nara Sales Office

Osaka Branch/ Sakamoto Printing Co., Ltd. (Head Office)

20 Sales Offices in Japan

Plants

- Toyama Plant (1989)
- Toyama 2nd Plant (2003)
- Toyama East Plant (2008)
- Toyama South Plant (2010)
- Kyoto Creative Park (2015)



Tohoku Sales Office

Takasaki Sales Office

Utsunomiya Sales Office

Tokyo Branch/ Sales Development Dept.

Cosmetic Packaging Sales Dept.

Shinjuku Branch

Tokai Sales Office

Gifu Sales Office

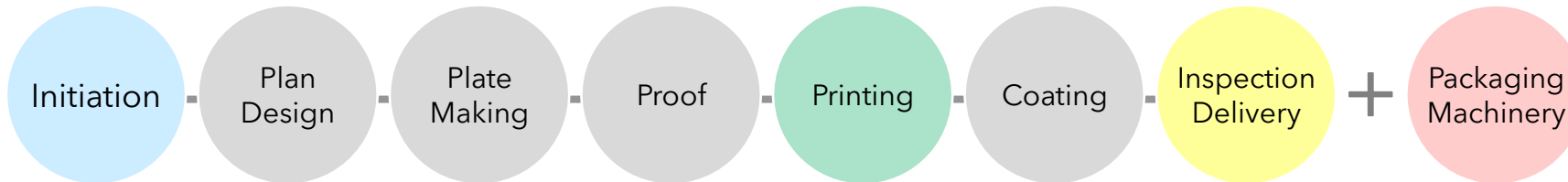
Nagoya Branch



Subsidiaries

One-Stop Solution Service

We, Asahi Group, offer the integrated service **from packaging engineering and design to production/packaging** for pharmaceuticals and cosmetics.



Entry Barriers

Pharmaceutical packaging

- A part of pharmaceutical product which indirectly relates to human life.
 - ➔ It requires **Expert Knowledge in Labelling** and productions that conforms with the "Pharmaceuticals and Medical Devices Law" and "GMP." (Pharmaceutical Affairs Law)
- **Know-How accumulated over many years.**
 - Established a robust quality management and assurance systems.
 - ➔ Deliver high **Quality Products**

Cosmetics packaging

- A variety of machines that caters various printing and processing demands
 - ➔ Deliver **High quality, Value-Added Products**

Business Continuity Plan (BCP)

- ◆ We offer stable supply to our customers even during the spread of COVID-19 within Japan.
- ◆ Challenges: Re-assessment and improvement of supply chain within its group.

- Plants in Japan
 - Toyama Plant
 - Toyama 2nd
 - Toyama East Plant
 - Toyama South Plant
 - Kyoto Creative Park
- Subsidiaries
 - Sakamoto Printing (Cartons)
 - Nippo (Leaflets)
 - Kyowa Carton (Cartons)



Kyoto Creative Park



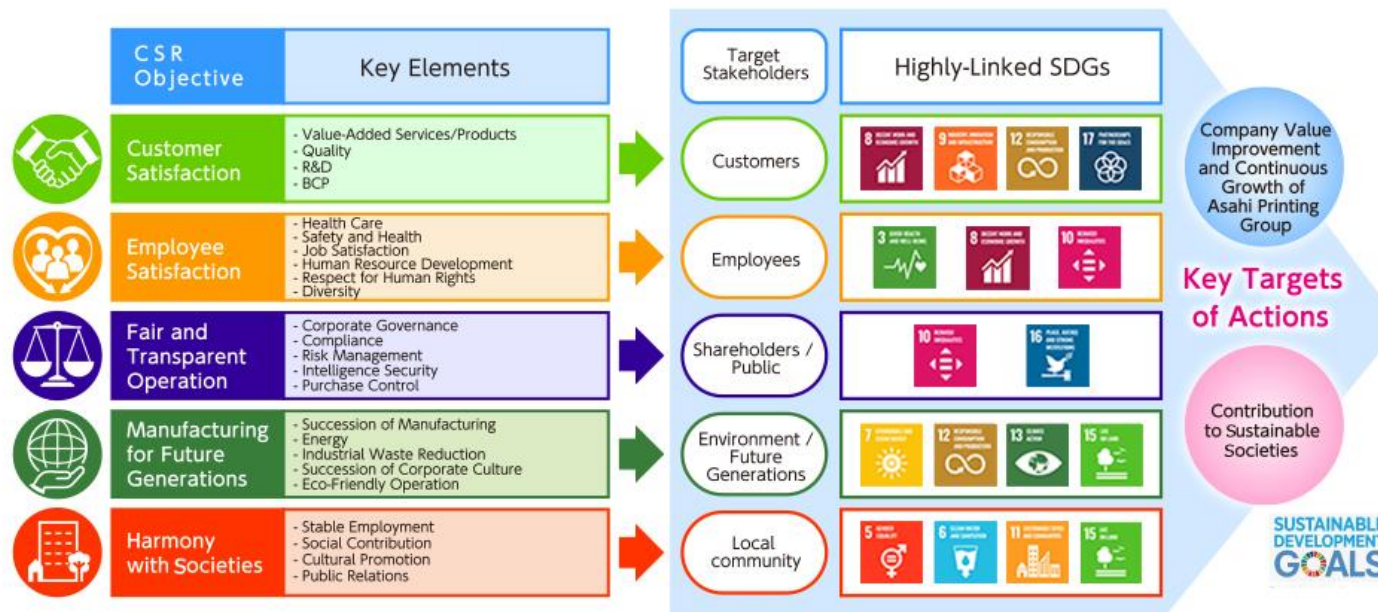
Toyama Plant



Sakamoto Printing



Nippo



We will contribute to the promotion of SDGs through our business activities.

Social Contributions

- ◆ Stable employment
- ◆ Local professional sports club sponsorship
- ◆ Donation, etc.



Local professional sports club sponsorship



Donation



ASAHI PRINTING CO.,LTD.