

[Translation]

This document has been translated from the Annual Securities Report for the twelve-month period ended March 31, 2023, pursuant to the Financial Instruments and Exchange Act of Japan. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Annual Securities Report

The 2nd Term (From April 1, 2022 to March 31, 2023)

ASKA Pharmaceutical Holdings Co., Ltd.

(E35791)

Annual Securities Report

This document has been outputted and printed by adding a table of contents and page numbers to the data contained in the Annual Securities Report “Yukashouken Houkokusho,”) which has been submitted through the usage of Electronic Disclosure for Investors’ NETwork (EDINET) that is stipulated in Article 27-30-2 of the Financial Instruments and Exchange Act of Japan.

This document is a translation of the Annual Securities Report (original text: Japanese “Yukashouken Houkokusho”) submitted to the Prime Minister pursuant to Article 24-1 of the Financial Instruments and Exchange Act. It does not bear any responsibility pertaining to the aforementioned Financial Instruments and Exchange Act regarding the content of the English text. We recommend that the authenticity of the content be determined based on the Japanese text of the Annual Securities Report. The independent auditor’s reports are not translated or included in this document.

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[Fiscal Year]	The 2nd Term (From April 1, 2022 to March 31, 2023)
[Company Name]	Asuka Seiyaku Kabushiki Kaisha
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Part I Corporate Information

[I] Company Overview

1. Key Management Indicators

(1) Consolidated Management Indicators

Fiscal Year		1 st Term	2 nd Term
Fiscal Year End		March 2022	March 2023
Net sales	(Millions of yen)	56,607	60,461
Ordinary profit	(Millions of yen)	4,880	5,232
Profit attributable to owners of parent	(Millions of yen)	4,290	4,238
Comprehensive income	(Millions of yen)	4,982	5,983
Net assets	(Millions of yen)	48,892	54,533
Total assets	(Millions of yen)	83,297	87,138
Net assets per share	(Yen)	1,734.80	1,928.14
Earnings per share	(Yen)	151.22	150.08
Diluted earnings per share	(Yen)	-	-
Equity ratio	(%)	58.70	62.58
Profit attributable to owners of parent/Equity	(%)	8.77	8.20
Price-earnings ratio	(Times)	8.35	7.92
Cash flows from operating activities	(Millions of yen)	2,842	3,351
Cash flows from investing activities	(Millions of yen)	6,743	(1,126)
Cash flows from financing activities	(Millions of yen)	(2,996)	(1,820)
Cash and cash equivalents at end of period	(Millions of yen)	17,103	17,505
Number of employees [Excluding an average number of temporary employees]	(Persons)	777 [101]	747 [117]

Notes:

1. The Company was established on April 1, 2021 through a sole-share transfer; therefore, no information is presented for the period prior to that date.
2. Diluted earnings per share is not shown in the above table, as there are no residual shares.
3. The consolidated financial statements for the 1st term consolidated fiscal year (from April 1, 2021 to March 31, 2022) were prepared by taking over the consolidated financial statements of ASKA Pharmaceutical Co., Ltd., which became a wholly owned subsidiary through a sole-share transfer.

(2) Non-Consolidated Management Indicators

Term		1st Term	2nd Term
Fiscal year ended:		March 2022	March 2023
Operating revenue	(Millions of yen)	1,371	1,732
Ordinary profit	(Millions of yen)	717	603
Profit	(Millions of yen)	682	591
Share capital	(Millions of yen)	1,197	1,197
Total number of shares issued	(Shares)	30,563,199	30,563,199
Net assets	(Millions of yen)	40,695	40,944
Total assets	(Millions of yen)	41,301	41,575
Net assets per share	(Yen)	1,443.94	1,447.55
Dividend per share	(Yen)	15.00	16.00
(Interim dividend per share)		(7.00)	(8.00)
Earnings per share	(Yen)	23.79	20.95
Diluted earnings per share	(Yen)	-	-
Equity ratio	(%)	98.5	98.5
Rate of return on equity	(%)	1.68	1.45
Price-earnings ratio	(Times)	53.10	56.76
Dividend payout ratio	(%)	33.6	76.4
Number of employees	(Persons)	74	79
Total shareholder return	(%)	-	95.4
(Comparison index: Tokyo Stock Exchange Stock Price Index 33 industry (Pharmaceuticals))	(%)	(-)	(114.8)
Highest share price	(Yen)	1,497	1,362
Lowest share price	(Yen)	919	958

Notes:

1. The Company was established on April 1, 2021 through a sole-share transfer; therefore, no information is presented for the period prior to that date.
2. Diluted Earnings per share is not shown in the above table, as there are no residual shares.
3. Total shareholder return for the 1st term fiscal year is not shown because the Company was established on April 1, 2021 through a sole-share transfer. The gross shareholder return and comparative indices for the 2nd term fiscal year are calculated based on the end of the fiscal year ended March 31, 2022.
4. The highest and lowest share prices are those quoted on the Tokyo Stock Exchange Prime Market from April 4, 2022. Prior to that, they were quoted on the First Section of the Tokyo Stock Exchange.

2. Corporate History

	ASKA Pharmaceutical Co., Ltd. established the Company through a sole-share transfer, and the Company's shares were listed on the First Section of the Tokyo Stock Exchange (ASKA Pharmaceutical Co., Ltd. was delisted in March 2021).
April 2021	Acquired all shares of ASKA Animal Health Co., Ltd. and ASKA Pharma Medical Co., Ltd. held by ASKA Pharmaceutical Co., Ltd. through dividend in kind and made them direct subsidiaries of ASKA Pharmaceutical Co., Ltd.
April 2021	Invested in JAPAN GLASS INDUSTRY CO., LTD. (an associate accounted for using equity method)
April 2021	Established London Office
April 2022	Moved from the First Section of the Tokyo Stock Exchange to the Prime Market due to a revision of the Tokyo Stock Exchange's market classification.

The following is a corporate history of ASKA Pharmaceutical Co., Ltd., which became a wholly-owned subsidiary of the Company on April 1, 2021 through a sole-share transfer. (Reference: History of ASKA Pharmaceutical Co., Ltd. up to March 2021)

June 1920	Established Teikoku Hormone Research Institute in Minami Yoshidamachi, Yokohama
June 1929	Changed the company to a stock organization and changed the company name to Teikoku Hormone Mfg. Research Laboratory Co., Ltd.
January 1936	Newly established the Takatsu Factory (the Kawasaki Research Center) in Takatsu-cho, Tachibana-gun, Kanagawa (currently Shimosakunobe, Takatsu-ku, Kawasaki-shi)
October 1945	Moved the head office to Shimosakunobe, Kawasaki-shi (on the premises of Takatsu Factory) and changed the company name to Teikoku Hormone Mfg. Co., Ltd.
October 1946	Relocated the head office to Shiba Minamisakuma-cho, Minato-ku, Tokyo
June 1949	Opened a branch office in Osaka
September 1955	Listed on the Tokyo Stock Exchange
May 1957	Opened a branch office in Fukuoka
July 1957	Opened a branch office in Nagoya
June 1958	Opened a branch office in Sapporo
August 1962	Opened a branch office in Tokyo
November 1962	Relocated the head office to 5-1, Akasaka 2-chome, Minato-ku, Tokyo
June 1967	Opened a branch office in Sendai and Hiroshima
June 1969	Completed construction of a new research building on the premises of the Kawasaki Research Center
June 1970	Opened a branch office in Yokohama
April 1980	Established the Iwaki Factory
April 1987	Opened a branch office in Kyoto
May 1991	Established Medical System Service Kanagawa, Inc. (currently ASKA Pharma Medical Co., Ltd.) (consolidated subsidiary)
September 1993	Listed on the First Section of the Tokyo Stock Exchange
April 1997	Opened the International Representative Office in Frankfurt
September 2001	Relocated the head office to 5-1, Shibaura 2-chome, Minato-ku, Tokyo
February 2005	Approved merger agreement with Grelan Pharmaceutical Co., Ltd.
October 2005	Merged with Grelan Pharmaceutical Co., Ltd. and changed the trade name to ASKA Pharmaceutical Co., Ltd.
April 2009	Established Actavis ASKA Co., Ltd.
June 2013	Established ASKA Animal Health Co., Ltd.
April 2017	Merged with Actavis ASKA Co., Ltd.
October 2018	Invested in NeoASKA Pharma Private Limited in India jointly with Omnicare Drugs India Private Limited
April 2020	Moved the Kawasaki Research Center (Kawasaki-shi, Kanagawa) to the Shonan Research Center (Fujisawa-shi, Kanagawa)
January 2021	Invested in Ha Tay Pharmaceutical Joint Stock Company in Vietnam (an associate accounted for using equity method)

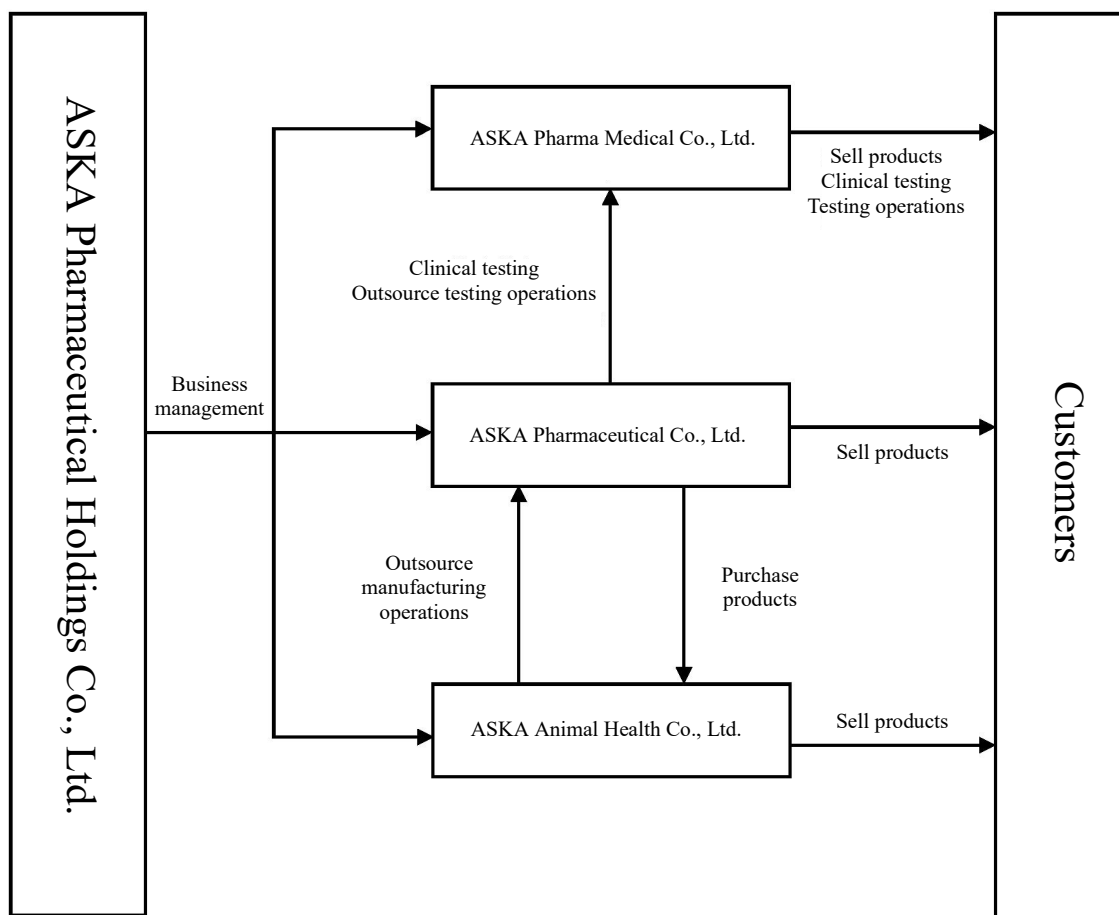
3. Detail of Business

The Company was established on April 1, 2021 through a sole-share transfer as the wholly owning parent company of ASKA Pharmaceutical Co., Ltd. and, as a holding company, conducts business management of group companies and other operations incidental to it.

The Group (the Company and its affiliates) consists of the Company, 3 subsidiaries 5 affiliates. The following is a description of the business and its position concerning the business.

Pharmaceutical business	ASKA Pharmaceutical Co., Ltd. manufactures and purchases the products and sells them mainly through Takeda Pharmaceutical Company Limited.
Other businesses		
Animal health business	ASKA Animal Health Co., Ltd. purchases some products from ASKA Pharmaceutical Co., Ltd. ASKA Pharmaceutical Co., Ltd. is entrusted with some manufacturing operations by ASKA Animal Health Co., Ltd.
Clinical testing, etc.	ASKA Pharma Medical Co., Ltd. rents facilities from ASKA Pharmaceutical Co., Ltd. and performs clinical testing business. ASKA Pharmaceutical Co., Ltd. has outsourced some of its testing operations to ASKA Pharma Medical Co., Ltd.
Others	ASKA Pharmaceutical Co., Ltd. purchases and sells medical devices and health foods.

The following is a schematic diagram of the business.



Notes:

1. ASKA Pharmaceutical Co., Ltd., ASKA Pharma Medical Co., Ltd. and ASKA Animal Health Co., Ltd. are consolidated subsidiaries of the Company.
2. The Company falls under the category of Specified Listed Company, etc. as stipulated in Article 49, Paragraph 2 of the Cabinet Office Ordinance on Regulation of Trading of Securities. Therefore, the Company will be judged based on figures on a consolidated basis with respect to the material fact minor criteria for insider trading regulations.

4. Information on Subsidiaries and Affiliates

Name	Address	Share Capital	Main Businesses	Ownership of voting rights held or owned	Relationship
(Consolidated subsidiaries)					
ASKA Pharmaceutical Co., Ltd. (Note 1)	Minato-ku, Tokyo	1,197 million yen	Manufacture and sale of pharmaceutical products and purchase and sale of medical devices and health foods, etc.	100 %	Business management Officers serve concurrently
ASKA Pharma Medical Co., Ltd.	Fujisawa-shi, Kanagawa	30 million yen	Clinical testing business	100 %	Business management
ASKA Animal Health Co., Ltd.	Minato-ku, Tokyo	100 million yen	Manufacture, sale, and import/export of veterinary drugs, feed, and feed additives, etc.	100 %	Business management Officers serve concurrently
(Associates accounted for using equity method)					
Ha Tay Pharmaceutical Joint Stock Company	Hanoi City, Vietnam	264,088 million Vietnamese dong	Manufacture, import, and sale of pharmaceuticals, over-the-counter drugs, health foods, etc.	24.9 %	-
JAPAN GLASS INDUSTRY CO., LTD.	Chuo-ku, Tokyo	75 million yen	Manufacture and sale of pharmaceutical packaging materials and contract packaging of pharmaceuticals and in vitro diagnostic products	20.04 %	-
1 other company					

Notes:

- The company is classified as a specified subsidiary.
- Net sales of ASKA Pharmaceutical Co., Ltd. and ASKA Animal Health Co., Ltd. account for more than 10% of consolidated net sales. (excluding inter-company sales among consolidated companies)

Major information on profit/loss	ASKA Pharmaceutical Co., Ltd.	ASKA Animal Health Co., Ltd.
(1) Net sales	54,567 million yen	6,660 million yen
(2) Ordinary profit	4,962 million yen	341 million yen
(3) Net profit	4,084 million yen	239 million yen
(4) Net assets	50,618 million yen	2,333 million yen
(5) Total assets	82,099 million yen	3,608 million yen

5. Employees

(1) Consolidated companies

As of March 31, 2023

Segment	Number of employees (Persons)	
Pharmaceutical business	610	(92)
Animal health business	36	(6)
Other	14	(3)
Company (common)	87	(16)
Total	747	(117)

Notes:

- The number of employees means the number of full-time employees. The number of temporary employees is shown in parentheses as an excluded number, with the average number of employees per year in parentheses.
- The number of employees listed under "Company (common)" is the number of employees belonging to the administrative division.

(2) Non-consolidated (filing company data)

As of March 31, 2023

Number of employees (Persons)	Average age (Years)	Average years of service (Years)	Average annual salary (Yen)
79	47.3	21.0	9,584,827

Segment	Number of employees (Persons)
Company (Common)	79
Total	79

Notes:

- The number of employees includes those who concurrently work for the Group companies.
- Average annual salary includes bonuses and substandard wages.

(3) Labor unions

The labor union of our Group is called ASKA Pharmaceutical Labor Union and is a member of the Japanese Federation of Energy and Chemistry (JEC) Workers' Unions.

As of March 31, 2023, the ASKA Pharmaceutical Labor Union has 468 members. Labor-management relations are amicable. There are no particular points to be noted regarding the labor-management relationship.

(4) Percentage of female workers in management positions, percentage of male workers taking childcare leave, and differences in wages between male and female workers

Consolidated Subsidiaries

Current fiscal year					
Name	Percentage of female workers in management positions (Note 1)	Percentage of male workers taking childcare leave (Note 2)	Differences in wages between male and female workers (Note 1)		
			All workers	Of which full-time employees	Of which part-time and fixed-term employees
ASKA Pharmaceutical Co., Ltd.	9.9%	94.7%	66.3%	67.4%	63.7%

*Data as of March 31, 2023 for major consolidated subsidiary ASKA Pharmaceutical Co., Ltd.

Notes:

- Calculated in accordance with the provisions of the "Law Concerning the Promotion of Active Roles of Women in Their Professional Lives" (Law No. 64, 2015).

2. Based on the provisions of the "Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave" (Law No. 76, 1991), the percentage of child care leave, etc. taken is calculated in accordance with Article 71-4, Item 1 of the "Enforcement Regulations of the Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave" (Ministry of Labor Ordinance No. 25, 1991).

[Differences in wages between male and female workers]

ASKA Pharmaceutical Co., Ltd. has a single-rate wage (grade) system, and there are no differences between male and female employees regarding gender, age, etc. However, there are some differences between male and female employees in the personnel portfolio by job group and grade, which results in wage differences.

We will improve our human resource portfolio and wage differentials in order to achieve ASKA Pharmaceutical Co., Ltd.'s vision of a diverse workforce that is not restricted by age or attributes.

- Factors causing the discrepancy are described below.

- i) Among full-time workers, the average length of service of women in medical representatives (MRs) positions, which account for 32.5% of the total, is 9.5 years, about double that of men at 18.8 years, and the number of women candidates for managerial positions is low at 7.7%. In the first half of the 2010s, women accounted for about 10-20% of all new MRs hired, but since they will account for about 50% from 2020, the shortage of candidates for managerial positions is expected to be resolved in the future. (As of March 31, 2023, the ratio of female managers throughout the Company was 9.9 %.)
- ii) Among part-time and fixed-term workers, women account for 93.3% of part-time employees whose wages are lower than those of fixed-term workers (rehired workers), which is the reason for the difference.

[Supplementary Data] Data from ASKA Pharmaceutical Co., Ltd.

a. Status of female employees

	FY2018	FY2019	FY2020	FY2021	FY2022
Ratio of female employees (%)	27.6	28.3	29.4	30.4	32.9
Ratio of female managers (%)	6.2	6.6	6.5	7.1	9.9
Ratio of female candidates for management positions (%)	13.6	13.6	18.1	23.7	20.8

b. Status of employee hiring and leaving

	FY2018	FY2019	FY2020	FY2021	FY2022
New graduate hires (Persons)	19	20	14	11	16
Percentage of new graduates hired (% of total employees)	2.1	2.3	1.7	1.3	1.9
Mid-career professionals (Persons)	5	11	5	2	19
Percentage of mid-career professionals (% of total employees)	0.6	1.3	0.6	0.2	2.3
Percentage of mid-career professionals (% of fiscal year hires)	20.8	35.5	26.3	15.4	54.3
Number of foreign hires (Persons)	0	1	2	1	1
Ratio of foreign hires (% of total hires in fiscal year)	0.0	2.6	10.0	3.7	1.7
(% of employees in related departments (%))	0.0	2.6	4.9	2.6	2.4
Voluntary resignation (Persons)	23	40	16	14	29
Voluntary resignation (% of total employees)	2.6	4.6	1.9	1.7	3.5
New graduates resigning within the first 3 years (Persons)	0	0	0	0	1
Total number of employees	895	873	844	840	829

*Data for both Supplementary Data a. and b. are as of March 31 of each fiscal year for major consolidated subsidiary ASKA Pharmaceutical Co., Ltd.

[II] Business Overview

1. Management Policy, Business Environment, and Issues to be Addressed, etc.

The management policy, business environment, and issues to be addressed by the Group are as follows. Forward-looking statements in the text are based on the judgment of the Group as of the end of the current consolidated fiscal year.

(1) Basic management policy of the Company

Under the corporate philosophy: "contribute toward the improvement of people's health and progress in society through the development of innovative products," we intend to grow and develop as a company trusted by society through medical-related businesses such as "animal health business" and "testing business," with "pharmaceutical business" at the core.

In addition, with the diversification of values toward health and lifestyle and rapid changes in the business environment, the Group started a holding company structure in FY2021 for flexible decision-making and stronger governance. In the domestic pharmaceutical business, which is the core of the Group, we will make great strides as a leading company in specialty areas such as obstetrics and gynecology. At the same time, based on our existing businesses, we will aim to become a "total healthcare company" that develops businesses in the overall healthcare market of "prevention, testing and diagnosis, treatment and prognosis" in Japan and overseas. Furthermore, as a company involved in "life," we will continue to strive for sustainable growth and solutions to social issues, promote activities to achieve the Sustainable Development Goals (SDGs) and contribute to the realization of an affluent society.

(2) Target Management Indicators

Our Group has formulated a Medium-Term Management Plan that covers the period from April 2021 to the end of March 2026. In FY2025, the plan's final year, we aim to achieve net sales of 70 billion yen, operating profit margin of 8%, and profit attributable to owners of parent/equity (ROE) of 8%.

(3) Medium to long term management strategies and issues to be addressed by the Company

In the Medium-Term Management Plan starting from FY2021, our Group will further develop the foundation we have built up while working on the following seven strategies to realize our goal of becoming a "total healthcare company with a strong foundation as a specialty pharma company."

1. To enhance corporate value by strengthening initiatives in specialty areas, we will contribute to improving women's quality of life through the continued development and marketing of obstetrics and gynecology products. Furthermore, we will promote activities to raise awareness of thyroid diseases, with a focus on thyroid hormone products, which have been on the market for 100 years.
2. To continuously create new drugs, we will engage in global alliance activities by utilizing open innovation and collaborating with our newly established London office.
3. As part of our overseas business development, we will promote cooperative relationships with our business partners, especially in Asia.
4. To provide new value toward the realization of total healthcare, we will establish a minimally invasive testing method business in the testing business. In addition, we will develop and market products that support the health of companion animals by expanding our strengths in breeding, immunity, and nutrition in the field of livestock and fisheries.
5. To strengthen our financial base, we will promote operational efficiency and cost reduction through IT and other means.
6. To remain a company that earns the trust of society, we will fulfill our responsibilities as a life-related company by fostering an organizational culture that emphasizes reliability and thorough compliance.
7. To utilize human resources to realize our growth strategy, we will create an organizational structure that can respond to diverse career aspirations through a new personnel system and expand capabilities through systematic education and training.

ASKA Pharmaceutical Co., Ltd., which conducts the core pharmaceutical business, will advance the development stage of AKP-009, TRM-270, and LF111, which are currently undergoing clinical trials. In addition, the Company will work to advance to the development stage as soon as possible the two themes of the relugolix combination tablet (development code: AKP-022) and tranasal testosterone (AKP-017), which are in the preparatory stage of development. In addition to our in-house technologies, we will also aim to stage up the seeds of drug discovery through open innovation and expand our pipeline through in-licensing activities mainly in the fields of internal medicine, obstetrics and gynecology, and urology.

In sales activities, we will continue to conduct efficient sales activities utilizing webinars, etc., as well as providing high-quality information through the establishment of a specialty area system, which was introduced to conduct information provision activities focusing on the field of obstetrics and gynecology and RIFXIMA. We will further improve our presence in the field of obstetrics and gynecology by providing information on Jemina and Riona, for which we are conducting co-promotion activities, in addition to products that contribute to business performance, mainly RELUMINA and DroEthi which was launched in June 2022. In addition, RIFXIMA have been positioned as a standard treatment for hepatic encephalopathy in accordance with the revised

clinical guidelines. We will further promote the spread and penetration of RIFXIMA. Moreover, as THYRADIN is an indispensable drug in the medical field with more than 90% of the domestic market share, we will maintain a stable supply system and continue to engage in educational activities on thyroid diseases as a leading company in the treatment of thyroid diseases.

Furthermore, to realize total healthcare, we newly established the "Femtech Business Promotion Unit" in April 2023 at ASKA Pharmaceutical Co., Ltd. We will promote initiatives to solve various issues in women's life stages while developing collaborations with other companies that have already started their initiatives. ASKA Animal Health Co., Ltd., which sells veterinary pharmaceuticals and feeds, continues to develop and launch products that contribute to animal welfare. In November 2022, we launched TRILOSTANE TABLETS, a treatment for canine hyperadrenocorticism, which includes a low-dose version for small dogs, which are common in Japan, in addition to THYLOBLOCK TABLETS, a feline antithyroid agent. Going forward, we will continue to promote sales activities catering to the companion animal market to achieve market penetration of both pharmaceuticals. In addition to these products, ASKA Pharma Medical Co., Ltd., which is engaged in the testing business, has developed a hair hormone level measurement kit that enables risk assessment of androgenetic alopecia (AGA) by measuring dihydrotestosterone (DHT) using a technology that measures steroid hormones from hair, and is developing a new business. In the future, we will develop other hormone measurement kits based on the same technology and measurements of specimens other than hair.

In addition to the above, to further promote sustainability management, we established the ESG Committee in April 2021. Furthermore, we have appointed a Board member in charge of sustainability and established a new department dedicated to sustainability promotion within the holdings organization in April 2023. Through these organizations and other efforts to address the 17 material issues identified by the Group, we aim to contribute to the realization of a sustainable society, achieve sustainable growth through social value creation, and enhance our corporate value over the medium to long term.

2. Principles and Initiatives for Sustainability

(1) Overall Sustainability Initiatives

In April 2021, we took a new step forward with the transition to a holding company structure. We work to solve social issues through our business based on our corporate philosophy: "contribute toward the improvement of people's health and progress in society through the development of innovative products."

In April 2023, we strengthened our structure by appointing a Board member in charge of sustainability and establishing a specialized department within the Corporate Planning Department to accelerate our efforts to date further.

i) Governance

The Company has promoted ESG management as a key policy and has established the ESG Committee as a voluntary advisory committee independent of the Board of Directors.

The ESG Committee is chaired by Senior Managing Member of the Board of Directors, Representative Director. It consists of subsidiaries' officers, the ESG Promotion Meeting chairperson, the Corporate Planning Department Director, and persons appointed by the chairperson. Risk management is conducted by inquiring/reporting to the Board of Directors.

The details of the ESG promotion system are as follows.

[ESG Promotion System]

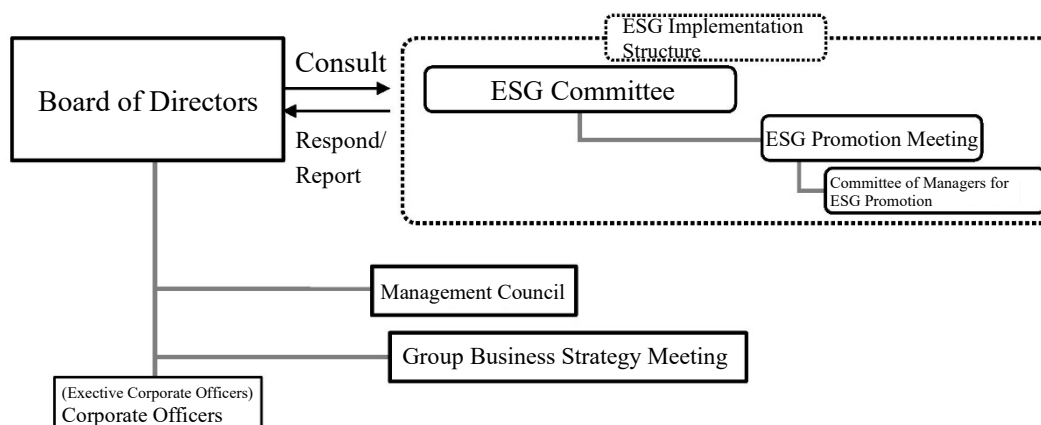
There are three meeting bodies: the ESG Committee, the ESG Promotion Meeting, and The Committee of Managers for ESG Promotion.

The ESG Committee deliberates on matters proposed by the ESG Promotion Meeting and reports to the Board of Directors from the ESG Promotion Meeting as soon as a decision is made.

The ESG activity promotion flow of the three congressional bodies is as follows.

1. The Committee of Managers for ESG Promotion, consisting of representatives from each division and department, identifies "issues" and proposes them to the ESG Promotion Meeting.
2. The ESG Promotion Meeting consolidates issues from a company-wide perspective at each headquarters and division and proposes a "Material-issue Proposal" to the ESG Committee.
3. The ESG Committee identifies company-wide material issues and determines the ESG strategy.
4. Under the ESG Promotion Meeting, The Committee of Managers for ESG Promotion formulates departmental goals and plans and promotes ESG activities.
5. The ESG Promotion Meeting compiles the ESG activities promoted by each division every quarter and reports them to the ESG Committee.

6. The ESG Committee evaluates activities



ii) Risk Management

The process of identification, evaluation, and management of risks is as follows:

1. The Committee of Managers for ESG Promotion shall report quarterly to the ESG Promotion Meeting on the timing, probability, and scope of impact of risks and opportunities for management.
2. The ESG Promotion Meeting aggregates the reported information into company-wide risks and opportunities and reports them to the ESG Committee.
3. The ESG Committee evaluates the impact of risks and opportunities at the company-wide level, reviews them on a case-by-case basis, and reports to the Board of Directors from the ESG Promotion Meeting.
4. The reports are reflected in KPIs, and related departments respond to and manage risks based on these KPIs. The Board of Directors integrates climate change-related risks into the Company's comprehensive risk management process by considering the impact of climate change on the Company and society when making corporate decisions based on the reports from the ESG Promotion Meeting.

(2) Efforts regarding climate change (disclosures based on TCFD recommendations)

i) Governance

For governance regarding climate change, please refer to i) Governance in (1) Overall Sustainability Initiatives.

ii) Strategy

Our business risks and opportunities related to climate change are as follows

[Risk]

- Transition risk

Policies: Risk of unexpected pandemics due to climate change, as well as drug price reductions that exceed expectations due to the financial pressures on healthcare caused by an aging society with a declining birthrate.

Market: Risk that climate change will cause a rise in raw material prices, which will lead to a rise in the cost of living for patients, thereby discouraging them from seeing a doctor.

Reputation: Increase of stakeholder concerns due to delays in climate change action.

- Physical Risk

Chronic: Risk of increased operating expenses, such as higher manufacturing costs due to climate change

Acute: Risk of supply chain disruption due to extreme weather-related disasters

[Opportunities]

- Strengthening competitiveness against climate change-related increases in disease and changes in consumer preferences leads to greater demand for products

- Proactive initiatives to address climate change risks enhance operational sustainability and stakeholder evaluation, leading to opportunities for share price appreciation

Regarding risks, we have not identified any significant climate-related risks or other risks that would require large-scale investments in the long term at this time. Still, we carefully consider countermeasures in close coordination within the industry. As for opportunities, we have yet to identify any items in our pipeline that would significantly impact our business opportunities. However, there may be business opportunities such as the spread of certain diseases due to rising temperatures. However, we are always looking for new opportunities for our pipeline to contribute to the human health impact of climate change. By implementing scenario analysis based on TCFD recommendations and identifying risks and opportunities, we will formulate measures to respond to the risks and opportunities associated with climate change and strive to improve the resilience of our business in the face of climate change.

iii) Risk management

For risk management related to climate change, please refer to ii) Risk Management in (1) Overall Sustainability Initiatives.

iv) Indicators and Targets

We monitor environmental performance indicators related to CO₂ emissions, water pollution load, chemical substance management, and amount of waste emissions. The production division undergoes annual verification by a third-party organization on issues to be improved in relation to these indicators.

Scope 1 and 2 emissions (in t-CO₂)

	FY2021	FY2022
Scope 1	7,209	6,687
Scope 2	5,042	4,093

Scope 1 emissions are calculated directly by the Company and include CO₂ emissions from the use of gasoline, kerosene, diesel oil, heavy oil, LPG, city gas, and cold and hot water.

For Scope 1 and 2 emissions, we use the Federation of Pharmaceutical Manufacturers' Associations of Japan's target of reducing CO₂ emissions in FY2030 by 46% from the FY2013 level (laboratories, plants, offices, and sales vehicles) as a benchmark for our reduction targets.

In April 2023, we introduced CO₂-free electricity for part of the electricity to reduce CO₂ emissions. In addition, construction of a solar power generation facility has begun and preparations are underway to supply electricity in the spring of 2024.

Regarding energy conservation efforts, we will implement energy conservation measures to improve energy consumption per unit of production by 1% or more each year (the average rate of change in energy consumption per unit of production over the past 5 years is 1% or more).

(3) Initiatives related to human capital

i) Strategy

[Policy on human resources development and internal environment development]

One of the strategies in the Medium-Term Management Plan is "human resource development to realize our growth strategy." To enhance the expertise and generative power of each organization, we are making group-wide efforts to develop human resources with the goals of "developing and acquiring human resources capable of responding to new businesses and environmental changes" and "creating an environment where diverse human resources, including female, career professionals, and senior employees, can play an active role. We are working to develop human resources with the goals of "developing and acquiring human resources who can respond to new businesses and changes in the environment" and "creating an environment in which diverse human resources, including female, career, and senior employees, can thrive.

We will continue to implement human resource policies, including the development of a healthy work environment in which the characteristics and abilities of each employee are fully utilized and diverse values are respected, as well as an education and training system that responds to their desire to learn autonomously.

*For the latest information, please check the website of ASKA Pharmaceutical Holdings Co., Ltd.

https://www.aska-pharma-hd.co.jp/csr/social/labor_practices.html

ii) Indicators and Targets

ASKA Pharmaceutical Co., Ltd., a major consolidated subsidiary, is working to maximize the capabilities of its human capital by setting forth the following four elements as a human resource model to achieve the ideal organizational image it aims for. We are working on the following measures and environmental improvements to develop human resources that possess these four items. We aim to create value for the organization by having a diverse workforce, regardless of age or attributes, willing to pursue diverse careers, grow, and acquire knowledge and skills on their initiative.

Ideal organizational image	Aimed human resource model	Policies and Environmental Improvements	
An organization with the strength to adapt to changes in the environment	Change Human resources who can relearn as needed and grow on their own	A. Human Resources Development B. Education and Training	
An organization that allows people with diverse opinions to interact and create the best solutions	Diversity (Diversity & Inclusion) Human resources who can express their opinions and take positions among diverse human resources	G. Health Management I. Opportunities for Dialogue with Management	C. Diversity (D&I) D. Support for the Development of the Next Generation E. Employment of People with Disabilities
An organization that encourages taking on challenges and evolves	Challenge Human resources who can take on challenges (risk taking), and turn them into opportunities		H. In-house Award System
An organization that continues to be trusted by society	Reliability Human resources who can act reliably with high ethical standards and pride	F. Occupational Safety and Health J. Enhancement of the Compliance Promotion System	

A. Human Resources Development

While accelerating changes in the business environment surrounding companies and individuals, the Group recognizes the linkage between management and human resource strategies as essential for companies to sustainably enhance value. Therefore, we regard human resources as the crucial element among management resources, as capital to maximize individual abilities and link them to "value creation."

To realize the growth strategy set forth in the Medium-Term Management Plan that started in FY2021, a major consolidated subsidiary, ASKA Pharmaceutical Co., Ltd., introduced a personnel system in April 2021 with the aim of maximizing human capital.

Under the personnel system, as measures to strongly promote the achievement of the Medium-Term Management Plan, a role grading system, role transition rules, a single rate system for all grades, and the establishment of evaluation meetings have been introduced and are being operated in a constant effort to optimize the personnel system.

We also create opportunities for autonomous learning, aiming to see employees themselves desire to grow and acquire knowledge and skills.

B. Education and Training

Our Group promotes the development of an environment that responds to the individual's desire to learn autonomously and supports their growth. We have established an education and training system for the creation of new value, aiming to create an organization in which each individual has a diverse career aspiration, desires to grow, and acquires knowledge and skills on their own and in which diverse human resources, regardless of age or attributes, can play an active role.

In this context, our major consolidated subsidiary, ASKA Pharmaceutical Co., Ltd., promotes proactive career challenges by its employees. It is working to revitalize the organization by fostering career awareness and strengthening cross-departmental human resource collaboration through career self-assessment, internal recruitment systems, strategic job rotation measures, etc.

a. Education and training system

*For more information on the education and training system, please refer to the website of ASKA Pharmaceutical Holdings Co., Ltd.

<https://www.aska-pharma-hd.co.jp/english/csr/social/#anc2>

In FY 2023, we launched the APPLE Program*, a selective training program conducted throughout the fiscal year to develop the next generation of management leaders responsible for our Group's future.

* Aska Pharma-HD Premium Leadership-skill Education Program

b. Education and Training Achievements

*For information on education and training, please refer to the website of ASKA Pharmaceutical Holdings Co., Ltd.

<https://www.aska-pharma-hd.co.jp/english/csr/social/>

→ESG Chart and ESG Data Book (Social - Education and Training, etc.)

C. Diversity (D&I)

We believe that respecting diverse values is important for sustainable growth and enhancement of corporate value. We have created a work environment in which all employees, regardless of age or attributes, can play an active role.

a. Promotion of women's activities

ASKA Pharmaceutical Co., Ltd. submitted the General Employer Action Plan under the Act on the Promotion of Women's Participation and Advancement in the Workplace. The goals and progress are as follows.

[Target]

- Achieve a ratio of 15% of female managers by the end of March 2025.
- Achieve a 30% ratio of female candidates for management positions by the end of March 2025.
- The rate of male employees taking childcare leave will be at least 100.0% from FY2022 onward.

Progress in FY2022

	FY2018	FY2019	FY2020	FY2021	FY2022
Ratio of female managers (%)	6.2	6.6	6.5	7.1	9.9
Ratio of female candidates for management positions (%)	13.6	13.6	18.1	23.7	20.8
Percentage of female employees (%)	27.6	28.3	29.4	30.4	32.9
Percentage of women taking childcare leave (%)	100.0	100.0	100.0	100.0	100.0
Male childcare leave acquisition rate (%)	40.9	50.0	45.5	45.5	94.7

Ratio of female non-regular employees: 49.2% Ratio of female new graduates: 43.8%

*Data as of March 31, 2023 of ASKA Pharmaceutical Co., Ltd.

b. Diversity Initiatives

[I] Company Overview 5. Employees (4) Percentage of female workers in management positions, Percentage of male workers taking childcare leave, and Wage differentials between male and female workers [Supplementary Data] ASKA Pharmaceutical Co., Ltd. data b. Status of hiring and leaving of employees

D. Support for the development of the next generation

We consider the development of an environment in which children, who will be responsible for the next generation, are born and raised in good health as one of the issues that companies should address. We are promoting efforts to balance work and child rearing.

ASKA Pharmaceutical Co., Ltd. submitted the General Employer Action Plan under the Act on Advancement of Measures to Support Raising Next-Generation Children. The goals and progress are as follows.

Percentage of male employees taking maternity leave

[Target rate] 100.0% or more

[Progress in FY2022] 94.7%

*Data as of March 31, 2023 of ASKA Pharmaceutical Co., Ltd.

In recognition of our efforts to support the development of the next generation, we have been selected for "Kurumin Certification," an accreditation system by the Minister of Health, Labour and Welfare since FY2022.

E. Employment of People with Disabilities

In order to realize an environment in which people with disabilities can work with vigor and enthusiasm, our Group promotes the development of an environment in which people with disabilities can work stably and in accordance with their wishes and abilities.

- Employment Rate of Persons with Disabilities

Status of ASKA Pharmaceutical Co., Ltd. based on the Act to Facilitate the Employment of Persons with Disabilities

[Target] 2.3%

[Employment rate in FY2022] 2.0%.

*Data as of March 31, 2023 of ASKA Pharmaceutical Co., Ltd.

F. Occupational Health and Safety

The Group promotes safety and health activities at each of its business sites in accordance with ASKA Pharmaceutical FY2022 Safety and Health Basic Policy. We are actively working to ensure employee safety, prevent occupational accidents, maintain and promote physical and mental health, and create a comfortable work environment.

- ASKA Pharmaceutical FY2022 Safety and Health Basic Policy

https://www.aska-pharma-hd.co.jp/csr/social/labor_practices.html

G. Health Management

The Group promotes health management from various angles so that employees, the organization, and society can mutually share the valuable happiness of "health." Our goal is not only to manage the health of our employees but also to enhance their physical and mental well-being, promote their autonomous growth, and further improve the organization's productivity and creativity.

- External Evaluation of Health Management

With the Senior Managing Member of the Board of Directors, Representative Director in charge of health promotion, the Company has been certified as a White 500 Health & Productivity Management Outstanding Organizations Recognition Program for 5 consecutive years since 2018, thanks to numerous initiatives related to health management.

*ASKA Pharmaceutical Co., Ltd. is certified alone from FY2018 to FY2020, and the ASKA Pharmaceutical Holdings Co., Ltd. Group is certified from FY2021 to FY2022.

- Health Management Initiatives of ASKA Pharmaceutical Holdings Co., Ltd.

<https://www.aska-pharma-hd.co.jp/csr/sustainability/health.html>

H. In-house Award System

The Group President presents awards to all Group companies for various challenges and achievements, including cultural and social contributions, to foster a sense of unity and increase motivation within the Group (Group Award System).

In addition, each group company has a system in which the president personally presents awards to employees to honor their achievements, reward their efforts and motivate them to continue to work hard.

I. Opportunities for dialogue with management

The Group actively provides opportunities for all employees, including officers, to engage in dialogue with management to create an organization where diverse values are mutually respected, where a variety of opinions are exchanged, and where the best solutions and innovations are generated.

As a major consolidated subsidiary, ASKA Pharmaceutical Co., Ltd. is working to improve employee engagement by providing numerous opportunities for dialogue with management.

*For more information on opportunities for dialogue with management, please refer to the website of ASKA Pharmaceutical Holdings Co., Ltd.

https://www.aska-pharma-hd.co.jp/csr/social/labor_practices.html

J. Enhancement of Compliance Promotion System

a. Compliance Promotion System

The Group has established a department to promote and support compliance at each Group company. It has built a system to ensure that officers and employees can engage in corporate activities with peace of mind through the establishment of necessary internal systems and regulations, prompt resolution of related issues, and the formulation of measures to prevent violations.

In light of recent scandals in the manufacturing process in the pharmaceutical industry, the Group's reliability assurance and manufacturing divisions are working together to ensure GMP compliance.

*For details on the compliance system, please refer to the website of ASKA Pharmaceutical Holdings Co., Ltd.

<https://www.aska-pharma-hd.co.jp/invest/governance/compliance.html>

3. Business and Other Risks

Matters related to business conditions, accounting conditions, etc., described in the Annual Securities Report that may have a material effect on investors' decisions include the following risks. Forward-looking statements in the text are based on the judgment of the Group as of the end of the current consolidated fiscal year.

(1) Risks Related to Research and Development

Research and development of pharmaceuticals requires a large amount of money and many years. Still, the probability that it will result in the creation of a new product or technology is not high. If the expected efficacy of a drug currently under development cannot be proven, or if a safety issue becomes apparent, the Group may have to abandon the development of the drug. In such cases, depending on the drug under development, there may be a significant impact on the Group's business performance and financial position.

(2) Risks Related to Side Effects

Pharmaceuticals are approved and marketed only after adequate safety testing and rigorous reviews. However, if, after marketing, new side effects are discovered that were not anticipated at the time of launch and the product must be discontinued or recalled, this could have a significant impact on the Group's business performance and financial position.

(3) Risks Related to Legal and Institutional Reforms

Prescription pharmaceutical products, which account for the majority of the Group's sales, are subject to various regulations by the pharmaceutical affairs administration. Trends in NHI drug price standard revisions and other administrative measures related to the medical care system and health insurance may have a significant impact on the Group's business performance and financial position.

(4) Risks Related to Intellectual Property Rights

The Group's business is protected by a number of patents. The Group appropriately manages its patents and other intellectual property rights and takes precautions against infringement by third parties. However, if a third party infringes the intellectual property rights held by the Group, the Group may lose expected profits. In addition, if the Group's business activities infringe on a third party's intellectual property rights, the Group's business activities may lead to disputes or the discontinuation of the relevant business, which may have a significant impact on the Group's business performance and financial position.

(5) Risks Related to Alliances with Other Companies

The Group collaborates with other companies in research, development, and manufacturing to conduct joint research, out-licensing / in-licensing of products, contract manufacturing, etc. However, in the event of a change or termination of contracts for some reason, or in the event of business integration, organizational changes, changes in management policies, or changes in shareholders of the partner companies, our Group's business performance and financial position may be significantly affected.

(6) Risks Related to Manufacturing and Stable Supply

In the event that the supply of pharmaceutical products is suspended or significantly slowed down owing to the occurrence of technical or legal problems or shutdowns caused by fire or other disasters at the manufacturing or distribution facilities of the Group or its business partners, this could have a significant impact on the Group's business performance and financial position.

(7) Relationship with Specific Business Partners

The Group's top business partner accounts for approximately 90% of the Group's sales. We intend to continue to do business with this Company in the future, but in the unlikely event of a major change in the business relationship, it could have a significant impact on the Group's business performance and financial position.

(8) Risks Related to Large-Scale Disasters, etc.

The Group promotes developing a disaster management system and a business continuity plan (BCP). However, in the event of a large-scale disaster, accident, or pandemic that exceeds expectations and damages the Group's head office, factory, research center, or business sites, or causes stagnation or suspension of business activities, the Group's business performance and financial position could be significantly affected.

The spread of COVID-19 that has manifested itself since January 2020, continues to be reported in increasing numbers worldwide. To prevent the spread of infection, the Group implements efficient business operations, including thorough hygiene management, staggered work hours, and telecommuting. However, if the infection spreads further than expected or the situation

persists for a long period, the Group's business performance and financial position could be significantly affected owing to the suspension of operations or stagnation of the supply chain due to employee infection.

(9) Risks Related to Litigation

In the course of its business activities, the Group may be subject to lawsuits related to the side effects of pharmaceuticals, product liability, labor issues, fair trade, and other issues. This could have a significant impact on the Group's business performance and financial position.

(10) Risks Related to Information Security and Information Management

Since the Group uses various information systems, system failures, computer viruses, and other problems could disrupt operations. In addition, the Group holds a great deal of confidential information, including personal data, which, if leaked outside the Group, could have a significant impact on the Group's business performance and financial position due to compensation for damages, administrative penalties, or damage to public trust.

There are various other risks besides those mentioned above, and those listed here do not represent all the risks of our Group.

4. Analysis of Financial Position, Operating Results, and Cash Flows by Management

(1) Summary of Business Performance

The following is a summary of the financial position, operating results, and cash flows (hereinafter referred to as "operating results, etc.") of our Group (the Company, consolidated subsidiaries, and associates accounted for using equity method) for the current consolidated fiscal year.

i) Operating results

While economic activities moved toward gradual normalization in the consolidated fiscal year under review as restrictions on activities due to COVID-19 were released, the future outlook remained uncertain due to factors such as the economic impact of cost increases such as skyrocketing energy and raw materials prices. Even under such conditions, however, the Group's business continued to show favorable results from the previous fiscal year, mainly due to the growth of new products and further cost-reduction efforts.

Operating Results during the consolidated fiscal year are described below.

	FY2021 (Millions of yen)	FY2022 (Millions of yen)	Actual (Millions of yen)	Growth (%)
Net sales	56,607	60,461	3,853	6.8
Operating profit	4,795	5,108	312	6.5
Ordinary profit	4,880	5,232	351	7.2
Profit attributable to owners of parent	4,290	4,238	(51)	(1.2)

The Group's net sales in the consolidated fiscal year under review were 60,461 million yen, up 3,853 million yen YoY. This was due mainly to increased sales in the animal health business, which experienced favorable feed additives sales, in addition to growth in the pharmaceuticals business driven by the introduction of new products and other factors. Cost of sales was 31,876 million yen, down 0.7% YoY, resulting in an increase of 2,233 million yen in gross profit to 28,584 million yen. At the same time, selling, general and administrative expenses rose by 1,920 million yen YoY to 23,476 million yen. As a result, operating profit was up 312 million yen YoY to 5,108 million yen, for a ratio of operating profit to net sales of 8.4%. Ordinary profit was 5,232 million yen, after recording 433 million yen in non-operating income and 308 million yen in non-operating expenses. While we recorded 124 million yen during the period in extraordinary income associated with sale of investment securities due to factors including a rebound from the recording of extraordinary income related to sale of property, plant, and equipment in the same period last year, profit attributable to owners of parent was down 51 million yen to 4,238 million yen.

Business results by segment are described below.

[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 area were driven by the large-scale growth in the uterine fibroid and endometriosis agent RELUMINA (relugolix), to 8,839 million yen (up 20.5% YoY), and steady growth in the dysmenorrhea agent FREWELL (norethisterone/ ethinylestradiol), to 3,489 million yen (up 0.8% YoY), despite more than approximately 10% reduction in the NHI price revision in April 2022. In addition, the dysmenorrhea agent DroEthi (drospirenone/ ethinylestradiol), which went on sale in June 2022, largely drove performance with sales of 3,671 million yen. Furthermore, both the major products of internal medicine, the thyroid hormone agent THYRADIN and the poorly absorbable rifamycin antimicrobial agent RIFXIMA, for which we carried out activities intended to achieve its solid incorporation into clinical practice guidelines, showed steady growth of 7,733 million yen (up 3.1% YoY) and 5,397 million yen (up 11.2% YoY), respectively. In the urology field, sales of the LH-RH derivative microcapsule sustained release agent LEUPRORELIN were 4,999 million yen (down 3.6% YoY).

As a result of the above factors, net sales were 53,579 million yen (up 5.5% YoY) in this segment, and segment profit was 5,779 million yen (up 13.6% YoY).

[Animal health business]

The animal health business sales, which sells products such as veterinary pharmaceuticals and feed additives, grew to 6,660 million yen (up 18.3% YoY), thanks to solid sales of feed additives products. Segment profit was 409 million yen (up 8.6% YoY).

[Other businesses]

Sales results for other businesses, which include clinical testing, medical devices, and supplements, grew to 220 million yen (up 19.0% YoY). The hair-growth hormone measurement kits launched in the previous fiscal year positively contributed to sales. However, the segment loss was 6 million yen (vs. a loss of 16 million yen in the same period of the previous year).

ii) Financial Position

[Assets]

Total assets at the end of the consolidated fiscal year under review stood at 87,138 million yen, up 3,840 million yen from the end of the previous consolidated fiscal year. This figure was primarily due to increases in accounts such as cash and deposits, notes and accounts receivable - trade, contract assets, raw materials and supplies, and investment securities, despite decreases in distributorship and securities.

[Liabilities]

Total liabilities at the end of the consolidated fiscal year under review stood at 32,604 million yen, down 1,800 million yen from the end of the previous consolidated fiscal year. This figure was due primarily to decreases in long-term borrowings including current portion, and electronically recorded obligations - operating.

[Net assets]

Total assets at the end of the consolidated fiscal year under review stood at 54,533 million yen, up 5,641 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 62.6%, up 3.9 percentage points from the end of the previous consolidated fiscal year.

iii) Cash Flow Position

The balance of cash and cash equivalents at the end of the current consolidated fiscal year stood at 17,505 million yen, up 402 million yen from the end of the previous consolidated fiscal year.

The standing of each type of cash flow for the current fiscal year, and major contributing factors of each, are summarized below.

[Cash flows from operating activities]

Net cash provided by operating activities was 3,351 million yen (vs. a gain of 2,842 million yen in the same period of the previous year), due mainly to profit before income taxes, impairment, and depreciation, which more than offset proceeds from sale of property, plant and equipment.

[Cash flows from investing activities]

Net cash used by investing activities was 1,126 million yen (vs. a gain of 6,743 million yen in the same period of the previous year). This was due mainly to acquisition of property, plant, and equipment and securities.

[Cash flows from financing activities]

Net cash used in financing activities was 1,820 million yen (vs. a loss of 2,996 million yen in the same period of the previous year). This was due mainly to repayments of long-term borrowings.

iv) Production, Orders Received and Sales

Effective from the current consolidated fiscal year, the Company has changed the classification method of its reportable segments, and the percentage change is based on the classification method after the change.

a. Production results

The table below shows production performance by segment in the current consolidated fiscal year.

Segment	Fiscal year ended March 31, 2023	YoY (%)
Pharmaceutical business (Millions of yen)	15,411	111.9
Animal health business (Millions of yen)	490	100.1
Total (Millions of yen)	15,902	111.5

Note: Amounts are based on manufacturing costs.

b. Actual purchase of merchandise

The table below shows merchandise purchase results by segment for the fiscal year ended March 31, 2023.

Segment	Fiscal year ended March 31, 2023	YoY (%)
Pharmaceutical business (Millions of yen)	9,293	85.5
Animal health business (Millions of yen)	5,271	115.2
Others (Millions of yen)	31	77.9
Total (Millions of yen)	14,596	94.2

Note: Amounts are based on purchase prices, and inter-segment transactions are offset and eliminated.

c. Orders Received

The Group does not make products on a build-to-order basis; it makes production plans based on sales plans and inventory status.

d. Sales

The table below shows sales results by segment for the fiscal year ended March 31, 2023.

Segment	Fiscal year ended March 31, 2023	YoY (%)
Pharmaceutical business (Millions of yen)	53,579	105.5
Animal health business (Millions of yen)	6,660	118.3
Others (Millions of yen)	220	119.0
Total (Millions of yen)	60,461	106.8

Notes:

1. Inter-segment transactions are offset and eliminated.
2. Sales results by major customer and the ratio of such sales results to total sales results for the 2 most recent consolidated fiscal years are as follows.

Counterpart	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)
Takeda Pharmaceutical Company Limited	49,439	87.3	52,293	86.5

(2) Analysis and Discussion of Operating Results from Management's Perspective

The following is a summary of the recognition, analysis and discussion of the Group's operating results from the management's perspective.

Forward-looking statements in the text are based on judgments made as of the end of the current fiscal year.

i) Recognition, Analysis and Discussion of Financial Position and Operating Results

a. Analysis of Financial Position

For an analysis of financial conditions in the current consolidated fiscal year, please refer to "[II] Business Overview, 4. Analysis of Financial Position, Operating Results, and Cash Flows by Management, (1) Summary of Business performance, ii) Financial Position".

b. Analysis of Operating Results

Consolidated net sales of the Group for the current fiscal year increased by 3,853 million yen from the previous fiscal year to 60,461 million yen (up 6.8% YoY). This was mainly due to the strong overall performance of the pharmaceutical business, despite the impact of the NHI drug price revisions, and the continued large increase in sales of RELUMINA (relugolix), a uterine fibroids and endometriosis agent, in the field of obstetrics and gynecology to 8,839 million yen (up 20.5% YoY), which resulted in net sales of 53,579 million yen (up 5.5% YoY). In the animal health business, which sells products such as veterinary pharmaceuticals and feed additives, net sales were 6,660 million yen (up 18.3% YoY), mainly due to particularly strong sales of feed additives.

Cost of sales increased by 1,620 million yen from the previous consolidated fiscal year to 31,876 million yen (up 5.4% YoY). The cost to sales ratio was 52.7% (0.7% improved YoY). This was mainly due to the contribution of an improved product mix resulting from growth in sales of brand-name drugs such as RELUMINA (relugolix), THYRADIN (levothyroxine), and RIFXIMA (rifaximin). As a result, gross profit increased by 2,233 million yen from the previous consolidated fiscal year to 28,584 million yen (up 8.5% YoY).

Selling, general and administrative expenses increased by 1,920 million yen from the previous fiscal year to 23,476 million yen (up 8.9% YoY). This was mainly due to an increase in business activity expenses resulting from the normalization of economic activities, an increase in R&D expenses, and an increase in depreciation expenses resulting from the depreciation of distributorship and other assets. As a result, operating profit increased by 312 million yen from the previous fiscal year to 5,108 million yen (up 6.5% YoY).

Non-operating income increased by 53 million yen from the previous consolidated fiscal year to 433 million yen (up 14.0% YoY). Non-operating expenses increased by 13 million yen from the previous consolidated fiscal year to 308 million yen (up

4.7% YoY). As a result, Ordinary profit increased by 351 million yen from the previous consolidated fiscal year to 5,232 million yen (up 7.2% YoY).

Extraordinary income decreased by 9,558 million yen from the previous consolidated fiscal year to 124 million yen (down 98.7% YoY). This was due to a gain in sales of investment securities resulting from the sale of some cross-holding shares. Total amount of income taxes - current and income taxes-deferred decreased 754 million yen from the previous fiscal year to 1,118 million yen (down 40.3% YoY). As a result, Profit attributable to owners of parent decreased by 51 million yen from the previous consolidated fiscal year to 4,238 million yen (down 1.2% YoY).

ii) Analysis and discussion of the status of cash flows and information related to the financial resources of capital and the liquidity of funds

a. Analysis of cash flows

For an analysis of financial conditions in the current consolidated fiscal year, please refer to "[III] Business Overview, 4. Analysis of Financial Position, Operating Results, and Cash Flows by Management, (1) Summary of Business performance, iii) Cash Flow Position."

b. Analysis of capital resources and liquidity of funds

The Group's basic policy is to secure stable funds necessary for the maintenance and expansion of its business activities and to raise funds in response to demand for funds.

The Group's working capital requirements are mainly for operating expenses such as product manufacturing costs, product purchases, and selling, general and administrative expenses such as R&D and sales promotion expenses. Long-term capital needs mainly include capital expenditures for production and R&D, as well as investments to expand the development pipeline. Working capital requirements are based on cash on hand and short-term borrowings from correspondent financial institutions, while long-term capital requirements are based on cash on hand and long-term borrowings from correspondent financial institutions.

Regarding the liquidity of funds, in addition to cash and cash equivalents, the Company has entered into commitment line agreements with correspondent financial institutions to secure liquidity.

The balance of loans payable at the end of the current fiscal year was 12,623 million yen (down 10.1% YoY), a decrease of 1,423 million yen from the end of the previous fiscal year. Cash and cash equivalents increased 402 million yen to 17,505 million yen (up 2.4% YoY) in the current consolidated fiscal year.

iii) Significant accounting policies and estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan. In preparing these consolidated financial statements, estimates considered necessary are made based on reasonable standards, taking into consideration past results and current conditions, etc. However, actual results may differ due to uncertainties in estimates, etc.

Significant accounting estimates used in the preparation of the consolidated financial statements and the assumptions used in making such estimates are described in "[V] Financial Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes".

iv) Management policies and strategies, objective indicators for judging the achievement of management goals, etc.

The Group has formulated a Medium-Term Management Plan that covers the period from April 2021 to the end of March 2026. In FY2025, the plan's final year, we target net sales of 70 billion yen, Operating profit rate of 8%, and Profit attributable to owners of parent/equity (ROE) of 8%.

We will continue to promote initiatives to achieve our goals based on the Medium-Term Management Plan as described in "[II] Business Overview, 1. Management Policy, Business Environment, and Issues to be Addressed, etc. (3) Medium to long term management strategies and issues to be addressed by the Company".

5. Material Business Agreements, etc.

(1) Out-licensing of Technology

Contracting company	Counterparty	Country	Contracted items	Contents of contract	Contract period
ASKA Pharmaceutical Co., Ltd.	KYORIN Pharmaceutical Co., Ltd.	Japan	AKP-009 (dysuria associated with benign prostatic hyperplasia agent)	Licensing of development and marketing rights in Japan	2 years from the date of conclusion of the agreement to the date on which the generic drug is first listed on the NHI drug price list or 10 years after the launch of the pharmaceutical, whichever is later.
ASKA Pharmaceutical Co., Ltd.	HYUNDAI PHARM. CO., LTD.	Korea	SLINDA (oral contraceptive)	Exclusive license for import, research and development, application for approval, distribution, and sales of the subject product in Korea	10 years from the date of marketing authorization / automatically renewed for 2 years thereafter.

Note: The above technology licensing agreements include upfront payments and royalty payments of a certain percentage.

(2) In-licensing of Technology

Contracting company	Counterparty	Country	Contracted items	Contents of contract	Contract period
ASKA Pharmaceutical Co., Ltd.	Viartis Inc.	USA	Hyperlipidemia agent	Granting of development, manufacturing and marketing rights	From April 1991, the expiration date of 10 years from the date of NHI price listing of the last licensed item.
ASKA Pharmaceutical Co., Ltd.	Alfasigma S.p.A.	Italy	Non-absorbable antibiotics	Granting of development, manufacturing and marketing rights	From April 2010, 10 years from the last permit or patent expiration date, whichever occurs later.
ASKA Pharmaceutical Co., Ltd.	TesoRx Pharma, LLC.	USA	Oral testosterone agent	Granting option rights for development and marketing rights in Japan and Southeast Asian countries	From December 2016 when the option right is not exercised or when the license agreement is signed, whichever occurs first.
ASKA Pharmaceutical Co., Ltd.	Takeda Pharmaceutical Company Limited	Japan	Pharmaceutical drugs for human use containing Relugolix for the treatment of uterine fibroids and endometriosis	<u>(Relugolix single agent)</u> Uterine fibroids: Exclusive marketing rights Endometriosis: exclusive development rights and exclusive marketing rights <u>(Relugolix combination tablet)</u> Uterine fibroids: Exclusive development rights and exclusive marketing rights	From the contract date until the expiration of two years from the later of (1) the date of final determination of expiration/expiration/in validation of this patent in its entirety or (2) the date of approval of a generic drug of this product.

Contracting company	Counterparty	Country	Contracted items	Contents of contract	Contract period
ASKA Pharmaceutical Co., Ltd.	Renascience Inc.	Japan	Pharmaceutical drugs for human use containing pyridoxamine dihydrochloride for the treatment of premenstrual mood discomfort syndrome and premenstrual tension with neurological symptoms	Granting option rights for development and marketing rights	From December 2019 when the option right is not exercised or when the license agreement is signed, whichever occurs first.
ASKA Pharmaceutical Co., Ltd.	Insud Pharma Group	Spain	Oral drospirenone agent	Exclusive development and marketing rights in Japan and Korea	15 years counting from the date when the manufacturing approval was first granted.

Note: The above technology introduction contracts include certain amounts of contractual payments and royalties.

(3) Sales contracts

Contracting company	Counterparty	Country	Contracted items	Contents of contract	Contract period
ASKA Pharmaceutical Co., Ltd.	KAKEN PHARMACEUTICAL CO., LTD.	Japan	Improved Fenofibrate agent	Granting of marketing rights	Period sold since November 2011.
ASKA Pharmaceutical Co., Ltd.	Takeda Pharmaceutical Company Limited	Japan	Pharmaceutical drugs	Granting of marketing rights	Until the end of March, 2032, and automatically renewed every year thereafter.
ASKA Pharmaceutical Co., Ltd.	Takeda Pharmaceutical Company Limited	Japan	Candesartan Cilexetil (Sustained angiotensin II receptor blocker)	Licensee for commercialization of authorized generic in Japan	From May 2014 until the end of sales of eligible products.
ASKA Animal Health Co., Ltd.	ECO Animal Health Ltd, ECOPHARMA LIMITED	UK Japan	Veterinary drugs	Licensee of marketing rights	From November 2008 until terminated or canceled in accordance with regulations.
ASKA Animal Health Co., Ltd.	Ceva Santé Animale	France	Veterinary drugs	exclusive marketing agreement	7 years starting May 2019, automatically renewed every two years thereafter.
ASKA Animal Health Co., Ltd.	Huvepharma®	Bulgaria	Feed additives	Licensee of marketing rights	3 years after designation as a feed additive (market launch) from December 2012, automatically renewed annually thereafter.
ASKA Animal Health Co., Ltd.	DS Pharma Animal Health Co., Ltd.	Japan	Veterinary pharmaceuticals THYLOBLOCK TABLETS	Licensing of marketing rights	5 years starting November 2019, automatically renewed annually thereafter.
ASKA Pharmaceutical Co., Ltd.	Medis ehf.	Iceland	Progesterone Vaginal Suppositories	Licensee of development and marketing rights	10 years from December 2014, automatically renewed every 2 years thereafter.

Contracting company	Counterparty	Country	Contracted items	Contents of contract	Contract period
ASKA Pharmaceutical Co., Ltd.	Takeda Pharmaceutical Company Limited	Japan	UNISIA Combination Tablets (Fixed-dose combination of candesartan cilexetil and amlodipine besilate)	Licensee for commercialization of authorized generic in Japan	From August 2015 until the end of sales of the subject product.
ASKA Pharmaceutical Co., Ltd.	Takeda Pharmaceutical Company Limited	Japan	CADETHIA Combination Tablets (Fixed-dose combination of candesartan cilexetil and hydrochlorothiazide)	Licensee for commercialization of authorized generic in Japan	From February 2016 until the end of sales of the subject product.
ASKA Pharmaceutical Co., Ltd.	Nobelpharma Co., Ltd.	Japan	Obstetrics and gynecology drugs (NPC-16, etc.)	Licensee of co-promotion rights and consignment of manufacturing	Subject to the contract term of the subject pharmaceutical.
ASKA Pharmaceutical Co., Ltd.	SB Bioscience Co., Ltd.	Japan	In vitro diagnostic drug chlamydia antigen kit "Rapid SP <Chlamydia, Gonorrhea>	Granting of co-promotion right	April 1, 2022 to March 31, 2024.
ASKA Pharmaceutical Co., Ltd.	Laboratoires HRA Pharma	France	Oral emergency contraceptive	Licensee of marketing rights	Termination upon 3 months' notice from the HRA or December 31, 2024, whichever occurs first.
ASKA Pharmaceutical Co., Ltd.	TORII PHARMACEUTICAL CO.,LTD.	Japan	Iron deficiency anemia agent	Granting of co-promotion right	4 years after the indication for iron deficiency anemia was added to the pharmaceutical.
ASKA Pharmaceutical Co., Ltd.	Harbin Pharmaceutical Group Co., Ltd.	China	ALTAT (H2-receptor antagonist)	Licensing of marketing rights in China	15 years from the date of signing of the contract.
ASKA Pharmaceutical Co., Ltd.	Toray Industries, Inc.	Japan	Adhesion barrier material (TRM-270)	Business collaboration agreement	From September 27, 2021 to the date this patent expires in its entirety.
ASKA Pharmaceutical Co., Ltd.	Melody International Ltd.	Japan	Fetal Monitor (iCTG)	Co-promotion (pilot activity) agreement	3 years from November 1, 2021.

Note: The above sales contracts include certain amounts of contractual payments and royalties.

(4) Joint ventures through manufacturing consignment contracts, etc.

Contracting company	Contents	Joint venture	Date of establishment
Omnicare Drugs India Private Limited and New Medica Life Sciences	Construction of pharmaceutical manufacturing facilities and manufacturing of pharmaceutical products in India	NeoASKA Pharma Private Limited	October 3, 2018

(5) Share transfer agreement

Contracting company	Counterparty	Country	Contents of contract	Date of contract
ASKA Pharmaceutical Co., Ltd.	Ha Tay Pharmaceutical Joint Stock Company	Vietnam	Investment in Ha Tay Pharmaceutical Joint Stock Company for strategic partnership in the pharmaceutical business in Southeast Asia	August 18, 2020

6. Research and Development Activities

The Company carried out research and development including progress on drug discovery research and clinical development centered on the internal medicine, obstetrics and gynecology, and urology areas that are the three core therapeutic areas of ASKA Pharmaceutical Co., Ltd. along with proactive deployment of introduction and derivation activities and business alliance strategies. In the area of clinical development, as described under "4. Supplemental material: (2) Product Pipeline" three clinical trials are underway. Phase III trials are underway for LF111 (drospirenone), intended for contraceptive indications. For AKP-009 (ludaterone), now under joint development with KYORIN Pharmaceutical Co., Ltd., plans call for more additional Phase I trials based on the results of the assessment of the additional Phase I trials conducted to check on maximum effects based on the results of Phase IIa trials. Phase III trials have begun for TRM-270, under joint development with Toray Industries, Inc. Furthermore, preparations for application for approval are underway for L-105 (rifaximin) following addition of indications for (pediatric) hepatic encephalopathy since its Phase II/III trials are complete. We suspended the development of L-105 for Crohn's disease.

Preparations for development are underway for the two pre-development themes of the relugolix combination tablets (development code: AKP-022), for which we acquired exclusive development and marketing rights in Japan from Takeda Pharmaceutical Company Limited in September 2021, and transnasal testosterone (AKP-017). In addition, multiple themes are in the nonclinical stage following efforts including securing drug development prospects through open innovation activities in addition to our proprietary technologies. In licensing activities in FY2022, in June 2022 we concluded a licensing agreement on development and marketing rights in South Korea to the drospirenone oral contraceptive for which ASKA Pharmaceutical Co., Ltd. is conducting clinical trials in Japan.

In February 2023, we concluded an agreement with Epsilon Molecular Engineering (EME) on joint R&D intended to develop next-generation VHH antibody drugs in the field of obstetrics and gynecology using EME's proprietary VHH discovery platform "The Month."

Based on the above factors, R&D expenses in the current fiscal year were 4,227 million yen (up 629 million yen YoY).

[III] Equipment and Facilities

1. Capital Expenditures

The Group continues to make capital investments to enhance and strengthen its R&D capabilities in the pharmaceutical business and to expand, upgrade, and rationalize its production facilities. Capital expenditures (including intangible assets) for the current consolidated fiscal year totaled 1,276 million yen, and the main items are as follows.

- Pharmaceutical business: Production facilities, etc. 522 million yen
- Pharmaceutical business: General business facilities, etc. 494 million yen
- Pharmaceutical business: Research facilities, etc. 150 million yen

2. Major Facilities

Major facilities in our Group are as follows.

(1) Filing company

Not applicable.

(2) Domestic subsidiaries

As of March 31, 2023

Company	Office (Location)	Segment	Facility type	Book value (millions of yen)									Number of employees (Persons)
				Property, plant and equipment					Intangible assets				
				Buildings and structures	Machinery, equipment and vehicles	Land (Thousand m ²)	Other	Total	Marketing rights	Other	Total		
ASKA Pharmaceutical Co., Ltd.	Shonan Research Center (Fujisawa-shi, Kanagawa)	Pharmaceutical business	Research facility	(*) 244	62	- (-)	107	414	-	6	6	95 [11]	
	Iwaki Factory (Iwaki-shi, Fukushima)	Pharmaceutical business	Manufacturing facility	3,000	1,270	920 (138)	126	5,318	-	30	30	96 [50]	
	Head Office (Minato-ku, Tokyo)	Pharmaceutical business Other Whole Company	Supervisory operations facility, etc.	1,087	10	3,151 (2)	135	4,384	3,673	450	4,124	164 [21]	
	19 sales offices (Sapporo sales office, etc.)	Pharmaceutical business	Sales facilities	(*) 4	-	- (-)	12	16	-	-	-	261 [21]	

Notes:

- Buildings in column (*) are rented and are not included in the book value.
- "Other" tangible fixed assets in the book value include tools, furniture and fixtures, etc., and do not include construction in progress.
- Intangible assets "Other" in the book value is the sum of patent rights, software, trademark rights, right to use facilities, and telephone subscription right.
- Annual rentals of major leased facilities (vehicles for business use, etc.) under lease contracts amounted to 124 million yen.
- The number of employees in parentheses [] is the number of temporary employees.
- There are no major facilities currently idle.

3. Plans for Additions and Disposals of Facilities

(1) New installation of important facilities, etc.

Company	Office (Location)	Segment	Facility type	Planned expenditure amount		Funding method	Date of launch	Scheduled completion date	Increase capacity, etc. after completion
				Total (Millions of yen)	Amount already paid (Millions of yen)				
ASKA Pharmaceutical Co., Ltd.	Iwaki Factory (Iwaki-shi, Fukushima)	Pharmaceutical business	Formulation production facilities, etc.	1,322	355	Cash on hand	April 2023	March 2024	Update, etc.
	Shonan Research Center (Fujisawa-shi, Kanagawa)	Pharmaceutical business	Research facility	230	2	Cash on hand	April 2023	March 2024	Update, etc.

(2) Retirement, etc., of important facilities

There are no matters requiring special mention.

[IV] Information on the Filing Company

1. Information on the Company's Shares, etc.

(1) Total Number of Shares

i) Total number of shares

Type	Total number of shares authorized to be issued (Shares)
Ordinary shares	90,000,000
Total	90,000,000

ii) Number of shares issued

Type	Number of shares issued as of the end of the fiscal year (Shares) (March 31, 2023)	Number of shares issued as of filing date (Shares) (June 27, 2023)	Stock exchange on which the Company is listed or financial instruments association where the Company is licensed	Description
Ordinary shares	30,563,199	30,563,199	Tokyo Stock Exchange Prime Market	Number of shares constituting one trading unit 100 shares
Total	30,563,199	30,563,199	-	-

(2) Share Acquisition Rights, etc.

i) Details of stock option program

Not applicable.

ii) Details of rights plan

Not applicable.

iii) Information on other share acquisition rights, etc.

Not applicable.

(3) Information on Exercise of Moving Strike Warrant, etc.

Not applicable.

(4) Changes in the Total Number of Issued Shares, Share Capital, etc.

Date	Increase/decrease in total number of issued shares (Shares)	Total shares issued and outstanding (Shares)	Increase/decrease in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Increase/decrease in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
April 1, 2021	30,563,199	30,563,199	1,197	1,197	844	844

Note: The increase in the total number of shares issued and capital and capital reserve is due to the incorporation of the Company on April 1, 2021 through a sole-share transfer of ASKA Pharmaceutical Co., Ltd.

(5) Status by Ownership

As of March 31, 2023

Category	Status of Shares (1 unit of share: 100 shares)								Number of shares less than 1 unit (Shares)
	Government and local governments	Financial institutions	Financial instruments business operator	Other corporations	Foreign corporations, etc.		Individuals and Others	Total	
					Non-Individual	Individual			
Number of shareholders (Persons)	-	23	25	65	106	11	7,232	7,462	-
Shares held (Unit)	-	89,221	5,283	77,775	39,867	24	93,250	305,420	21,199
Ownership as a percentage of total shares (%)	-	29.21	1.73	25.46	13.05	0.01	30.54	100.0	-

Notes:

- 2,269,161 treasury shares are included in 22,691 units in "Individuals and others" and 61 shares in "Status of shares less than one unit. Treasury share does not include 8,900 shares of the Company's shares held by The Master Trust Bank of Japan, Ltd. (the ESOP trust account, 76,361 units).
- 10 units of shares in the name of Japan Securities Depository Center, Inc. are included in "Other corporations."

(6) Major Shareholders

As of March 31, 2023

Name	Address	Shares held (Thousand shares)	Ownership as a percentage of total issued shares (Excluding treasury shares) (%)
Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	2,975	10.51
Takeda Pharmaceutical Company Limited	4-1-1 Doshomachi, Chuo-ku, Osaka-shi	2,204	7.79
Zeria Pharmaceutical Co., Ltd.	10-11, Nihonbashi Kobunacho, Chuo-ku, Tokyo	1,877	6.63
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	1,264	4.46
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	1,100	3.88
Takashi Yamaguchi	Kohoku-ku, Yokohama-shi	891	3.15
Kabushiki Kaisha YAMAGUCHI	3-1-10 Mita, Minato-ku, Tokyo Mita Maruhachi Building 6F	579	2.04
Aioi Nissay Dowa Insurance Co., Ltd.	1-28-1 Ebisu, Shibuya-ku, Tokyo	530	1.87
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	522	1.84
The Toa Reinsurance Company, Limited.	3-6-5, Kanda Surugadai, Chiyoda-ku, Tokyo	500	1.76
Total	-	12,447	43.99

Notes:

- The Company holds 2,269,161 treasury shares but is excluded from the above major shareholders.
- Treasury shares (2,269 thousand) do not include 8 thousand of the Company's shares held by Master Trust Bank of Japan, Ltd. (the ESOP trust account, 76,361 accounts).

(7) Voting Rights

i) Issued shares

As of March 31, 2023

Classification	Number of shares	Number of voting rights	Contents
Shares with no voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (Other)	-	-	-
Shares with full voting rights (Treasury shares, etc.)	Ordinary shares 2,269,100	-	Number of shares per unit: 100 shares
Shares with full voting rights (Other)	Ordinary shares 28,272,900	282,729	same as above
Shares less than one unit	Ordinary shares 21,199	-	-
Total number of shares issued	30,563,199	-	-
Voting rights of all shareholders	-	282,729	-

Notes:

- 1,000 shares (10 voting rights) in the name of Japan Securities Depository Center, Inc. are included in the column of "Shares with full voting rights (Other)."
- In the column of "Shares with full voting rights (other)," 8,900 shares of the Company's share (89 voting rights) owned by the Employee Share Ownership Plan Trust Account (hereinafter referred to as "Trust Account") are included. The "Other" column includes 8,900 shares of the Company's share (89 voting rights) held by the Employee Share Ownership Plan ESOP Trust Account (the "Trust Account"). For accounting purposes, the Company and the Trust Account are considered one, and the Company shares owned by the Trust Account are recorded as treasury shares.

ii) Treasury share, etc.

As of March 31, 2023

Name	Address	Number of shares held in treasury (Shares)	Number of shares held in the name of others (Shares)	Total number of shares held (Shares)	Number of shares held as a percentage of total number of shares issued (%)
ASKA Pharmaceutical Holdings Co., Ltd.	5-1, Shibaura 2-Chome, Minato-ku, Tokyo	2,269,100	-	2,269,100	7.42
Total	-	2,269,100	-	2,269,100	7.42

Note: Treasury share does not include 8,900 shares of the Company's stock held by Master Trust Bank of Japan, Ltd. (the ESOP trust account, 76,361 accounts).

(8) Details of the Officer/Employee Share Ownership Plan

i) Overview of the Officer/Employee Share Ownership Plan

Based on the resolution of the Board of Directors meeting held on February 4, 2019, our consolidated subsidiary ASKA Pharmaceutical Co., Ltd. introduced the Employee Share Ownership Plan (ESOP) trust. This trust-type employee incentive plan applies the ESOP mechanism as part of its efforts to expand its employee benefits program. In accordance with the Company's incorporation through a sole-share transfer on April 1, 2021, the Company has succeeded in the agreement related to the above. The Company established a trust for the beneficiaries who satisfy certain requirements among the employees who are members of the "ASKA Pharmaceutical Holdings Employee Shareholding Association" (hereinafter referred to as the "Employee Shareholding Association"). The trust acquired the number of the Company's shares expected to be acquired by the Employee Shareholding Association over the next 5 years in a lump sum. Thereafter, the trust sells the Company's shares to the Employee Shareholding Association on a certain date each month. At the time of termination of the trust, if there is income from the trust due to an increase in the share price, money is distributed in proportion to the contribution ratio of the employees who are the beneficiaries. In the event that there is a transfer loss due to a decline in the share price and a debt related to the trust assets remains, the Company will repay the bank in a lump sum based on the guarantee clause of the loan agreement. There will be no additional burden on the employees.

ii) Total number of shares to be acquired by the Employee Shareholding Association
216 thousand shares

iii) Scope of persons entitled to receive beneficial interests and other rights under the plan
Members of the Employee Shareholding Association who fulfill the requirements for beneficial ownership

2. Acquisition of Treasury Shares, etc.

Acquisition of ordinary shares that falls under Article 155, Item 7 of the Companies Act

(1) Status of acquisition by resolution of the General Meeting of Shareholders

Not applicable.

(2) Status of acquisition by resolution of the Board of Directors

Not applicable.

(3) Details of items not based on resolutions of the General Meeting of Shareholders or the Board of Directors

Classification	Number of shares	Total value (Yen)
Treasury shares acquired in the current fiscal year	205	5,265
Treasury shares acquired during the period	34	44,778

Notes:

1. The number of shares held by the ESOP trust is not included in the treasury shares acquired during the current fiscal year.
2. The number of treasury shares acquired during the current fiscal year includes 5 shares acquired in response to requests for the purchase of shares less than 1 unit as stipulated in Article 155, Item 7 of the Companies Act (with a total value of 5,265 yen) and 200 shares acquired through the free acquisition of shares with transfer restrictions.
3. Treasury shares acquired during the period do not include shares of less than 1 unit purchased from June 1, 2023 to the submission date of this annual securities report.

(4) Status of disposal and holding of acquired treasury shares

Classification	Current fiscal year		Current period	
	Number of shares	Total amount of disposal value (Millions of yen)	Number of shares	Total amount of disposal value (Millions of yen)
Acquired treasury shares offered to subscribers	-	-	-	-
Acquired treasury shares disposed of for cancellation	-	-	-	-
Acquired treasury shares transferred in connection with a merger, share exchange, share issuance, or corporate split	-	-	-	-
Other (Disposal of treasury shares as restricted share compensation)	52,400	54	-	-
Number of treasury shares held	2,269,161	-	2,269,195	-

Notes:

1. The number of shares transferred the ESOP trust to the Employee Shareholding Association is not included in the treasury shares processed in the current fiscal year and the period.
2. The number of shares held by the ESOP trust is not included in the number of treasury shares held by the Company during the current fiscal year and the period.
3. Treasury shares processed during the period do not include shares resulting from the sale of shares less than one unit from June 1, 2023 to the date of submission of this annual securities report.
4. The number of treasury shares held during the period does not include shares less than one unit purchased and sold from June 1, 2023 to the date of submission of this annual securities report.

3. Dividend Policy

The Company regards the return of profits to shareholders as one of its most important management issues. The Company's basic policy for profit distribution is to maintain stable dividends while comprehensively taking into consideration consolidated business performance, medium to long term capital needs, financial positions, and other factors.

The Company's basic policy is to pay dividends from surplus twice a year, an interim and year-end dividend. The decision-making bodies for these dividends are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.

Regarding dividends for the current fiscal year, the Company paid a stable dividend as a basic policy, with a year-end dividend of 8 yen per share, which together with the interim dividend of 8 yen per share, brought the total annual dividend to 16 yen per share.

Retained earnings will further improve earnings and strengthen the corporate structure through investments in R&D and production facilities.

The Company's Articles of Incorporation stipulate that "the Company may, by resolution of the Board of Directors, pay interim dividends with a record date of September 30 each year.

Dividends from surplus for the current fiscal year are as follows.

Date of resolution	Dividends (Million of yen)	Dividend per share (Yen)
November 7, 2022 Resolution by the Board of Directors (Note 1)	226	8
June 27, 2023 Resolution of the Ordinary General Meeting of Shareholders (Note 2)	226	8

Notes:

1. The total dividends the Board of Directors resolved on November 7, 2022 includes 0 million yen to Master Trust Bank of Japan, Ltd. (the ESOP trust account, 76,361 accounts).
2. The total dividends resolved at the Ordinary General Meeting of Shareholders on June 27, 2023 includes 0 million yen to Master Trust Bank of Japan, Ltd. (the ESOP trust account, 76,361 accounts)

4. Corporate Governance, etc.

(1) Overview of Corporate Governance

i) Basic principles on corporate governance

The Company always pursues and continually works to enhance the best corporate governance practices in line with the following basic principles:

1. We will strive to secure the rights of shareholders effectively and will ensure shareholder equality.
2. We will strive to cooperate fully with stakeholders and foster a corporate culture and climate that respects the ethics of sound business practices.
3. We will fully disclose the Company's financial, management, and other information to ensure transparency.
4. The Board of Directors will establish an environment where bold management decisions are made based on corporate strategies and will conduct highly effective supervision of Board Members.
5. We will engage in constructive dialogue with shareholders.

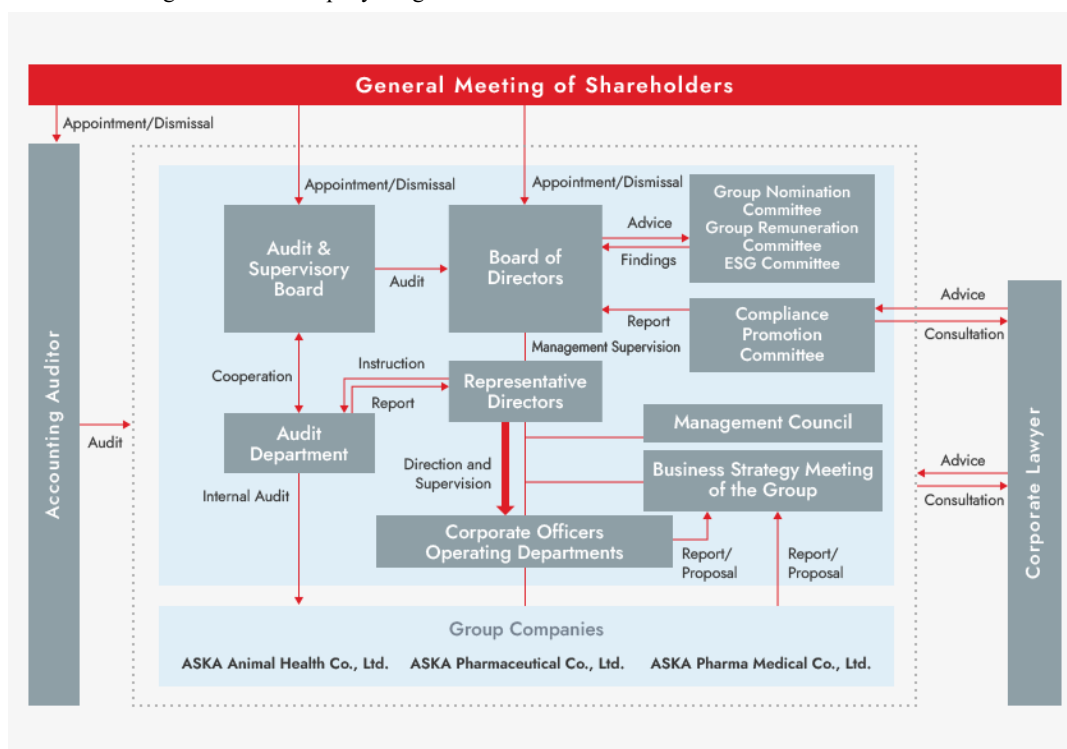
ii) Outline of corporate governance system and reasons for adopting this system

A. Outline of the Corporate Governance System Outline of Corporate Governance System

The Company separates management and execution through the executive officer system. Corporate Officers execute business operations, and Board Members concentrate on their management and supervisory functions. The Board of Directors makes decisions on management strategy policies and important management matters and supervises the execution of business operations. As a company with an Audit & Supervisory Board, Audit & Supervisory Board Members and Audit & Supervisory Board audit the execution of duties by the Board Members from a standpoint independent of the Board of Directors.

In addition, the Group Nomination Committee and the Group's Remuneration Committee have been established as advisory bodies to the Board of Directors to enhance the fairness and objectivity of the deliberation process regarding the nomination and remuneration of officers.

A schematic diagram of the Company's organization and internal control is shown below.



B. The reason for the adoption of the system

Based on the recognition that the enhancement of corporate governance is an important issue for improving shareholder value, the Company strives to clarify the separation of management supervision and execution, to ensure prompt and appropriate management decisions by the Board of Directors, and to execute business operations in a flexible manner. We believe the above corporate governance system is adequately fulfilling its functions. We will continue with the current system by utilizing each of the above functions while striving to ensure the efficiency of operations and the effectiveness of internal controls.

C. Other matters relating to corporate governance

- Status of internal control system

As shown in the "Schematic diagram of the Company's organization and internal control" above, the Company's internal control system is operated in accordance with established internal regulations, etc. However, to confirm the operation status of the system, etc., the Audit Department, which is independent of departments in charge of normal operations, has been established to evaluate the rationality, efficiency, and appropriateness of business activities in accordance with various regulations and to contribute to the elimination of fraud and errors and the improvement of operations. We also conduct product quality and environmental preservation audits to ensure compliance with relevant laws, regulations, and internal rules. In the execution of these duties, the Company receives advice from external third parties, such as lawyers, as appropriate.

On April 1, 2021, the Board of Directors of the Company approved the "Basic Policy on the Establishment of Internal Control System." We will continue to review the policy in response to changes in society and strive to improve and strengthen the internal control system.

- Status of risk management system

As described in "[II] Business Overview, 3. Business and Other Risks," the Group's operations involve various risks. To avoid or reduce these risks, the Company has established the Group Management Crisis Management Regulations, which form the basis of internal regulations concerning crisis management and seeks to prevent management crises by ensuring that all employees are familiar with these regulations and by clarifying the responsibilities of Board Members and employees. We immediately set up a task force to strengthen our risk management system to enable prompt, orderly, and appropriate responses after a crisis.

- Status of systems to ensure appropriateness of operations of subsidiaries

To ensure the appropriateness of operations of subsidiaries, the Company's supervising departments of subsidiaries hold quarterly Group Business Strategy Meetings to exchange information, share information on risks and points requiring improvement in the execution of duties at subsidiaries in various ways, and support the resolution of such risks and points as

appropriate. In addition, the Company's full-time Audit & Supervisory Board Members serve as Audit & Supervisory Board Members of the subsidiaries and exchange information with the management of the subsidiaries, and the administrative department of subsidiaries reports to the Audit & Supervisory Board Members based on the results of the Group Business Strategy Meetings. Furthermore, the Company has an internal reporting system that includes subsidiaries, and any reports from employees of subsidiaries are reported to the Audit & Supervisory Board Members.

D. Summary of the contents of the liability limitation agreement

The Company has agreed with all Outside Directors and all Audit & Supervisory Board Members to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same law. Such limitation of liability is limited to cases where the Outside Directors or Audit & Supervisory Board Members have performed their duties in good faith and without gross negligence in performing their duties that caused the liability.

E. Summary of contents of Board Members' liability insurance (D&O insurance)

The Company has concluded a Board Members' liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which covers remuneration for damages incurred by the insured in performing their duties and expenses incurred due to disputes.

The insureds under such the insurance policy are Members of the Board of Director, Audit & Supervisory Board Members, and Corporate Officers of the Company and its subsidiaries, and the Company and its subsidiaries bear the premiums for all insureds.

iii) Basic policy concerning control of the Company

The Company has not established a basic policy regarding the persons who control decisions on financial and business policies as stipulated in Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act.

iv) Number of Board Members

The Company's Articles of Incorporation stipulate that the Company shall have no more than 10 Members of the Board of Director.

v) Resolution requirements for the election of Board Members

The Company's Articles of Incorporation stipulate that resolutions for the election of Board Members shall be adopted by a majority of the voting rights of shareholders present at a meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present.

In addition, the Articles of Incorporation stipulate that the resolution for the election of Board Members shall not be by cumulative voting.

vi) Acquisition of treasury shares

The Company's Articles of Incorporation stipulate that the Company may acquire its shares by a resolution of the Board of Directors pursuant to Article 165, Paragraph 2 of the Companies Act. This is intended to enable the Company to acquire its shares through market transactions, etc., to enable the execution of flexible capital policies in response to changes in the business environment.

vii) Requirements for special resolution of General Meeting of Shareholders

The Company's Articles of Incorporation stipulate that the requirements for special resolutions of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be met by two-thirds or more of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. This provision aims to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions at the General Meeting of Shareholders.

viii) Interim dividend

To flexibly return profits to shareholders, the Company's Articles of Incorporation stipulate that the Company may pay interim dividends with a record date of September 30 of each year by a resolution of the Board of Directors pursuant to Article 454, Paragraph 5 of the Companies Act.

ix) Exemption of Members of the Board of Director and Audit & Supervisory Board Members from liability

Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation that any Members of the Board of Director (including persons who were formerly Members of the Board of Director) or Audit & Supervisory Board Members (including persons who were formerly Audit & Supervisory Board Members) may be exempted from liability for their acts stipulated in Article 423, Paragraph 1 of the same Act by a resolution of the Board of Directors to the extent permitted by law. This provision aims to create an environment in which Members of the Board of Directors and Audit & Supervisory Board Members can fully demonstrate their abilities and fulfill their expected roles in performing their duties.

x) Activities of the Board of Directors and the Group Nomination Committee and Group's Remuneration Committee

A. Activities of the Board of Directors

Activities in FY2022 are as follows

Position	Name	Attendance
President, Member of the Board of Directors, Representative Director	Takashi Yamaguchi	100% (16/16 times)
Senior Managing Member of the Board of Directors, Representative Director	Atsushi Maruo	94% (15/16 times)
Senior Managing Member of the Board of Directors, Representative Director	Sohta Yamaguchi	100% (16/16 times)
Member of the Board of Directors, Executive Corporate Officer	Maiko Mori	100% (11/11 times)
Member of the Board of Directors, Executive Corporate Officer	Fumiyoshi Yamaguchi	100% (11/11 times)
Member of the Board of Directors, Outside Director	Yasunori Yoshimura	100% (16/16 times)
Member of the Board of Directors, Outside Director	Michizo Yamanaka	100% (16/16 times)
Member of the Board of Directors, Outside Director	Tsutomu Harino	100% (16/16 times)
Audit & Supervisory Board Member	Ikuo Kumano	100% (16/16 times)
Audit & Supervisory Board Member	Yuichiro Fukui	100% (16/16 times)
Outside Audit & Supervisory Board Member	Takao Kimura	100% (16/16 times)
Outside Audit & Supervisory Board Member	Keiko Fukuchi	100% (16/16 times)

Note: Attendance of Ms. Maiko Mori and Mr. Fumiyoshi Yamaguchi is limited to the Board of Directors meetings held after their appointment on June 28, 2022.

In principle, the Board of Directors meets once a month, and when necessary, extraordinary meetings are held as needed. In accordance with laws, the Articles of Incorporation, and the Company's related regulations, the Board of Directors makes decisions on management strategy policies and important management matters and supervises the execution of business operations. Specific matters discussed include important management contracts, disposition of important company assets, personnel changes, organizational reforms, executive remuneration, financial statements, and budgets, General Meetings of Shareholders, employment regulations and company-wide regulations, and matters related to group subsidiaries.

B. Group Nomination Committee to be established on a voluntary basis

Activities in FY2022 are as follows

	Position	Name	Attendance
Chairman	Outside Director	Yasunori Yoshimura	100% (1/ 1 time)
Member	Outside Audit & Supervisory Board Member	Takao Kimura	100% (1/ 1 time)
Member	Outside Audit & Supervisory Board Member	Keiko Fukuchi	100% (1/ 1 time)
Member	President, Member of the Board of Directors, Representative Director	Takashi Yamaguchi	100% (1/ 1 time)
Member	Senior Managing Member of the Board of Directors, Representative Director	Sohta Yamaguchi	100% (1/ 1 time)

In FY2022, the Board of Directors deliberated on the procedures for the appointment of Members of the Board of Directors and decided on the content of the report to the Board of Directors.

C. Group's Remuneration Committee to be established on a voluntary basis

Activities in FY2022 are as follows

	Position	Name	Attendance
Chairman	Outside Director	Yasunori Yoshimura	100% (1/ 1 time)
Member	Outside Audit & Supervisory Board Member	Takao Kimura	100% (1/ 1 time)
Member	Outside Audit & Supervisory Board Member	Keiko Fukuchi	100% (1/ 1 time)
Member	President and Representative Director	Takashi Yamaguchi	100% (1/ 1 time)
Member	Representative Director and Senior Managing Director	Sohta Yamaguchi	100% (1/ 1 time)

In FY2022, we identified issues and items for consideration in the Company's executive remuneration and exchanged opinions. We then deliberated on the amount of executive remuneration. We determined the content of our report to the Board of Directors.

(2) Board Members

i) Members of the Board of Director and Audit & Supervisory Board Members

10 men, 2 women (16.7% of Board Members are women)

Title	Name	Date of birth	Career summary		Term of office	Shares held (Thousand shares)
President, Member of the Board of Directors, Representative Director	Takashi Yamaguchi	May 10, 1952	Apr. 1978 Dec. 1987 Jun. 1991 Apr. 2021 Jun. 2021	Joined Teikoku Hormone Mfg. Co., Ltd. (currently ASKA Pharmaceutical Co., Ltd.) Member of the Board of Directors of Teikoku Hormone Mfg. Co., Ltd. President, Member of the Board of Directors, Representative Director of Teikoku Hormone Mfg. Co., Ltd. President, Member of the Board of Directors, Representative Director of the Company (to Present) Member of the Board of Directors, Representative Director, Chairman of the Board of ASKA Pharmaceutical Co., Ltd. (to Present)	(Note) 5	891
Senior Managing Member of the Board of Directors, Representative Director	Atsushi Maruo	February 10, 1959	Apr. 1981 Apr. 2009 Oct. 2010 Jun. 2011 Jun. 2014 Jun. 2015 Jun. 2019 Apr. 2021 Jun. 2021 Jun. 2021 Apr. 2023	Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) Tohoku Region Manager and Sendai Branch Manager of The Mitsubishi Bank, Ltd. Corporate Officer of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors, Executive Corporate Officer of ASKA Pharmaceutical Co., Ltd. Senior Managing Member of the Board of Directors of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors of ASKA Pharma Medical Co., Ltd. Member of the Board of Directors of ASKA Animal Health Co., Ltd. Senior Managing Member of the Board of Directors, Representative Director of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors of the Company Senior Managing Member of the Board of Directors, Representative Director of the Company Member of the Board of Directors, Vice Chairman of the Board of ASKA Pharmaceutical Co., Ltd. (to Present) Senior Managing Member of the Board of Directors, Representative Director, in charge of Sustainability of the Company (to Present)	(Note) 5	34
Senior Managing Member of the Board of Directors, Representative Director	Sohta Yamaguchi	December 17, 1983	Apr. 2008 May. 2011 Feb. 2016 Jun. 2017 Jun. 2019 Apr. 2020 Apr. 2021 Jun. 2021 Jun. 2021	Joined Hitachi, Ltd. Registered as a patent attorney Joined ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors, Executive Corporate Officer, in charge of Innovative Drug Discovery of ASKA Pharmaceutical Co., Ltd. Managing Member of the Board of Directors, in charge of Innovative Drug Discovery, Development, and Business Strategy of ASKA Pharmaceutical Co., Ltd. Managing Member of the Board of Directors, in charge of Innovative Drug Discovery, Development, Business Development, and Medical Affairs of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors of the Company Senior Managing Member of the Board of Directors, Representative Director of the Company (to Present) President, Member of the Board of Directors, Representative Director of ASKA Pharmaceutical Co., Ltd. (to Present)	(Note) 5	32

Title	Name	Date of birth	Career summary		Term of office	Shares held (Thousand shares)
Member of the Board of Directors, Executive Corporate Officer	Maiko Mori	April 20, 1964	Apr. 1987 Jun. 2011 Jul. 2017 Apr. 2020 Jun. 2020 Jun. 2022 Jun. 2022	Joined Teikoku Hormone Mfg. Co., Ltd. (currently ASKA Pharmaceutical Co., Ltd.) Director of Pharmaceutical Information Department of ASKA Pharmaceutical Co., Ltd. Director of Pharmaceutical Affairs Department of ASKA Pharmaceutical Co., Ltd. Division Director of Quality & Safety Assurance Division of ASKA Pharmaceutical Co., Ltd. Corporate Officer, Division Director of Quality & Safety Assurance Division of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors, Executive Corporate Officer, Division Director of Quality & Safety Assurance Division of ASKA Pharmaceutical Co., Ltd. (to Present) Member of the Board of Directors, Executive Corporate Officer of the Company (to Present)	(Note) 5	8
Member of the Board of Directors, Executive Corporate Officer	Fumiyoshi Yamaguchi	November 3, 1986	Jul. 2011 Apr. 2019 Jun. 2020 Jan. 2021 Jun. 2021 Jun. 2022	Joined ASKA Pharmaceutical Co., Ltd. Corporate Officer, in charge of New Business Development and Assistant Director of Healthcare Business Unit of ASKA Pharmaceutical Co., Ltd. Corporate Officer, in charge of Special Appointments of ASKA Pharmaceutical Co., Ltd., Member of the Board of Directors of ASKA Animal Health Co., Ltd. President, Member of the Board of Directors, Representative Director of ASKA Animal Health Co., Ltd. (to Present) Corporate Officer of the Company Member of the Board of Directors, Executive Corporate Officer of the Company (to Present)	(Note) 5	6
Member of the Board of Directors (Outside Director)	Yasunori Yoshimura	January 26, 1949	Apr. 1975 Nov. 1995 Apr. 2007 Jun. 2011 Oct. 2012 Nov. 2013 Apr. 2014 Jul. 2015 Sep. 2015 Apr. 2021	Joined the Department of Obstetrics and Gynecology, Keio University School of Medicine Professor of the Department of Obstetrics and Gynecology, Keio University School of Medicine Chairperson of Japan Society of Obstetrics and Gynecology Member of the Board of Directors, Outside Director of ASKA Pharmaceutical Co., Ltd. Representative Director of YOSHIMURA BIOETHIC INSTITUTE (to Present) Outside Audit & Supervisory Board Member of Don Quijote Holdings Co., Ltd. (currently Pan Pacific International Holdings Corporation) Professor Emeritus of Keio University (to Present) Vice President of Fukushima Medical University Outside Board Member (Audit & Supervisory Committee Member) of Don Quijote Holdings Co., Ltd. (currently Pan Pacific International Holdings Corporation) (to Present) Member of the Board of Directors, Outside Director of the Company (to Present)	(Note) 5	-
Member of the Board of Directors (Outside Director)	Minoru Awabayashi	December 19, 1952	Jul. 1978 Jul. 1983 Jul. 1997 Apr. 2005 Apr. 2016 Jun. 2023	Established Nihon Yo-Flow Co., Ltd. President and Representative Director Established Pacific Marketing Partners, Inc. in the U.S. Managing Director Established Omniglow Japan Co., Ltd. Vice President and Representative Director President and Representative Director, Omniglow Japan Co., Ltd. Senior Vice President, Takenaka Partners Corp. (to Present) Member of the Board of Directors, Outside Director of the Company (to present)	(Note) 5	-
Member of the Board of Directors (Outside Director)	Yasuji Enokido	June 30, 1960	Apr. 1983 Aug. 2007 Apr. 2013 Apr. 2015 Jun. 2015 Apr. 2016 Nov. 2017 Jun. 2023	Joined Matsushita Electric Industrial Co. Ltd. (currently Panasonic Corporation) President of Panasonic Avionics Corporation Executive of Panasonic Corporation Managing Executive Officer of Panasonic Corporation, President of AVC Networks Company Managing Director of Panasonic Corporation Representative Director and Senior Managing Director of Panasonic Corporation Representative Director and President of Soen Co., Ltd. (to Present) Member of the Board of Directors, Outside Director of the Company (to present)	Note 5	-

Title	Name	Date of birth	Career summary		Term of office	Shares held (Thousand shares)
Audit & Supervisory Board Member	Ikuo Kumano	June 9, 1957	Apr. 1982 Jun. 2005 Apr. 2006 Oct. 2007 Apr. 2012 Jun. 2014 Apr. 2015 Jun. 2016 Jun. 2018 Jun. 2019 Apr. 2021 Jun. 2021 Jun. 2021	Joined Teikoku Hormone Mfg. Co., Ltd. (currently ASKA Pharmaceutical Co., Ltd.) Director of Sales Planning Promotion Department of Teikoku Hormone Mfg. Co., Ltd. Chugoku Branch Manager of ASKA Pharmaceutical Co., Ltd. Fukuoka Branch Manager of ASKA Pharmaceutical Co., Ltd. Director of Corporate Planning Unit of ASKA Pharmaceutical Co., Ltd. Corporate Officer, in charge of Corporate Planning of ASKA Pharmaceutical Co., Ltd. Corporate Officer of ASKA Pharmaceutical Co., Ltd., President and Representative Director of ASKA Pharma Medical Co., Ltd. Corporate Officer, Division Director of Production Division of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors, Executive Corporate Officer, in charge of Production, Division Director of Administrative Division of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors, Executive Corporate Officer, Division Director of Administrative Division and Director of 100th Anniversary Business Unit of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors of the Company Audit & Supervisory Board Member of the Company (to Present) Audit & Supervisory Board Member of ASKA Animal Health Co., Ltd. (to Present)	(Note) 6	8
Audit & Supervisory Board Member	Yuichiro Fukui	August 4, 1959	Apr. 1984 Apr. 2009 Jun. 2015 Jun. 2016 Apr. 2017 Apr. 2021 Jun. 2021 Jun. 2021	Joined Takeda Pharmaceutical Company Limited Director of Eastern Japan Sales Unit of Pharmaceutical Marketing Division of Takeda Pharmaceutical Company Limited Executive Corporate Officer of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors, Executive Corporate Officer, supervising Sales Management, Division Director of Marketing Division of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors, Executive Corporate Officer, supervising Sales Management of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors of the Company Audit & Supervisory Board Member of the Company (to Present) Audit & Supervisory Board Member of ASKA Pharmaceutical Co., Ltd. (to Present)	(Note) 6	12
Outside Audit & Supervisory Board Member	Takao Kimura	August 9, 1951	Nov. 1975 Jul. 2000 Dec. 2002 Apr. 2010 Feb. 2016 Jun. 2017 Apr. 2021	Joined Hoechst Japan Ltd. (currently Sanofi K.K.) President and Representative Director of Nycomed Amersham PLC Executive Officer, General Manager of Business Development Division of Aventis Pharma Limited (currently Sanofi K.K.) Executive Officer, Supervising Manager of Business Development Division in Asia-Pacific Region of Sanofi-aventis K.K. (currently Sanofi K.K.) Representative Partner of TK Pharma Partners LLC. (to Present) Outside Audit & Supervisory Board Member of ASKA Pharmaceutical Co., Ltd. Outside Audit & Supervisory Board Member of the Company (to Present)	(Note)7	-
Outside Audit & Supervisory Board Member	Keiko Fukuchi	January 7, 1959	Apr. 1981 Jul. 2006 Jul. 2008 Jul. 2013 Mar. 2018 Aug. 2019 Jun. 2020 Jun. 2020 Jun. 2020 Apr. 2021	Joined Tokyo Regional Taxation Bureau Deputy District Director of Shibuya Tax Office Professor of National Tax College Director (Mutual Agreement Procedures), International Operations Division, Commissioner's Secretariat of National Tax Agency Regional Commissioner of Kanazawa Regional Taxation Bureau Registered as a tax accountant. Representative of Fukuchi Keiko Tax Accountant Office (to Present) Outside Audit & Supervisory Board Member of ASKA Pharmaceutical Co., Ltd. Outside Director (Audit and Supervisory Committee Member) of KAWADA TECHNOLOGIES, INC. (to Present) Outside Auditor of KAWADA INDUSTRIES, INC. (to Present) Outside Audit & Supervisory Board Member of the Company (to Present)	(Note)7	-
Total						996

Notes:

1. Board Members Yasunori Yoshimura, Minoru Awabayashi, and Yasuji Enokido are Outside Directors.
2. Audit & Supervisory Board Members Takao Kimura and Keiko Fukuchi are Outside Audit & Supervisory Board Members.
3. The Company has introduced a Corporate Officer System to invigorate the Board of Directors by separating decision-making and supervision from execution. Currently, there are 3 corporate officers: 1 Executive Corporate Officer and 2 Corporate Officers.

4. Sohta Yamaguchi, Senior Managing Member of the Board of Directors, and Fumiyoishi Yamaguchi, Member of the Board of Directors, Executive Corporate Officer, are relatives of Takashi Yamaguchi, President and Representative Director, within the second degree of kinship.
5. 2 years from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 27, 2023
6. 4 years from the conclusion of the Extraordinary General Meeting of Shareholders held on June 24, 2021
7. From April 1, 2021, the date of incorporation of the Company, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2025.

ii) Status of Outside Directors and Outside Audit & Supervisory Board Members

The Company has 3 Outside Directors and 2 Outside Audit & Supervisory Board Members.

There are no special interests between the Company and any of the Outside Directors or Outside Audit & Supervisory Board Members (including any relationship between the Company and any other company in the event that any of the Outside Directors or Outside Audit & Supervisory Board Members is or was an officer or employee of such other company, etc.).

The Company has established "Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members." It appoints persons who have no vested interest in the Company in accordance with these criteria. Outside Directors, from a highly independent standpoint, monitor and check the Board of Directors by making comments as necessary in discussions of proposals at the Board of Directors. They also function to help the Board of Directors make appropriate and flexible business decisions by providing advice and recommendations based on their broad outside knowledge.

by providing advice and recommendations based on their broad outside knowledge. Outside Audit & Supervisory Board Members also have the function of providing advice and recommendations to ensure the adequacy and appropriateness of decision-making by the Board of Directors, based on their professional perspectives from a highly independent standpoint.

iii) Relationship between supervision ,auditing, internal audits audits by Audit & Supervisory Board Members, or accounting audits by Outside Directors or Outside Audit & Supervisory Board Members, and relationship with the internal administrative division

Outside Directors and Outside Audit & Supervisory Board Members receive reports on audits by Audit & Supervisory Board Members, accounting audits, and internal audits directly and indirectly through the Board of Directors, the Management Council, the Audit & Supervisory Board, and accounting audits. They collaborate with each other by providing suggestions and advice on these matters.

The Company has a system to receive reports directly and indirectly from the internal administrative division.

(3) Audit Status

i) Status of Audits by Audit & Supervisory Board Members

a. Organization, personnel and procedures

As of the submission date of this Annual Securities Report, The Audit & Supervisory Board consists of 2 full-time Audit & Supervisory Board Members and 2 part-time Audit & Supervisory Board Members (including 2 Outside Audit & Supervisory Board Members).

At the first meeting of the Audit & Supervisory Board after the close of the General Meeting of Shareholders, The Audit & Supervisory Board determines the audit policy, allocation of audit tasks, and audit implementation plan as the audit plan for the period until the following year's Ordinary General Meeting of Shareholders. Each Audit & Supervisory Board Member audits the appropriateness of the execution of duties by Board members and corporate officers in accordance with the "Regulations of The Audit & Supervisory Board" and the "Audit & Supervisory Board Member Audit Standards."

Outside Audit & Supervisory Board Member Takao Kimura is not only well versed in pharmaceutical development but also has a considerable amount of experience and knowledge in corporate management, while Outside Audit & Supervisory Board Member Keiko Fukuchi is a licensed tax accountant and has considerable knowledge in finance and accounting.

b. Activities of Audit & Supervisory Board Members and the Audit & Supervisory Board

Title	Name	The Audit & Supervisory Board Attendance	Board of Directors Attendance	Group Nomination Committee	Group's Remuneration Committee
Full-time Audit & Supervisory Board Member	Ikuo Kumano	19/19 times (100%)	16/16 times (100%)		
Full-time Audit & Supervisory Board Member	Yuichiro Fukui	19/19 times (100%)	16/16 times (100%)		
Outside Audit & Supervisory Board Member	Takao Kimura	19/19 times (100%)	16/16 times (100%)	committee member	committee member
Outside Audit & Supervisory Board Member	Keiko Fukuchi	19/19 times (100%)	16/16 times (100%)	committee member	committee member

There will be no change in the assignment of the Group Nomination Committee and the Group's Remuneration Committee during the period.

The Audit & Supervisory Board is chaired by Ikuo Kumano, Full-time Audit & Supervisory Board Member, and convenes and holds meetings as necessary on an as-needed basis, on a monthly basis. In principle, the meeting is held once a month and 19 meetings were held during the fiscal year under review, with 100% attendance by all members. There were 15 items for resolution, and the specific items for consideration were the selection of a Full-time Audit & Supervisory Board Member and chairman (specified auditor), audit policy and audit plan for FY2022, the reappointment of the accounting auditor, audit fees, reporting of audit results to the Board of Directors, and matters related to major audit considerations (KAM). In addition, there were 62 matters to be reported, which included: a review of deliberation materials and minutes of the Management Council and Division Director Conference, a review of materials and minutes of the Medium-Term Management Plan Review Meeting, reports of discussions with the Finance & Accounting Department for each quarterly closing, reports of discussions with the Audit Department and Legal Affairs & Regulatory Compliance Department, and reports of discussions with the auditors.

c. Major Activities of Audit & Supervisory Board Members

Audit & Supervisory Board Members attend meetings of the Board of Directors, audit the proceedings, resolutions, and other matters, and express their opinions as necessary. In addition, based on audits of divisions and visits to Group companies, reports are received and opinions are exchanged as necessary. In addition, during the current fiscal year, the Company has been conducting audits based on the "establishment of a compliance system for laws and articles of incorporation," "enhancement of internal control including Group companies," and "prevention of individual risks," specifically through routine operations, on-site inspections, and individual correspondence with Group companies, while strengthening dialogue with each department and risk approach perspectives. We paid particular attention to the audit of key risks, particularly in preventing individual risks. In particular, we focused our audits on occupational safety, environmental conservation, information management, product quality, and BCP measures to prevent individual risks.

ii) Status of Internal Audits

6 members of the Audit Department conduct internal audits and assessments of internal control over financial reporting in accordance with the relevant rules and regulations. The results of the audits are reported to the President and Senior Managing Member of the Board of Directors, as well as to the Audit & Supervisory Board Members and the Management Council, and the divisions subject to audits are asked to confirm the status of improvement of the issues pointed out based on the audit results.

Audit & Supervisory Board Members and the Audit Department meet regularly and as necessary to exchange opinions on audit plans, priority audit items, and other matters to promote cooperation. In addition, the accounting auditors, management (financial managers), and Audit & Supervisory Board Members exchange opinions in order to maintain and strengthen the corporate governance system.

The Audit & Supervisory Board Members and the Audit Department communicate with the Internal Control Department during their respective audit procedures. The accounting auditors exchange opinions with the Internal Control Department through the Finance & Accounting Department and the Accounting Division as necessary.

iii) Status of accounting audit

a. Name of Audit Firm

Seiyo Audit Corporation

b. Continuous audit period

12 years

Note: The Company is a pure holding company established in April 2021 through a sole-share transfer by ASKA Pharmaceutical Co., Ltd. and includes the continuous audit period of ASKA Pharmaceutical Co., Ltd. prior to the establishment of the Company.

c. Names, etc., of certified public accountants who performed services

Nobuo Nonaka (Designated and Engagement Partner, Seiyo Audit Corporation)

Toshiya Nakaichi (Designated and Engagement Partner, Seiyo Audit Corporation)

Kenichiro Makita (Designated and Engagement Partner, Seiyo Audit Corporation)

d. Composition of assistants for audit services

7 certified public accountants and 4 others belonging to Seiyo Audit Corporation.

e. Audit Firm Selection Policy and Rationale

The Audit & Supervisory Board of the Company, after deliberation in accordance with Article 344 of the Companies Act and the "Policy on Dismissal or Non-Reappointment of Accounting Auditor," has determined that the current audit firm is capable of appropriately performing its duties and has appointed the current audit firm.

f. Evaluation of the Audit Firm by the Audit & Supervisory Board Members and the Audit & Supervisory Board

The Company's Audit & Supervisory Board Members and the Audit & Supervisory Board deliberate on evaluating the auditing firm (accounting auditor) each fiscal year.

During the second fiscal year, we received an explanation and confirmed that the "system to ensure proper execution of duties" (the matters listed in each item of Article 131 of the Corporate Calculation Regulations) is maintained and operated in accordance with the "Quality Control Standards Regarding Audits" (Business Accounting Council, October 28, 2005) and other relevant standards. During the period, we received reports and requested explanations from the accounting auditors on a regular basis and as necessary regarding the performance of their duties to monitor and verify that the accounting auditors maintained their independence and conducted appropriate audits as professional experts in accordance with the audit plan based on risk analysis.

Based on the above, we confirm the system for ensuring the appropriateness of the accounting auditor's performance of duties and the appropriateness of the audit for the fiscal year. We comprehensively evaluate the accounting auditor from the end of the fiscal year until the time of deliberation based on reports from the Finance & Accounting Department and others concerning the accounting auditor's audit.

iv) Details of audit fees, etc.

a. Remuneration to Certified Public Accountants, etc.

Classification	Previous consolidated fiscal year		Current consolidated fiscal year	
	Remuneration based on audit attestation services (Millions of yen)	Remuneration for non-audit services (Millions of yen)	Remuneration based on audit attestation services (Millions of yen)	Remuneration for non-audit services (Millions of yen)
Submitting company	14	-	14	-
Consolidated subsidiaries	27	-	21	-
Total	42	-	36	-

b. Remuneration to organizations with the same network as the CPAs (excluding a.)

Not applicable.

c. Details of remuneration for other significant audit attestation services

Not applicable.

d. Policy for determining audit fees

The Company believes that ensuring the quality of accounting audits is extremely important to enhance the reliability of financial reporting. Our policy is to determine appropriate audit fees with the consent of the Audit & Supervisory Board after considering various factors such as the number of audit days and audit items.

e. Reasons why the Audit & Supervisory Board agreed to the remuneration, etc., of the accounting auditor

The Audit & Supervisory Board of the Company has examined the content of the audit plan of the accounting auditor, the status of performance of duties in the previous fiscal years, and the basis for calculation of the remuneration estimate, through obtaining necessary materials and hearing reports from the Directors, related internal departments, and the accounting auditor. As a result, the Board of Corporate Auditors has consented to the remuneration of the Accounting Auditor in accordance with Article 399, Paragraphs 1 and 2 of the Companies Act.

(4) Remuneration of Board Members

i) Matters pertaining to the policy for determining the amount of remuneration, etc., for Board Members or the method for calculating the amount of remuneration, etc.

The Company's Board of Directors, at its meeting held on May 17, 2021, approved a policy for determining the details of remuneration for each member of the Board of Directors.

With respect to the remuneration, etc. of individual Directors for the current fiscal year, the Board of Directors has confirmed that the method of determining the details of remuneration, etc. and the details of the determined remuneration are consistent with the decision-making policy approved by the Board of Directors and that the report from the Group Remuneration Committee has been respected and is in line with such decision policy. Thus, the Board of Directors has concluded that the remuneration, etc. of individual Directors for the current fiscal year is in line with such decision-making policy.

Remuneration Policies and Procedures on Members of the Board of Directors

1. The Group's Remuneration Committee shall deliberate remuneration for Members of the Board of Directors of the Company to ensure "transparency," "fairness," and "objectivity," and the Board of Directors shall determine the design of the remuneration system and the specific amount of remuneration.
2. Remuneration for Members of the Board of Directors (excluding Outside Directors) will be designed to contribute to the sustainable enhancement of corporate value. Specifically, in addition to fixed remuneration, it will consist of a performance-linked bonus as a short-term incentive and a stock remuneration plan as a medium to long term incentive.
3. Remuneration for Outside Directors will consist solely of fixed remuneration, with no short-term, medium- or long-term incentives, to ensure that the management supervisory function works adequately.

[Policy on determining monetary remuneration not linked to performance indicators]

- Fixed remuneration

The basic remuneration for Members of the Board of Directors shall be an annual fixed remuneration, the amount of which shall be determined based on their position (office), responsibilities, and term of office and shall be paid on a monthly basis.

[Policy on determining performance-linked remuneration, etc.]

- Performance-based bonus

Performance-linked bonuses for Members of the Board of Directors (excluding Outside Directors) shall be determined by multiplying the annual fixed remuneration of executive Directors by a bonus calculation coefficient determined for each position and by a payment coefficient based on the Company's performance (operating profit, etc.) in the previous fiscal year. They shall be paid at a fixed time each year.

Members of the Board of Directors who concurrently serve as employees shall be incentivized by including their bonuses as employee bonuses.

[Policy for determining non-monetary remuneration]

- Restricted stock remuneration

The Company shall grant restricted transferable shares within the maximum amount and a maximum number of shares approved at the General Meeting of Shareholders at a certain time each year to provide incentives to increase corporate value sustainably and to promote further value sharing with shareholders. The number of restricted shares to be granted to individual Members of the Board of Directors shall be determined considering their position (title), responsibilities, and term of office.

[Policy on determining the percentage of each type of remuneration, etc.]

The composition ratio of fixed remuneration, performance-linked bonus, and restricted stock remuneration shall be structured with an emphasis on the level and stability of base remuneration (fixed remuneration) and with consideration given to improving single-year performance and pursuing shareholder returns, based on the belief that it is important to approach management from a medium to long term perspective.

The percentage of each type of remuneration for Members of the Board of Directors (excluding Outside Directors) is not fixed, as the performance for each fiscal year determines the amount of remuneration, but the approximate percentages of fixed remuneration, performance-linked bonus, and restricted stock remuneration are in the following ranges.

Fixed remuneration: performance-based bonus: restricted stock remuneration = 55-70%: 15-30%: 10-15%.

[Method of determination of remuneration, etc., of individual Members of the Board of Directors]

The specific amount of remuneration for each Member of the Board of Directors shall be determined by the Board of Directors within the maximum amount of remuneration approved by the General Meeting of Shareholders, based on the report of the Group's Remuneration Committee, an advisory committee whose majority members are Outside Directors, etc.

ii) Total amount of remuneration, etc. by Executive classification, total amount of remuneration, etc. by type of remuneration, etc., and number of subject Members of the Board of Directors

Executive classification	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of subject Members of the Board of Directors (Persons)
		Fixed remuneration	Performance-based bonus	Stock-based remuneration (Restricted transfer)	
Members of the Board of Directors (Excluding Outside Directors)	-	-	-	-	-
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	37	37	-	-	2
Outside Directors and Outside Audit & Supervisory Board Members	44	44	-	-	5

Notes:

1. The amount of remuneration, etc., of Members of the Board of Directors, does not include the amount of employee salaries, etc., of Members of the Board of Directors who concurrently serve as employees.

2. The number of Members of the Board of Directors covered by the above table is the number of Members of the Board of Directors for whom the Company paid remuneration. In addition to the above, the total remuneration amount received by the Company's five members of the Board of Directors from its subsidiaries (ASKA Pharmaceutical Co., Ltd. and ASKA Animal Health Co., Ltd.) is 282 million yen.
3. The performance indicator for performance-linked remuneration is operating profit, which was 5,108 million yen. The reason for selecting this indicator is that it is an important indicator for achieving management targets and is suitable as an indicator for performance-linked remuneration.
4. Non-monetary remuneration consists of the Company's shares.
5. The maximum remuneration for Members of the Board of Director was resolved at the Extraordinary General Meeting of Shareholders held on June 24, 2021 to be within 500 million yen per year (including 70 million yen for Outside Directors, not including employee salaries for Members of the Board of Directors who concurrently serve as employees). As of the close of the meeting, the number of Members of the Board of Directors is 6 (including 3 Outside Directors). Separately, a resolution was passed at the Extraordinary General Meeting of Shareholders held on June 24, 2021 that the annual amount of restricted stock remuneration shall be 100 million yen or less. The number of Members of the Board of Directors at the end of the Extraordinary General Meeting of Shareholders was 3 (excluding Outside Directors).
6. The maximum remuneration for Audit & Supervisory Board Members was resolved at the Extraordinary General Meeting of Shareholders held on June 24, 2021 to be no more than 150 million yen per year. The number of Audit & Supervisory Board Members at the end of the Extraordinary General Meeting of Shareholders was 4.

(5) Shareholdings

i) Criteria and approach to classification of investment shares

The Company classifies stocks held "exclusively to benefit from changes in the value of shares or dividends on the shares" as shares held for net investment purposes. Other shares are classified as cross-shareholdings. With regard to cross-shareholdings, we examine the significance of holding cross-shareholdings, taking into consideration the possibility of future business creation in the Group, as well as the benefits and risks associated with holding cross-shareholdings, and make decisions on whether to continue holding cross-shareholdings.

ii) Status of shareholdings in ASKA Pharmaceutical Co., Ltd.

The Company and its consolidated subsidiaries hold the largest amount of shares of ASKA Pharmaceutical Co., Ltd., which is the company with the largest amount of investment shares recorded on its balance sheet (investment shares recorded)

A. Investment shares held for purposes other than pure investment

a. Methods for verifying holding policies and rationality of holdings, and details of verification by the Board of Directors, etc. regarding the appropriateness of holding individual securities

The Company acquires and holds investment shares for purposes other than pure investment, such as the potential for future business creation within the Group, the establishment of stable business and cooperative relationships, and the maintenance and strengthening of business alliances in accordance with the Company's growth strategy.

At the time of acquisition, the Board of Directors determines the appropriateness of the acquisition, considering the significance and economic rationality of the acquisition in accordance with internal regulations.

After acquiring such cross-shareholdings, the Board of Directors reviews the appropriateness of continuing the cross-shareholdings, taking into consideration whether the cross-shareholdings will contribute to the enhancement of the Company's corporate value over the medium to long term, as well as the status of transactions with such companies and the financial position, business performance, share price, dividends, etc. of the companies in which the cross-shareholdings are held. When the Board of Directors determines that the original purpose or significance of cross-shareholdings has diminished, the shares are sold upon resolution of the Board of Directors.

b. Number of securities and balance sheet amounts

	Number of Securities	Amount recorded on the balance sheet Total (Millions of yen)
Unlisted shares	6	352
Shares other than unlisted shares	28	10,900

[Shares whose number of shares increased in the current fiscal year]

	Number of securities	Amount of acquisition value related to increase in number of shares (Millions of yen)	Reason for increase in number of shares
Unlisted shares	-	-	-
Shares other than unlisted shares	-	-	-

Note: The Number of securities does not include issues increased by share splits.

[Securities whose number of shares decreased in the current fiscal year]

	Number of securities	Amount of sales related to decrease in number of shares (Millions of yen)
Unlisted shares	-	-
Shares other than unlisted shares	4	190

c. Information on the number of shares and balance sheet amounts of specified equity securities and deemed holdings of equity securities by security

Specified equity securities

Securities	Current fiscal year	Previous fiscal year	Overview of purpose of holding, business alliances, etc, quantitative retention effects and the reason for the increase in the number of shareholdings	Holding of the Company's shares
	Number of shares	Number of shares		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Inabata & Co., Ltd.	785,300	785,300	To maintain medium to long term relationships and expand business from a business management perspective	Yes
	2,110	1,620		
Yakult Honsha Co.,Ltd.	180,000	180,000	To maintain medium to long term relationships and expand business from a business management perspective	Yes
	1,733	1,173		
Mitsubishi UFJ Financial Group, Inc.	1,406,705	1,406,705	The company is a financial holding company that owns the financial institutions the Company does business with; the purpose of holding its shares is to maintain and strengthen long-term business relationships with its group companies from a financial perspective.	Yes
	1,192	1,069		
OSAKA SODA CO., LTD.	266,000	266,000	To maintain medium to long term relationships and expand business from a business management perspective	Yes
	1,158	831		
Zeria Pharmaceutical Co., Ltd.	374,000	374,000	To maintain medium to long term relationships and expand business from a business management perspective	Yes
	839	712		
Yokogawa Bridge Holdings Corp.	235,000	235,000	To maintain medium to long term relationships and expand business from a business management perspective	Yes
	508	456		
KAGA ELECTRONICS CO.,LTD.	71,000	71,000	To maintain a medium to long term relationship and expand business from a business management perspective	Yes
	355	231		
Mitsubishi HC Capital Inc.	500,000	500,000	To maintain a medium to long term business relationship with the company, a business partner for lease transactions.	Yes
	342	285		
CAC Holdings Corporation	200,900	200,900	To maintain medium to long term relationships and expand business from a business management perspective	Yes
	338	283		
MEDIPAL HOLDINGS CORPORATION	136,911	136,911	The company is a special agent in the pharmaceutical business; holding its shares is to maintain and strengthen business relationships over the medium to long term.	Yes
	246	275		
Takeda Pharmaceutical Company Limited	50,000	50,000	The company is an important business partner to expand the business and maintain and strengthen medium to long term business relationships.	Yes
	217	174		
DAIKIN INDUSTRIES, LTD.	8,800	8,800	To maintain a medium to long term business relationship with the company, a business partner for capital investment, mainly in production facilities.	Yes
	208	197		

Securities	Current fiscal year	Previous fiscal year	Overview of purpose of holding, business alliances, etc. quantitative retention effects and the reason for the increase in the number of shareholdings	Holding of the Company's shares
	Number of shares	Number of shares		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Mebuki Financial Group, Inc.	620,100	620,100	The company is a financial holding company with financial institutions under its control, and the holding purpose is to maintain and strengthen long-term business relationships with its group companies from a financial perspective.	Yes
	200	158		
TODA CORPORATION	282,200	282,200	To maintain and strengthen the medium to long term business relationship with the company, a business partner for capital investment mainly in production facilities.	Yes
	195	209		
Tokio Marine Holdings, Inc.	75,000	25,000	The company is a financial holding company with insurance companies under its control, and the holding purpose is to maintain and strengthen long term business relationships with its group companies from a financial perspective. The increase in the number of shares was due to a 3-for-1 share split conducted by the company on October 1, 2022.	Yes
	191	178		
Iyogin Holdings, Inc.	194,875	194,875	To maintain a long term business relationship with this financial institution from a financial perspective which we do business with.	Yes
	146	116		
Alfresa Holdings Corporation	84,000	84,000	The company is a special agent in the pharmaceutical business; holding its shares is to maintain and strengthen business relationships over the medium to long term.	Yes
	142	142		
The Toho Bank, Ltd.	600,000	600,000	To maintain and strengthen the long term business relationship with this financial institution from a financial perspective.	Yes
	130	123		
YUKI GOSEI KOGYO CO., LTD.	366,000	366,000	To maintain a medium to long term business relationship with the company, which is a business partner in the pharmaceutical business.	Yes
	108	100		
VITAL KSK HOLDINGS, INC.	93,460	93,460	The company is a special agent in the pharmaceutical business; holding its shares is to maintain and strengthen business relationships over the medium to long term.	Yes
	83	68		
Takasago Thermal Engineering Co., Ltd.	34,500	73,000	To maintain a medium to long term business relationship with the company, which is a business partner for capital investment, etc.	No
	72	126		
SUZUKEN CO.,LTD.	21,232	21,232	The company is a special agent in the pharmaceutical business; holding its shares is to maintain and strengthen business relationships over the medium to long term.	Yes
	71	77		

Securities	Current fiscal year	Previous fiscal year	Overview of purpose of holding, business alliances, etc, quantitative retention effects and the reason for the increase in the number of shareholdings	Holding of the Company's shares
	Number of shares	Number of shares		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
HOKUYAKU TAKEYAMA Holdings, Inc.	112,500	112,500	The company is a special agent in the pharmaceutical business; holding its shares is to maintain and strengthen business relationships over the medium to long term.	Yes
	71	74		
Sankyu Inc.	14,674	14,674	To maintain a medium to long term relationship and expand business from a business management perspective	Yes
	71	58		
Daito Pharmaceutical Co., Ltd.	22,000	22,000	To maintain a medium to long term business relationship with the company, which is a business partner in the pharmaceutical business.	Yes
	54	62		
MS&AD Insurance Group Holdings, Inc.	10,027	10,027	The company is a financial holding company with insurance companies under its control. The purpose of holding is to maintain and strengthen medium to long term business relationships with its group companies from a financial perspective.	Yes
	41	39		
TAISEI CORPORATION	10,000	10,000	To maintain medium to long term relationships and expand business from a business management perspective	No
	40	35		
C' BON COSMETICS Co., Ltd.	17,300	17,300	To maintain and strengthen the relationship over the medium to long term due to transactions in other businesses	Yes
	27	29		
Sosei Group Corporation	-	50,000	The Company held the shares to maintain medium to long term relationships and expand business from the viewpoint of business management. However, the Company sold the shares in the current fiscal year.	No
	-	70		
Sumitomo Mitsui Trust Holdings, Inc.	-	3,918	The company is a financial holding company that owns the financial institutions the Company does business with; the purpose of holding its shares is to maintain and strengthen long-term business relationships with its group companies from a financial perspective.	No
	-	15		
Sawai Group Holdings Co., Ltd.	-	2,000	The Company held the shares to maintain medium to long term relationships and expand business from the viewpoint of business management. However, the Company sold the shares in the current fiscal year.	No
	-	8		

Note: "-" indicates that the Company does not hold the shares.

Deemed holdings of equity securities

Securities	Current fiscal year	Previous fiscal year	Overview of purpose of holding, business alliances, etc, quantitative retention effects and the reason for the increase in the number of shareholdings	Holding of the Company's shares
	Number of shares	Number of shares		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Mitsubishi UFJ Financial Group, Inc.	662,420	662,420	The company is a financial holding company that owns the financial institutions the Company does business with; the purpose of holding its shares is to maintain and strengthen long-term business relationships with its group companies from a financial perspective. (The company has the authority to give instructions regarding the exercise of voting rights of the Company)	Yes
	561	503		
Sumitomo Mitsui Financial Group, Inc.	46,200	46,200	The company is a financial holding company that owns the financial institutions the Company does business with; the purpose of holding its shares is to maintain and strengthen long-term business relationships with its group companies from a financial perspective. (The company has the authority to give instructions regarding the exercise of voting rights of the Company)	Yes
	244	180		
Mizuho Financial Group, Inc.	39,100	39,100	The purpose of holding its shares is to maintain and strengthen long-term business relationships with its group companies from a financial perspective. (The company has the authority to give instructions regarding the exercise of voting rights of the Company)	No
	73	61		

Note: When selecting the top securities in the balance sheet amount, specified equity securities and shares deemed to be held by the Company are not combined.

B. Investment shares held for pure investment purposes

Not applicable.

C. Investment securities whose purpose of holding was changed from pure investment to other than pure investment during the current fiscal year

Not applicable.

D. Investment securities whose purpose of ownership was changed from other than pure investment purposes to pure investment purposes during the fiscal year under review

Not applicable.

iii) Shareholdings in the submitting company

The following is a summary of the submitting company.

A. Investment shares held for purposes other than pure investment

Not applicable.

B. Investment shares held for pure investment purposes

Not applicable.

[V] Financial Information

[Method of Preparation of Consolidated Financial Statements and Financial Statements]

- (1) The consolidated financial statements of the Company are prepared in accordance with the "Regulations Concerning Terms, Forms and Preparation Method of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976).
- (2) The Company's financial statements are prepared in accordance with the "Regulations Concerning Terms, Forms and Preparation Method of Financial Statements" (Ministry of Finance Ordinance No. 59 of 1963, hereinafter referred to as "Regulations for Financial Statements"). In addition, the Company falls under the category of a company submitting a particular financial statement. It prepares its financial statements in accordance with Article 127 of the Regulations for Financial Statements, etc.

[Audit attestation]

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law, the consolidated financial statements for the consolidated fiscal year (from April 1, 2022 to March 31, 2023) and the business year (from April 1, 2022 to March 31, 2023) have been audited by Seiyo Audit Corporation.

[Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements, etc.]

The Company takes special measures to ensure the appropriateness of its consolidated financial statements. Specifically, the Company has joined the Financial Accounting Standards Foundation (FASF) and participates in its training programs to appropriately grasp the content of accounting standards and to develop a system that enables it to respond appropriately to changes in accounting standards and other regulations.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

i) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	12,103	14,505
Accounts receivable-trade	14,482	15,217
Securities	5,000	3,400
Merchandise and finished goods	10,016	10,815
Work in process	457	429
Raw materials and supplies	4,587	6,443
Other	2,911	2,948
Allowance for doubtful accounts	(0)	-
Total current assets	49,557	53,759
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,872	9,949
Accumulated depreciation	(5,311)	(5,568)
Buildings and structures, net	4,560	4,381
Machinery, equipment and vehicles	17,478	17,612
Accumulated depreciation	(15,746)	(16,266)
Machinery, equipment and vehicles, net	1,732	1,346
Land	4,249	4,249
Other	3,581	4,026
Accumulated depreciation	(3,187)	(3,208)
Other, net	393	818
Total property, plant and equipment	10,936	10,796
Intangible assets		
Distributorship	5,366	3,673
Other	816	791
Total intangible assets	6,183	4,465
Investments and other assets		
Investment securities	* ₁ 12,223	* ₁ 14,385
Deferred tax assets	2,376	1,717
Other	2,037	2,031
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	16,620	18,117
Total non-current assets	33,739	33,378
Total assets	83,297	87,138

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	3,118	2,838
Electronically recorded obligations - operating	3,723	3,022
Short-term borrowings	300	300
Current portion of long-term borrowings	1,423	3,138
Accounts payable - other	4,867	4,947
Provision for bonuses	1,160	1,142
Provision for bonuses for directors (and other officers)	28	24
Other	1,389	2,235
Total current liabilities	16,011	17,650
Non-current liabilities		
Long-term borrowings	12,323	9,185
Retirement benefit liability	5,730	5,433
Other	338	335
Total non-current liabilities	18,393	14,954
Total liabilities	34,404	32,604
Net assets		
Shareholders' equity		
Share capital	1,197	1,197
Capital surplus	1,867	1,847
Retained earnings	45,833	49,619
Treasury shares	(3,479)	(3,350)
Total shareholders' equity	45,419	49,315
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,231	4,590
Foreign currency translation adjustment	164	405
Remeasurements of defined benefit plans	77	222
Total accumulated other comprehensive income	3,473	5,218
Total net assets	48,892	54,533
Total liabilities and net assets	83,297	87,138

ii) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	* ₁ 56,607	* ₁ 60,461
Cost of sales	* ₂ 30,255	* ₂ 31,876
Gross profit	26,351	28,584
Selling, general and administrative expenses	* ₃ , * ₄ 21,556	* ₃ , * ₄ 23,476
Operating profit	4,795	5,108
Non-operating income		
Interest income	0	0
Dividend income	258	338
Other	120	94
Total non-operating income	379	433
Non-operating expenses		
Interest expenses	56	50
Foreign exchange losses	11	43
Loss on disposal of non-current assets	43	52
Expenses of inactive non-current assets	155	53
Contribution of ESOP trust	-	51
Other	27	57
Total non-operating expenses	294	308
Ordinary profit	4,880	5,232
Extraordinary income		
Gain on sale of non-current assets	* ₅ 9,425	-
Gain on sale of investment securities	-	124
Other	258	-
Total extraordinary income	9,683	124
Extraordinary losses		
Impairment losses	* ₆ 5,953	-
Loss on valuation of investment securities	1,151	-
Contract termination fees	870	-
Other	425	-
Total extraordinary losses	8,400	-
Profit before income taxes	6,163	5,357
Income taxes - current	983	1,108
Income taxes - deferred	890	10
Total income taxes	1,873	1,118
Profit	4,290	4,238
Profit attributable to owners of parent	4,290	4,238

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	4,290	4,238
Other comprehensive income		
Valuation difference on available-for-sale securities	406	1,371
Remeasurements of defined benefit plans, net of tax	121	144
Share of other comprehensive income of entities accounted for using equity method	164	229
Total other comprehensive income	* ₁ 692	* ₁ 1,745
Comprehensive income	4,982	5,983
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,982	5,983

iii) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	1,197	928	41,790	(2,139)	41,777
Changes of items during period					
Increase/decrease by share transfers		1,165		(1,165)	-
Dividends of surplus		(199)	(199)		(398)
Profit attributable to owners of parent			4,290		4,290
Purchase of treasury shares				(318)	(318)
Disposal of treasury shares		(27)		144	117
Change of scope of equity method			(47)		(47)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	938	4,043	(1,339)	3,642
Balance at the end of current period	1,197	1,867	45,833	(3,479)	45,419

	Total accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	2,824	(47)	(44)	2,733	44,510
Changes of items during period					
Increase/decrease by share transfers					-
Dividends of surplus					(398)
Profit attributable to owners of parent					4,290
Purchase of treasury shares					(318)
Disposal of treasury shares					117
Change of scope of equity method		47		47	0
Net changes of items other than shareholders' equity	406	164	121	692	692
Total changes of items during period	406	211	121	739	4,381
Balance at the end of current period	3,231	164	77	3,473	48,892

Current consolidated fiscal year (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	1,197	1,867	45,833	(3,479)	45,419
Changes of items during period					
Dividends of surplus			(452)		(452)
Profit attributable to owners of parent			4,238		4,238
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(19)		129	109
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(19)	3,785	129	3,895
Balance at the end of current period	1,197	1,847	49,619	(3,350)	49,315

	Total accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	3,231	164	77	3,473	48,892
Changes of items during period					
Dividends of surplus					(452)
Profit attributable to owners of parent					4,238
Purchase of treasury shares					(0)
Disposal of treasury shares					109
Net changes of items other than shareholders' equity	1,359	241	144	1,745	1,745
Total changes of items during period	1,359	241	144	1,745	5,641
Balance at the end of current period	4,590	405	222	5,218	54,533

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,163	5,357
Depreciation	2,885	3,127
Impairment losses	5,953	-
Increase (decrease) in retirement benefit liability	(566)	(153)
Increase (decrease) in provision for the cost of environmental measures	(820)	-
Interest and dividend income	(258)	(338)
Interest expenses	56	50
Share of loss (profit) of entities accounted for using equity method	(18)	19
Loss (gain) on sale and retirement of property, plant and equipment	(9,419)	6
Loss (gain) on sale of investment securities	-	(124)
Loss (gain) on valuation of investment securities	1,151	-
Contract termination fees	870	-
Decrease (increase) in trade receivables	(1,361)	(742)
Decrease (increase) in inventories	(687)	(2,627)
Increase (decrease) in trade payables	412	(980)
Other, net	503	322
Subtotal	4,863	3,916
Interest and dividends received	292	337
Interest paid	(58)	(51)
Income taxes paid	(1,385)	(850)
Payments of contract termination	(870)	-
Net cash provided by (used in) operating activities	2,842	3,351
Cash flows from investing activities		
Purchase of securities	-	(400)
Purchase of property, plant and equipment	(579)	(461)
Proceeds from sale of property, plant and equipment	10,312	0
Purchase of intangible assets	(1,798)	(285)
Purchase of investment securities	(56)	-
Proceeds from sale of investment securities	11	190
Purchase of shares of subsidiaries and associates	(53)	-
Other, net	(1,091)	(170)
Net cash provided by (used in) investing activities	6,743	(1,126)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(50)	-
Repayments of long-term borrowings	(2,298)	(1,423)
Net decrease (increase) in treasury shares	(248)	55
Dividends paid	(398)	(452)
Net cash provided by (used in) financing activities	(2,996)	(1,820)
Effect of exchange rate change on cash and cash equivalents	(0)	(2)
Net increase (decrease) in cash and cash equivalents	6,589	402
Cash and cash equivalents at beginning of period	10,514	17,103
Cash and cash equivalents at end of period	* ₁ 17,103	* ₁ 17,505

Notes:

[Basis of Presenting Consolidated Financial Statements]

1. Scope of Consolidation

The Company has 3 subsidiaries, all of which are consolidated. Names of consolidated subsidiaries are omitted since they are listed in "[I] Company Overview, 4. Information on Subsidiaries and Affiliates."

2. Application of equity method

(1) Number of associates accounted for using equity method: 3

Ha Tay Pharmaceutical Joint Stock Company, JAPAN GLASS INDUSTRY CO., LTD., 1 other company.

(2) Number of associates not accounted for using equity method: 2

Kabushiki Kaisha KCIS and 1 other company are excluded from the scope of associates accounted for using equity method because their net income or loss (as calculated by the equity method) and retained earnings (as calculated by the equity method) have a minimal effect on the consolidated financial statements and are not significant as a whole.

(3) For those associates accounted for using equity method whose fiscal year ends on a different date than the consolidated fiscal year end, the financial statements for the fiscal year of each company are used.

3. Fiscal Year of Consolidated Subsidiaries

The business year end of all consolidated subsidiaries is same as the consolidated fiscal year end.

4. Matters Related to Accounting Policies

(1) Valuation standards and methods for significant assets

i) Securities

- Held-to-maturity debt securities

Amortized cost method (straight-line method) is used.

- Available-for-sale securities

- Other than stocks and other securities with no market price

Market value method (unrealized gains and losses are accounted for as a component of net assets, and the cost of securities sold is determined by the moving-average method).

- Non-marketable equity securities, etc.

Stated at cost determined by the moving-average method.

ii) Money held in trust for investment purposes

Market value method is used.

iii) Inventories

Stated at cost determined by the weighted average method (balance sheet values are calculated by writing down the book value of assets which decreased in profitability).

(2) Depreciation method for significant depreciable assets

i) Property, plant and equipment

Declining-balance method (straight-line method is used for buildings (excluding building fixtures) acquired on or after April 1, 1998 and for building fixtures and structures acquired on or after April 1, 2016).

The main useful lives are as follows.

- Buildings and structures: 10-50 years

- Machinery, equipment and vehicles: 4-8 years

ii) Intangible assets

The straight-line method is used.

Software for internal use is amortized over an estimated useful life of 5 years.

(3) Basis for significant provisions

i) Allowance for doubtful accounts

The allowance for doubtful accounts is provided for possible losses on accounts receivable-trade and other receivables based on the historical write-off ratio for general receivables and on the estimated amount of uncollectible receivables based on a case-by-case determination of collectibility for specific receivables such as doubtful receivables.

ii) Provision for bonuses

To provide for the payment of employee bonuses, the Company accrues an estimated amount based on the period subject to payment.

iii) Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to Board Members, the Company accrues an estimated amount of bonuses to be paid at the end of the current consolidated fiscal year.

(4) Accounting for retirement benefits

i) Method of attributing estimated retirement benefits to periods of service

The estimated amount of retirement benefits is attributed to the period up to the end of the current consolidated fiscal year based on the benefit calculation method.

ii) Method of Amortization of Actuarial Differences

Actuarial gains and losses are amortized by the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time the gains or losses are recognized in the consolidated fiscal year following the year in which they are recognized.

(5) Basis for recording significant revenues and expenses

Revenue is recognized when control of the promised goods or services is transferred to the customer in the amount expected to be received in exchange for such goods or services. The principal performance obligations in the major businesses and the usual points in time at which revenue is recognized are described in the "Revenue Recognition" section.

(6) Scope of funds in the consolidated statements of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments that are readily convertible to cash, risk averse to price fluctuations, and redeemable within 3 months from the date of acquisition.

[Significant accounting estimates]

1. Deferred tax assets

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

(Millions of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Deferred tax asset	2,376	1,717

(2) Information on significant accounting estimates for identified items

Deferred tax assets are estimated based on the timing and amount of taxable income based on future business plans. Such estimates may be affected by uncertain future economic conditions, and if the timing and amount of taxable income actually generated differ from the estimates, the amount of deferred tax assets may be materially affected in the consolidated financial statements for the next fiscal year.

2. Valuation of goodwill related to associates accounted for using equity method

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

(Millions of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Investment securities	1,071	1,046

(2) Information on significant accounting estimates for identified items

i) Method of calculating the amount

Investment securities recorded on the consolidated balance sheet include goodwill related to associates accounted for using equity method. When an indication of impairment has been identified with respect to such goodwill, the carrying amount of the goodwill is determined to be impaired by comparing the carrying amount of the goodwill with the company's share of the estimated future cash flows over the remaining amortization period of the goodwill. No indication of impairment of goodwill was identified in the current consolidated fiscal year.

ii) Assumptions used in the calculation of the amounts

The above-mentioned assessment of whether there is any indication of impairment, and the recognition and measurement of impairment losses are based on the business plan of associates accounted for using equity method, which includes assumptions about market conditions and other factors.

iii) Effect on consolidated financial statements for the next consolidated fiscal year

If it is necessary to recognize an impairment loss in the next consolidated fiscal year due to changes in the market environment or other factors, the carrying amount of the above goodwill will be reduced to its recoverable amount and the impairment loss will be recorded as equity in losses of affiliates under non-operating expenses.

[Changes to accounting policies]

- Application of the Implementation Guidance on Accounting Standard for Market value Measurement

We have applied the Implementation Guidance on Accounting Standard for Market value Measurement (Accounting Standards Board of Japan Guidance No. 31, June 17, 2021; hereinafter "Market value Measurement Implementation Guidance") since the start of the consolidated fiscal year under review. Pursuant to the transitional treatment described in Paragraph 27-2 of the Market value Measurement Implementation Guidance, the new accounting policies stipulated in the Market value Measurement Implementation Guidance will be applied to the future. This change has had no impact on the consolidated financial statements. Notes on investment trusts in the notes on matters such as a breakdown of financial instruments by level of market value in the notes on "Financial Instruments" are not provided for the previous consolidated fiscal year in accordance with Paragraph 27-3 of the Market value Measurement Implementation Guidance.

[Unapplied accounting standards, etc.]

Not applicable.

[Change of display method]

- Consolidated Statements of Income

Foreign exchange loss, which was included in "Other" under "Non-operating expenses" in the previous consolidated fiscal year, is separately presented in the current consolidated fiscal year because it exceeded 10/100 of the total amount of non-operating expenses. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, 38 million yen presented as "Other" under "Non-operating expenses" in the consolidated statement of income for the previous fiscal year has been reclassified as "Foreign exchange loss" of 11 million yen and "Other" of 27 million yen.

[Additional information]

- Transactions in which the Company's shares are issued to employees, etc. through a trust

The Company conducts transactions to deliver its shares through a trust to the Employee Shareholding Association for the purpose of providing benefits to its employees.

(1) Overview of the Transaction

The Company will establish a trust with certain employees who are members of the Employee Shareholding Association and meet certain requirements as beneficiaries. The trust acquires the number of the Company's shares expected to be acquired by the Employee Shareholding Association in a lump sum and sells the Company's shares to the Employee Shareholding Association on a certain date each month. Upon termination of the trust, if there is a profit for the Trust due to an increase in the share price, money will be distributed to the employees in proportion to their contribution, and if there is a loss for the trust due to a decrease in the share price, the Company will repay the Bank in a lump sum.

(2) Shares of the Company remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares under net assets based on the book value in the trust (excluding the amount of incidental expenses). The book value of the Company's shares remaining in the trust (excluding the amount of incidental expenses) is recorded as treasury shares in the net assets section. The book value and number of shares of such treasury shares were 65 million yen and 58 thousand shares for the previous fiscal year, and 9 million yen and 8 thousand shares for the current consolidated fiscal year.

(3) Book value of borrowings recorded under the gross amount method

97 million yen in the previous fiscal year and 48 million yen in the current consolidated fiscal year

- Accounting estimates associated with the COVID-19 pandemic

The Group implements impairment accounting for property, plant and equipment, and accounting estimates on the recoverability of deferred tax assets based on information available at the time of creating consolidated financial statements. The impact of the COVID-19 pandemic on the Group is currently limited, and we have determined that they do not have a significant impact on estimates for the current consolidated fiscal year.

[Notes to Consolidated Balance Sheets]

*1. Items related to affiliated companies are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Investment securities (shares)	2,561	2,725

2. Guaranteed liabilities

The Company has guaranteed the following affiliated companies' borrowings from financial institutions.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Ha Tay Pharmaceutical Joint Stock Company	- (- million VND)	580 (102,213 million VND)

Note: Guarantee obligations denominated in foreign currencies are converted into yen at the exchange rate as of the end of the fiscal year.

3. The Company has commitment line contracts with financial institutions in order to raise working capital efficiently.

The following are unused lines of credit based on these agreements.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Total amount of commitment line contracts	3,000	3,000
Loan balance	300	300
Difference	2,700	2,700

[Notes to Consolidated Statements of Income]

*1. Revenue from contracts with customers

Revenues are not broken down into revenues arising from contracts with customers and other revenues. The amount of revenue arising from contracts with customers is presented in "Notes to Consolidated Financial Statements (Revenue Recognition), 1. Information on revenue broken down from contracts with customers" in the Notes to Consolidated Financial Statements.

*2. Ending inventory is the amount after devaluation of book value due to decline in profitability, and the following loss on valuation of inventories is included in cost of sales.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	(343)	367

*3. Major items and amounts of selling, general and administrative expenses are as follows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Salary allowance and bonus	4,218	4,215
Provision for bonuses	719	782
Provision for bonuses for directors (and other officers)	28	24
Retirement benefit expenses	490	474
Freight and storage charges	5,767	6,088
R&D expenses	3,598	4,227

*4. Total R&D expenses included in general and administrative expenses

(Millions of yen)

Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
3,598	4,227

*5. Gain on sales of non-current assets

- Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

The sale of the site of the former Nishi-Tokyo Office of a subsidiary of the Company.

- Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

Not applicable.

*6. Impairment loss

- Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

In the previous consolidated fiscal year, the Group recorded impairment losses on the following assets.

Location	Use	Type	Impairment loss
-	Intellectual property rights related to pharmaceuticals	Intangible assets	5,921 million yen

The Group groups its business assets on the basis of business segments. In addition, leased assets, idle assets, assets scheduled for retirement, and distributorship are grouped individually. The recoverable amount of intellectual property rights related to pharmaceuticals was set at zero because the rights were determined to have no future profitability, and the entire book value was recorded as an impairment loss under extraordinary losses. Impairment losses other than the above have been omitted because they are immaterial.

- Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

Not applicable.

[Notes to Consolidated Statements of Comprehensive Income]

*1. Reclassification adjustments and tax effects related to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Valuation difference on available-for-sale securities:		
Amount accrued in the current period	(563)	2,088
Reclassification adjustment	1,154	(124)
Before tax effect adjustment	590	1,964
Tax effect amount	(184)	(592)
Valuation difference on available-for-sale securities	406	1,371
Adjustment for retirement benefits:		
Amount accrued in the current period	132	169
Reclassification adjustment	43	38
Before tax effect adjustment	175	208
Tax effect amount	(53)	(63)
Adjustment for retirement benefits	121	144
Share of other comprehensive income of entities accounted for using equity method:		
Amount accrued in the current period	164	229
Total other comprehensive income	692	1,745

[Notes to Consolidated Statements of Changes in Net Assets]

- Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

1. Matters concerning the class and total number of issued shares and the class and number of treasury shares

(Thousands of shares)

	Beginning of current consolidated fiscal year Number of shares	Current consolidated fiscal year Increase in number of shares	Current consolidated fiscal year Decrease in number of shares	End of current consolidated fiscal year Number of shares
Issued shares				
Ordinary shares	30,563	-	-	30,563
Total	30,563	-	-	30,563
Treasury shares				
Ordinary shares (Note 1, 2, 3)	2,192	300	112	2,379
Total	2,192	300	112	2,379

Notes:

1. The breakdown of 300 thousand shares of treasury shares of ordinary shares is due to the acquisition of 300 thousand shares of treasury shares based on the resolution of the Board of Directors and the purchase of 0 thousand shares of less than one unit.
2. The decrease of 112 thousand shares in the number of treasury shares of ordinary shares is due to the disposal of 52 thousand shares as restricted share compensation and the sale of 60 thousand shares by the ESOP trust.
3. The number of treasury shares of ordinary shares includes the Company's shares held by the ESOP trust (118 thousand shares at the beginning of the current consolidated fiscal year and 58 thousand shares at the end of the current consolidated fiscal year).

2. Matters concerning share acquisition rights and treasury share acquisition rights

Not applicable.

3. Matters related to dividends

(1) Dividends paid

The Company was established on April 1, 2021 through a sole-share transfer as the wholly owning parent company of ASKA Pharmaceutical Co., Ltd. The amount of dividends paid is the amount resolved at the following Ordinary General Meeting Of Shareholders of ASKA Pharmaceutical Co., Ltd. and the Company's Board of Directors.

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 24, 2021 Ordinary General Meeting of Shareholders of ASKA Pharmaceutical Co., Ltd. (Note 1)	Ordinary shares	199	7	March 31, 2021	June 25, 2021
November 1, 2021 Board of Directors (Note 2)	Ordinary shares	199	7	September 30, 2021	November 30, 2021

Notes:

1. The total amount of dividends resolved at the Ordinary General Meeting of Shareholders of ASKA Pharmaceutical Co., Ltd. on June 24, 2021 includes dividends of 0 million yen to the ESOP trust.
2. The total amount of dividends resolved by the Board of Directors on November 1, 2021 includes dividends of 0 million yen paid to the ESOP trust.

(2) Dividends with a record date in the current consolidated fiscal year but an effective date in the following fiscal year

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
June 28, 2022 Ordinary General Meeting of Shareholders (Note)	Ordinary shares	225	Retained earnings	8	March 31, 2022	June 29, 2022

Note: The total amount of dividends includes dividends of 0 million yen paid to the ESOP trust.

- Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

1. Matters concerning the class and total number of issued shares and the class and number of treasury shares

(Thousands of shares)

	Beginning of current consolidated fiscal year Number of shares	Current consolidated fiscal year Increase in number of shares	Current consolidated fiscal year Decrease in number of shares	End of current consolidated fiscal year Number of shares
Issued shares				
Ordinary shares	30,563	-	-	30,563
Total amount	30,563	-	-	30,563
Treasury shares				
Ordinary shares (Note 1, 2, 3)	2,381	0	102	2,280
Total	2,381	0	102	2,280

Notes:

1. The increase of 0 thousand shares of ordinary shares of treasury shares is due to the purchase of 0 thousand shares of less than one unit and the free acquisition of 0 thousand shares in connection with the cancellation of transfer restrictions on compensation for shares with transfer restrictions.
2. The decrease of 102 thousand shares in the number of treasury shares of ordinary shares was due to the disposal of 52 thousand shares as restricted stock compensation and the sale of 49 thousand shares by the ESOP trust.
3. The number of shares at the end of the current fiscal year includes 8 thousand shares of the Company's share held by the ESOP Trust.

2. Matters concerning share acquisition rights and treasury share acquisition rights

Not applicable.

3. Matters related to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 28, 2022 Ordinary General Meeting of Shareholders (Note 1)	Ordinary shares	225	8	March 31, 2022	June 29, 2022
November 7, 2022 Board of Directors (Note 2)	Ordinary shares	226	8	September 30, 2022	November 30, 2022

Notes:

1. The total amount of dividends resolved at the Ordinary General Meeting of Shareholders on June 28, 2022 includes dividends of 0 million yen to the ESOP trust.
2. The total amount of dividends resolved by the Board of Directors on November 7, 2022 includes dividends of 0 million yen paid to the ESOP trust.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
June 27, 2023 Ordinary General Meeting of Shareholders (Note)	Ordinary shares	226	Retained earnings	8	March 31, 2023	June 28, 2023

Note: The total amount of dividends includes dividends of 0 million yen paid to the ESOP trust.

[Notes to Consolidated Statements of Cash Flows]

*1 Reconciliation of cash and cash equivalents at the end of the period to the accounts reported in the consolidated balance sheets
(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash and deposits	12,103	14,505
Securities with maturities of 3 months or less from acquisition date	5,000	3,000
Cash and cash equivalents	17,103	17,505

[Lease transactions]

1. Finance lease transactions

Not applicable.

2. Operating lease transactions

- Lessee side

Future minimum lease payments under non-cancelable operating leases

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Within 1 year	117	111
More than 1 year	193	114
Total	310	226

- Lender side

Future minimum lease payments under non-cancelable operating leases

Not applicable.

[Financial instruments]

1. Matters concerning the status of financial instruments

(1) Policy for financial instruments

The Group procures necessary funds from the Company's correspondent financial institutions with high creditworthiness. Temporary surplus funds are invested mainly in safe, short-term financial assets such as trust beneficiary rights. The Company's policy is to use derivatives only to avoid the risk of interest rate fluctuations and not to engage in speculative transactions.

(2) Description of financial instruments, their risks and risk management systems

Trade receivables, such as electronically recorded receivables and accounts receivable-trade, are exposed to customer credit risk. The Company manages due dates and issued balances for each customer with respect to such risk, and works to early identify and mitigate concerns about collection due to deterioration of financial conditions and other factors.

Securities, investment securities and money held in trust are exposed to market price fluctuation risk. The Company has a system in place to periodically monitor the market value or the financial condition of the issuer with respect to such risk.

Most of the trade payables, such as accounts payable and electronically recorded payables, are due within 4 months.

Borrowings are mainly for the purpose of procuring funds to acquire intellectual property rights and short-term working capital.

The redemption date is up to 6 years after the end of the fiscal year, and a portion of these borrowings are exposed to interest rate fluctuation risk because of their floating interest rates.

Although trade payables and borrowings are exposed to liquidity risk related to fund procurement, the Finance & Accounting Department prepares monthly cash management plans based on reports from each department and manages liquidity risk by maintaining liquidity on hand.

(3) Supplementary explanation on matters concerning market value, etc. of financial instruments

Since variable factors are incorporated in the calculation of the market value of financial instruments, such values may change due to the adoption of different assumptions and other factors.

(4) Concentration of credit risk

Approximately 87% of trade receivables as of the end of the current consolidated financial year were due to certain large customers.

2. Market value of financial instruments

Consolidated balance sheet amounts, market values and their differences are as follows.

Previous fiscal year (March 31, 2022)

(Millions of yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Short-term and long-term investment securities (Note 4)			
Available-for-sale securities	14,007	14,007	-
Shares of affiliated companies	2,425	1,447	(977)
Total assets	16,433	15,455	(977)
(2) Long-term borrowings (including current portion)	13,747	13,733	(14)
Total liabilities	13,747	13,733	(14)

Current consolidated fiscal year (March 31, 2023)

(Millions of yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Short-term and long-term investment securities (Note 4)			
Held-to-maturity debt securities	400	400	0
Available-for-sale securities	13,900	13,900	-
Shares of affiliated companies	2,598	1,483	(1,115)
Total assets	16,899	15,784	(1,114)
(2) Long-term borrowings (including current portion)	12,323	12,315	(8)
Total liabilities	12,323	12,315	(8)

Notes:

1. "Cash and deposits" are omitted because they are cash and deposits are settled in a short period of time and their market value approximates their book value. The description is omitted as it is a matter of "the Company's responsibility".
2. The following items have been omitted because their fair values approximate their book values due to their short maturities: "electronically recorded monetary claims," "accounts receivable-trade," and "money held in trust."
3. "Accounts payable-trade," "electronically recorded obligations - operating," "short-term borrowings," and "accounts payable-other" are omitted because they are settled in a short period of time and their market values approximate their book values.
4. Non-marketable securities are not included in (1) Short-term and long-term investment securities. The amounts recognized in the consolidated balance sheets for such financial instruments are as follows.

(Millions of yen)

Classification	Previous consolidated fiscal year	Current consolidated fiscal year
Unlisted shares	352	352
Shares of affiliated companies	136	127
investments in investment business limited liability partnerships, etc. (Note 5)	302	406
Total amount	790	886

Notes:

5. investments in investment business limited liability partnerships, etc. are recorded on the consolidated balance sheets at the net amount of the Company's equity interest. Therefore, in accordance with the paragraph 24-16 of the "Guidance on

Accounting Standard for Measurement of Market value" (ASBJ Guidance No. 31, June 17, 2021), they are not included in the scope of market value disclosure. The consolidated balance sheet amount related to investments in limited liability investment partnerships, etc. as of the end of the current consolidated fiscal year was 406 million yen.

Notes:

1. Estimated amount of monetary receivables and securities with maturity dates scheduled to be redeemed after the end of the consolidated fiscal year

Previous consolidated fiscal year (March 31, 2022) (Millions of yen)

	Within 1 year	Due after 1 year through 5 years	Over 5 years through 10 years	Over 10 years
Cash and deposits	12,100	-	-	-
Electronically recorded monetary claims	32	-	-	-
Accounts receivable-trade	14,482	-	-	-
Short-term and long-term investment securities				
Available-for-sale securities with maturity dates				
Jointly managed designated money trust	5,000	-	-	-
Money trust	1,000	-	-	-
Total	32,618	-	-	-

Current consolidated fiscal year (March 31, 2023) (Millions of yen)

	Within 1 year	Due after 1 year through 5 years	Over 5 years through 10 years	Over 10 years
Cash and deposits	14,503	-	-	-
Electronically recorded monetary claims	39	-	-	-
Accounts receivable-trade	15,217	-	-	-
Short-term and long-term investment securities				
Held-to-maturity debt securities				
Bonds payable	400	-	-	-
Available-for-sale securities with maturity dates				
Jointly managed designated money trust	3,000	-	-	-
Money trust	1,000	-	-	-
Total	34,163	-	-	-

2. Scheduled repayment amount of long-term borrowings and other interest-bearing liabilities after the end of the consolidated fiscal year

Previous consolidated fiscal year (March 31, 2022) (Millions of yen)

	Within 1 year	More than 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years	Over 5 years
Short-term borrowings	300	-	-	-	-	-
Long-term borrowings	1,423	3,138	4,680	1,555	1,180	1,770
Total	1,723	3,138	4,680	1,555	1,180	1,770

Current consolidated fiscal year (March 31, 2023) (Millions of yen)

	Within 1 year	More than 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years	Over 5 years
Short-term borrowings	300	-	-	-	-	-
Long-term borrowings	3,138	4,680	1,555	1,180	1,180	590
Total	3,438	4,680	1,555	1,180	1,180	590

3. Matters concerning the breakdown of the market value of financial instruments by level

The market value of financial instruments is classified into the following 3 levels based on the observability and materiality of the inputs used to calculate market value.

Level 1 market value: Market value calculated based on (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2 market value: Market value calculated using directly or indirectly observable inputs other than Level 1 inputs

Level 3 market value: Market value calculated using significant unobservable inputs

When multiple inputs that have a significant impact on the market value calculation are used, the market value is classified into the level with the lowest priority in the market value calculation among the levels to which those inputs belong.

(1) Financial instruments carried on the consolidated balance sheet at market value

Previous consolidated fiscal year (March 31, 2022)

Classification	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total amount
Investment securities				
Available-for-sale securities	9,007	-	-	9,007
Total assets	9,007	-	-	9,007

Current consolidated fiscal year (March 31, 2023)

Classification	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total amount
Investment securities				
Available-for-sale securities	10,900	-	-	10,900
Total assets	10,900	-	-	10,900

(2) Financial instruments other than those recorded on the consolidated balance sheets at market value

Previous consolidated fiscal year (March 31, 2022)

Classification	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Available-for-sale securities				
Jointly managed designated money trust	-	5,000	-	5,000
Shares of affiliated companies	1,447	-	-	1,447
Total assets	1,447	5,000	-	6,447
Long-term borrowings (including current portion)	-	13,733	-	13,733
Total liabilities	-	13,733	-	13,733

Current consolidated fiscal year (March 31, 2023)

Classification	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Held-to-maturity debt securities				
Bonds payable	-	400	-	400
Available-for-sale securities				
Jointly managed designated money trust	-	3,000	-	3,000
Shares of affiliated companies	1,483	-	-	1,483
Total assets	1,483	3,400	-	4,884
Long-term borrowings (including current portion)	-	12,315	-	12,315
Total liabilities	-	12,315	-	12,315

Note: Explanation of valuation techniques used and inputs related to the calculation of market value

- Short-term and long-term investment securities

Listed shares are valued using quoted market prices. Since listed shares are traded in active markets, their market value is classified as Level 1 market value. On the other hand, bonds payable held by the Company are classified as Level 2 market value because they are traded infrequently in the market and are not considered quoted prices in an active market. In addition, the market value of jointly managed designated money trusts is based on their book value because they are settled in a short period. Their market value approximates their book value, and thus their market value is classified as their Level 2 market value.

- Long-term borrowings

Of these market values, those with floating interest rates are based on book values, which approximate book values because market interest rates are reflected within a short period and are classified as Level 2 market values. Those with fixed interest rates are based on the present value of the total principal and interest discounted by the interest rate that would be applicable to a similar new borrowing and are classified as Level 2 market value.

[Notes to securities]

1. Held-to-maturity debt securities

Previous consolidated fiscal year (March 31, 2022)

Not applicable.

Current consolidated fiscal year (March 31, 2023)

(Millions of yen)

	Type	Consolidated balance sheet amount	Market value	Difference
Securities with market value exceeding consolidated balance sheet amount	(1) Government bonds, municipal bonds, etc.	-	-	-
	(2) Bonds payable	400	400	0
	(3) Others	-	-	-
	Subtotal	400	400	0
Securities whose market value does not exceed the amount reported in the consolidated balance sheets	(1) Government bonds, municipal bonds, etc.	-	-	-
	(2) Bonds payable	-	-	-
	(3) Others	-	-	-
	Subtotal	-	-	-
Total		400	400	0

2. Available-for-sale securities

Previous fiscal year (March 31, 2022)

(Millions of yen)

	Type	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose reported amounts in the consolidated balance sheets exceed acquisition cost	(1) Shares	8,346	3,552	4,794
	(2) Others	-	-	-
	Subtotal	8,346	3,552	4,794
Securities whose reported amounts in the consolidated balance sheets do not exceed acquisition cost	(1) Shares	661	809	(148)
	(2) Others	5,000	5,000	-
	Subtotal	5,661	5,809	(148)
Total		14,007	9,362	4,645

Current consolidated fiscal year (March 31, 2023)

	Type	Consolidated balance sheet amount (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities whose reported amounts in the consolidated balance sheets exceed acquisition cost	(1) Shares	10,563	3,854	6,708
	(2) Others	-	-	-
	Subtotal	10,563	3,854	6,708
Securities whose reported amounts in the consolidated balance sheets do not exceed acquisition cost	(1) Shares	337	441	(104)
	(2) Others	3,000	3,000	-
	Subtotal	3,337	3,441	(104)
Total		13,900	7,296	6,604

3. Other securities sold

Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Millions of yen)

Type	Sale amount	Total gain on sale	Total loss on sale
Shares	11	2	4
Total	11	2	4

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

Type	Sale amount	Total gain on sale	Total loss on sale
Shares	190	124	-
Total	190	124	-

4. Securities for which impairment losses were recognized

In the previous consolidated fiscal year, the Company recognized impairment losses of 1,151 million yen on available-for-sale securities.

There is no applicable matter in the current consolidated fiscal year.

In the event that the market value at the end of the fiscal year has declined by 50% or more compared to the acquisition cost, all such declines are treated as impairment losses; impairment losses are recognized for the amount deemed necessary, taking into consideration the possibility of recovery and other factors.

[Retirement benefits]

1. Overview of retirement benefit plans adopted

Certain consolidated subsidiaries of the Company have funded and unfunded defined benefit plans and defined contribution plans to provide for employee retirement benefits. In addition, extra retirement payments may be paid to employees upon their retirement. Certain defined benefit plans include a retirement benefit trust funded by contributions of shares held by the Company. The defined benefit plans of some of the Company's consolidated subsidiaries use the simplified method to calculate liabilities for retirement benefits and retirement benefit expenses.

Some of the Company's consolidated subsidiaries participate in the Tokyo Pharmaceutical Industry Pension Fund, a multi-employer plan, and account for it in the same manner as a defined contribution plan since the amount of pension assets corresponding to their own contributions cannot be reasonably calculated.

2. Defined benefit plans

(1) Reconciliation of the beginning and ending balance of projected benefit obligations (excluding plans to which the simplified method is applied)

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Retirement benefit obligation at beginning of year	7,307	6,747
Service cost	423	409
Interest cost	43	40
Actuarial gains (losses)	(2)	(7)
Retirement benefits paid	(1,025)	(580)
Retirement benefit obligation at end of year	6,747	6,609

(2) Reconciliation between the beginning and ending balances of pension assets (excluding plans to which the simplified method is applied)

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Beginning balance of pension assets	904	1,033
Actuarial gains (losses)	129	161
Pension assets at end of year	1,033	1,195

(3) Reconciliation of the beginning and ending balances of liabilities for retirement benefits for plans to which the simplified method is applied

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Liabilities for retirement benefits, beginning of year	16	17
Retirement benefit expenses	2	3
Retirement benefits paid	(1)	(2)
Liabilities for retirement benefits at end of year	17	19

(4) Reconciliation of projected benefit obligation and pension assets at the end of the period, and liabilities for retirement benefits and assets related to retirement benefits recorded in the consolidated balance sheets

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Retirement benefit obligations of funded plans	6,747	6,609
Pension assets	(1,033)	(1,195)
Benefit obligation of non-funded plans	5,713	5,414
Net liabilities and assets recognized in the consolidated balance sheets	17	19
Liabilities for retirement benefits	5,730	5,433
Net liabilities and assets recognized in the consolidated balance sheets	5,730	5,433

(5) Retirement benefit expenses and their breakdown (Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Service cost	423	409
Interest cost	43	40
Amortization of actuarial gain or loss	43	38
Retirement benefit expenses calculated by the simplified method	2	3
Net periodic benefit cost related to defined benefit plans	513	492

(6) Adjustment for retirement benefits

Items recorded as adjustments to retirement benefits (before tax effect deductions)	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Actuarial gains and losses	175	208
Total	175	208

(7) Accumulated adjustments for retirement benefits

Items recorded in accumulated adjustments for retirement benefits (before tax effect deductions)	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Unrecognized actuarial gains (losses)	111	319
Total	111	319

(8) Matters related to pension assets

i) Major components of pension assets

The ratios of major classifications to total pension assets are as follows

	As of March 31, 2022	As of March 31, 2023
Shares	72%	74%
Cash and deposits	28%	26%
Total	100%	100%

Note: Total pension assets are all retirement benefit trusts established for defined benefit plans.

ii) Method of setting expected long-term rate of return on pension assets

To determine the expected long-term rate of return on pension assets, the Company considers the current and projected allocation of pension assets and the current and expected long-term rates of return from the various assets comprising the pension assets.

(9) Matters related to actuarial calculation basis

principal actuarial basis (expressed as a weighted average)

	As of March 31, 2022	As of March 31, 2023
Discount rate	0.6%	0.6%
Long-term expected rate of return on pension assets	0.0%	0.0%

Note: Since the Company mainly uses a point system, the projected salary increase rate is not used to calculate retirement benefit obligations.

3. Defined contribution plan

The required contribution to the defined contribution plan was 88 million yen in the previous fiscal year and 83 million yen in the current consolidated fiscal year.

4. Multi-employer system

The Company has a multi-employer pension fund plan in which certain consolidated subsidiaries participate that is accounted for in the same manner as a defined contribution plan. The required contribution to this plan was 102 million yen in the previous fiscal year and 99 million yen in the current consolidated fiscal year.

(1) Most recent funded status of multi-employer plans (Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Amount of pension assets	166,870	182,141
The amount of the actuarial liability in the pension financing calculation and Total amount of minimum policy reserve	150,293	151,351
Balance (of an account)	16,577	30,789

(2) Percentage of certain consolidated subsidiaries' contributions to the multi-employer plan

- Previous consolidated fiscal year 1.31% (Fiscal year ended March 31, 2022)

- Current consolidated fiscal year 1.27% (Fiscal year ended March 31, 2023)

(3) Supplementary explanation

The main factors in the difference in (1) above are the balance of prior service cost in the pension financing calculation. (8,572 million yen in the previous consolidated fiscal year and 6,169 million yen in the current consolidated fiscal year), general reserve (11,813 million yen in the previous consolidated fiscal year and 25,149 million yen in the current consolidated fiscal year) and surplus (13,336 million yen in the previous consolidated fiscal year and 11,809 million yen in the current consolidated fiscal year),

The past service liabilities under the plan are amortized on a straight-line basis over the remaining amortization period of 2 years and 5 months as of March 31, 2022.

The percentages shown in (2) above do not correspond to the actual burden ratios of some consolidated subsidiaries.

[Related to tax effect accounting]

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Deferred tax asset		
Liabilities for retirement benefits	1,967	1,884
Revenue recognition difference for tax purposes	1,268	1,136
Loss on valuation of investment securities	417	416
Provision for bonuses	355	350
Prepaid research expenses	284	346
Shares of subsidiaries and affiliates	153	153
Other	526	605
Subtotal of deferred tax assets	4,974	4,894
Valuation allowance	(627)	(639)
Total deferred tax assets	4,346	4,255
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(1,468)	(2,043)
Reserve for tax purpose reduction entry of non-current assets	(475)	(467)
Other	(26)	(27)
Total deferred tax liabilities	(1,970)	(2,538)
Net deferred tax assets	2,376	1,717

2. Significant differences between the statutory tax rate and the effective income tax rate after applying tax effect accounting, by a major item that caused the differences.

	As of March 31, 2022	As of March 31, 2023
Statutory effective tax rate	30.6%	30.6%
(Adjustment)		
Special deduction under the Special Taxation Measures Law	(3.3)%	(5.6)%
Tax Credits for Special Reconstruction Zones	(2.9)%	(4.1)%
Other	6.0%	0.0%
Effective tax rate after application of tax effect accounting	30.4%	20.9%

[Change of display method]

Valuation allowance," which was separately presented in the previous consolidated fiscal year, is included in "Other" in the current consolidated fiscal year because it became immaterial considering its ratio to the statutory effective tax rate.

The notes for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, "valuation allowance" of 4.2% and "other" of 1.8% presented in the previous consolidated fiscal year have been reclassified as "other" of 6.0%.

[Business Combinations, etc.]

Not applicable.

[Related to asset retirement obligations]

Notes are omitted due to immateriality in amount.

[Related to real estate for rent, etc.]

The Group has rental and idle properties in Kanagawa and other areas.

- Rental income and expenses related to such rental properties in the previous consolidated fiscal year were 20 million yen and 1 million yen, respectively.

- Rental income and expenses related to such rental properties for the current consolidated fiscal year were 20 million yen and 1 million yen, respectively.

The carrying amount on the consolidated balance sheet, increase/decrease during the period, and market value of such rental properties are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Consolidated balance sheet amount		
Balance at beginning of the period	1,080	203
Increase/decrease during the period	(876)	(1)
Balance at end of year	203	202
Market value at end of period	7,524	7,542

Notes:

1. The consolidated balance sheet amount is the acquisition cost less accumulated depreciation and accumulated impairment loss.
2. The main increases/decreases in the previous consolidated fiscal year were a decrease (923 million yen) due to sales and an increase (49 million yen) due to land use reclassification. The main increases/decreases in the current consolidated fiscal year were a decrease due to depreciation (2 million yen) and an increase due to the acquisition of land (0 million yen).
3. The market value at the end of the fiscal year is the amount calculated in-house based on the assessed value of non-current assets for property tax purposes (including those adjusted using indices, etc.).

[Revenue recognition]

1. Information disaggregating revenue from contracts with customers

- Change in reportable segment classification

Effective from the current consolidated fiscal year, "Animal health business," which was previously included in "Other" is now presented as a reportable segment due to its increased quantitative importance.

The segment information for the previous consolidated fiscal year is presented based on the classification after the change.

Previous consolidated fiscal year (Fiscal year ended March 31, 2022)

(Millions of yen)

	Reportable Segment		Other (Note)	Total
	Pharmaceutical business	Animal health business		
Goods to be transferred at one point in time	50,774	5,630	185	56,590
Goods transferred over a period of time	17	-	-	17
Revenue from contracts with customers	50,791	5,630	185	56,607
Other income	-	-	-	-
Sales to external customers	50,791	5,630	185	56,607

Note: "Other" is a business segment not included in the reportable segments and includes clinical testing and medical device businesses.

Current consolidated fiscal year (Fiscal year ended March 31, 2023)

(Millions of yen)

	Reportable Segment		Other (Note)	Total
	Pharmaceutical business	Animal health business		
Goods to be transferred at one point in time	53,562	6,660	220	60,444
Goods transferred over a period of time	17	-	-	17
Revenue from contracts with customers	53,579	6,660	220	60,461
Other income	-	-	-	-
Sales to external customers	53,579	6,660	220	60,461

Note: "Other" is a business segment not included in the reportable segments and includes clinical testing and medical device businesses.

2. Information that provides a basis for understanding the revenue arising from contracts with customers

The Group's principal business is the manufacture and sale of pharmaceutical products. In the sale of pharmaceutical products, control of the products is transferred to the customer when the products are delivered to the distributor by the Group's sales partners, and the performance obligation is satisfied. Revenue from the sale of products is measured at the sales price agreed to in the contract with the customer when the products are delivered, net of sales incentives and returns, and a refund liability is recorded for the expected future payment to the customer. The refund liability is estimated using the mode method based on contract terms and historical experience. The consideration for the transaction is received within one year of satisfaction of the performance obligation. It does not include any significant financial component.

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current consolidated fiscal year and are expected to be recognized in the following consolidated fiscal year or later

Contract liabilities and other liabilities consist of suspense receipts received from customers in other businesses and consideration received before the provision of goods or services, as well as discounts, returns, rebates, and other estimated amounts expected to be paid to customers in the future, which is included in other current liabilities on the consolidated balance sheets.

- (1) Receivables arising from customer contracts, issued contract liabilities, etc.

Previous consolidated fiscal year (Fiscal year ended March 31, 2022)

(Millions of yen)

	Balance at beginning of period	Balance at end of period
Claims arising from contracts with customers	13,153	14,515
Contract liabilities, etc.	239	193
Suspense receipt	-	14
Refund liabilities	239	179

Revenue recognized from performance obligations satisfied in prior periods in the current period was not material.

Current consolidated fiscal year (Fiscal year ended March 31, 2023)

(Millions of yen)

	Balance at beginning of period	Balance at end of period
Claims arising from contracts with customers	14,515	15,257
Contract liabilities, etc.	193	297
Suspense receipt	14	23
Refund liabilities	179	273

Revenue recognized from performance obligations satisfied in prior periods in the current period was not material.

- (2) Transaction prices allocated to remaining performance obligations

Since the Group has no significant transactions with an initial expected contract period exceeding one year, the practical expedient method is applied and information on residual performance obligations is omitted.

[Segment information etc.]

[Segment information]

1. Summary of reportable segments

The Group's reportable segments are constituent units of the Company for which separate financial information can be obtained. They are subject to review regularly by the Board of Directors to make decisions on the allocation of corporate resources and assess business performance.

The Group's chief businesses include the manufacture, sale, and import/export of pharmaceuticals and other products. Its two reportable segments are the pharmaceutical business and the animal health business.

The pharmaceuticals business mainly manufactures and sells pharmaceuticals.

The animal health business mainly manufactures and sells veterinary pharmaceuticals and feed additives.

Beginning with the consolidated fiscal year under review, the animal health business, which until now has been included under other businesses, is indicated as an independent reportable segment due to an increase in its quantitative importance.

Segment information for the previous consolidated fiscal year has been prepared using business categories reflecting this change.

2. Methods of calculating amounts of net sales, profit/loss, assets, liabilities, and other items per reportable segment

The account processing methods of reportable segments conform to the accounting policies employed in the preparation of the consolidated financial statements.

Figures for reportable segment profits are based on operating profit.

Internal sales or transfers between segments are based on actual market prices.

3. Information regarding amounts of net sales, profit/loss, assets, liabilities, and other items per reportable segment

Previous consolidated fiscal year (Fiscal year ended March 31, 2022)

(Millions of yen)

	Reportable 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	50,791	5,630	185	56,607	-	56,607
Intersegment sales and transfers	-	-	73	73	(73)	-
Total	50,791	5,630	259	56,681	(73)	56,607
Segment profit (loss)	5,088	376	(16)	5,449	(653)	4,795
Segment assets	42,910	2,958	90	45,959	37,338	83,297
Other items						
Depreciation and amortization	2,546	4	-	2,551	136	2,687

Notes:

1. The "Other" business segment consists of businesses not included in the reportable segments, including animal health drugs, clinical testing, medical devices, etc.

2. Details of the amounts of adjustments are provided below.

(1) The adjustment of (653) million yen to segment profit or loss (number in parentheses) consists of companywide expenses not allocated to individual business segments, which consist mainly of expenses related to the parent holding company

(2) The adjustment of 37,338 million yen to segment assets consists of companywide assets not allocated to individual business segments, which consist mainly of Company financial assets (cash and deposits, investment securities) not attributable to business segments and assets related to administrative sections.

(3) The adjustment of 136 million yen to depreciation consists of depreciation not allocated to individual business segments.

3. Segment profit or loss (numbers in parentheses) is adjusted against operating profit on the consolidated financial statements.

Current consolidated fiscal year (Fiscal year ended March 31, 2023)

(Millions of yen)

	Reportable 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	53,579	6,660	220	60,461	-	60,461
Intersegment sales and transfers	-	-	77	77	(77)	-
Total	53,579	6,660	298	60,538	(77)	60,461
Segment profit (loss)	5,779	409	(6)	6,181	(1,073)	5,108
Segment assets	40,135	3,031	42	43,209	43,928	87,138
Other items						
Depreciation and amortization	2,487	4	-	2,491	481	2,972

Notes:

- The "Other" business segment consists of businesses not included in the reportable segments, including animal health drugs, clinical testing, and medical devices, etc.
- Details of the amounts of adjustments are provided below.
 - The adjustment of (1,073) million yen to segment profit or loss (number in parentheses) consists of companywide expenses not allocated to individual business segments, which consist mainly of expenses related to the parent holding company
 - The adjustment of 43,928 million yen to segment assets consists of companywide assets not allocated to individual business segments, which consist mainly of Company financial assets (cash and deposits, investment securities) not attributable to business segments and assets related to administrative sections.
 - The adjustment of 481 million yen to depreciation consists of depreciation not allocated to individual business segments.
- Segment profit or loss (numbers in parentheses) is adjusted against operating profit on the consolidated financial statements.

[Related information]

Previous consolidated fiscal year (Fiscal year ended March 31, 2022)

- Information on individual products and services

This information is omitted because the same information was discussed under segment information.

- Information on individual regions

- (1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales on the Consolidated Statements of Income.

- (2) Property, plant and equipment

This information is omitted because no property, plant and equipment are located outside of Japan.

- Information on individual main customers

(Millions of yen)

Customer name	Net sales	Related segment
Takeda Pharmaceutical Company Limited	49,439	Pharmaceutical business

Current consolidated fiscal year (Fiscal year ended March 31, 2023)

1. Information on individual products and services

This information is omitted because the same information was discussed under segment information.

2. Information on individual regions

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales on the Consolidated Statements of Income.

(2) Property, plant and equipment

This information is omitted because no property, plant and equipment are located outside of Japan.

3. Information on individual main customers

(Millions of yen)

Customer name	Net sales	Related segment
Takeda Pharmaceutical Company Limited	52,293	Pharmaceutical business

[Information on impairment of non-current assets in each reportable segment]

Previous consolidated fiscal year (Fiscal year ended March 31, 2022)

(Millions of yen)

	Pharmaceutical business	Animal health business	Others	Total	Elimination or corporate	Amount recorded on consolidated statements of income
Impairment loss	5,941	-	11	5,953	-	5,953

Current consolidated fiscal year (Fiscal year ended March 31, 2023)

Not applicable.

[Information on amortization of goodwill and unamortized balances in each reportable segment]

Not applicable.

[Information on gain on negative goodwill in each reportable segment]

Not applicable.

[Related Party Information]

Not applicable.

[Notes to amounts per share]

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	1,734.80 yen	1,928.14 yen
Earnings per share	151.22 yen	150.08 yen

Notes:

1. Diluted profit per share is not indicated because there were no dilutive shares.
2. The bases of calculation of profit per share are described below.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit attributable to owners of parent	4,290 million yen	4,238 million yen
Amount which is not attributable to ordinary shareholders	-	-
Profit attributable to owners of parent related to ordinary shares	4,290 million yen	4,238 million yen
Average number of shares issued during the period	28,370 thousands of shares	28,239 thousands of shares

Shares of the Company held in the trust account for the employee share ownership program (58 thousand shares in the previous consolidated fiscal year, 8 thousand shares in the current consolidated fiscal year) are included in treasury shares deducted from the total number of shares issued and issued at the end of the period for purposes of calculation of profit per share.

In addition, treasury shares (88 thousand shares in the previous consolidated fiscal year, 32 thousand shares in the current consolidated fiscal year), which are deducted in the calculation of the average number of shares during the period, are included in the calculation of profit per share.

[Significant subsequent events]

Not applicable.

v) Consolidated supplementary schedules

[Schedule of bonds]

Not applicable.

[Schedule of borrowings, etc.]

Classification	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Average interest rate (%)	Repayment deadline
Short-term borrowings	300	300	0.463	-
Current portion of Long-term borrowings	1,423	3,138	0.430	-
Current portion of lease obligations	-	-	-	-
Long-term borrowings (excluding current portion)	12,323	9,185	0.364	2024 - 2028
Lease obligations (excluding current portion)	-	-	-	-
Other interest-bearing liabilities	-	-	-	-
plan	14,047	12,623	-	-

Notes:

1. The average interest rate is the weighted average interest rate on the balance of borrowings issued at the end of the fiscal year.
2. The scheduled repayment amounts of long-term borrowings (excluding current portion) for the five years after the consolidated balance sheet date are as follows.

(Millions of yen)

	More than 1 year but within 2 years	More than 2 years but within 3 years	More than 3 years but within 4 years	More than 4 years but within 5 years
Long-term borrowings	4,680	1,555	1,180	1,180

[Annexed consolidated detailed schedule of asset retirement obligations]

Since the amount of asset retirement obligations at the beginning and the end of the current consolidated fiscal year is less than 1/100 of the total liabilities and net assets at the beginning and the end of the current consolidated fiscal year. The description is omitted pursuant to Article 92-2 of the Regulations for Consolidated Financial Statements.

(2) Others

Quarterly information for the current consolidated fiscal year, etc.

(Cumulative period)	1st Quarter	2nd Quarter	3rd Quarter	Current consolidated fiscal year
Net sales (Millions of yen)	15,269	30,172	47,259	60,461
Profit before income taxes (Millions of yen)	1,805	3,019	5,367	5,357
Profit attributable to owners of parent (Millions of yen)	1,323	2,346	4,183	4,238
Earnings per share (Yen)	46.94	83.18	148.19	150.08

(Accounting period)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Earnings per share (Yen)	46.94	36.25	64.97	1.95

2. Financial Statements, etc.

(1) Financial Statements

i) Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	820	1,120
Other	*3 134	*3 79
Total current assets	954	1,200
Non-current assets		
Investments and other assets		
Shares of subsidiaries and affiliates	40,319	40,319
Deferred tax asset	27	54
Total investments and other assets	40,347	40,374
Total non-current assets	40,347	40,374
Total assets	41,301	41,575
Liabilities		
Current liabilities		
Short-term borrowings	300	300
Current portion of long-term borrowings	48	48
Accounts payable - other	*3 33	*3 81
Accrued income taxes	39	29
Provision for bonuses	60	116
Other	75	55
Total current liabilities	557	630
Non-current liabilities		
Long-term borrowings	48	-
Total non-current liabilities	48	-
Total liabilities	606	630
Total net assets		
Shareholders' equity		
Share capital	1,197	1,197
Capital surplus		
Capital reserve	844	844
Other capital surplus	41,239	41,220
Total capital surplus	42,084	42,065
Retained earnings		
Other retained earnings	747	886
Retained earnings brought forward	747	886
Total retained earnings	747	886
Treasury shares	(3,335)	(3,205)
Total shareholders' equity	40,695	40,944
Total net assets	40,695	40,944
Total liabilities and net assets	41,301	41,575

ii) Profit and loss statement

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue	*1 1,371	*1 1,732
Operating expenses	*1,*2 653	*1,*2 1,073
Operating profit	717	658
Non-operating profit		
Interest and dividend profit	0	*1 1
Other	0	*1 2
Total non-operating profit	0	3
Non-operating expenses		
interest expense	*1 0	3
ESOP trust contributions	-	51
Other	0	3
Total non-operating expenses	1	58
Ordinary profit	717	603
Profit before income taxes	717	603
Income taxes - current	61	39
Income taxes-deferred	(27)	(27)
Total income taxes	34	11
Profit	682	591

iii) Statements of Changes in Net Assets

Previous fiscal year (Fiscal year ended March 31, 2022)

(Millions of yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings			
Balance at the beginning of the period	-	-	-	-	-	-	-	-	-
Changes in items during period									
Increase/decrease by share transfers	1,197	844	41,466	42,311	65	65	(3,163)	40,411	40,411
Dividends of surplus			(199)	(199)				(199)	(199)
Profit attributable to owners of parent					682	682		682	682
Purchase of treasury shares							(316)	(316)	(316)
Disposal of treasury shares			(27)	(27)			144	117	117
Net changes of items other than shareholders' equity									-
Total changes of items during period	1,197	844	41,239	42,084	747	747	(3,335)	40,695	40,695
Balance at the end of current period	1,197	844	41,239	42,084	747	747	(3,335)	40,695	40,695

Current fiscal year (Fiscal year ended March 31, 2023)

(Millions of yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings			
Balance at the beginning of the period	1,197	844	41,239	42,084	747	747	(3,335)	40,695	40,695
Changes in items during period									
Increase/decrease by share transfers									
Dividends of surplus					(452)	(452)		(452)	(452)
Profit attributable to owners of parent					591	591		591	591
Purchase of treasury shares							(0)	(0)	(0)
Disposal of treasury shares			(19)	(19)			129	109	109
Net changes of items other than shareholders' equity									-
Total changes of items during period	-	-	(19)	(19)	139	139	129	249	249
Balance at the end of current period	1,197	844	41,220	42,065	886	886	(3,205)	40,944	40,944

Notes:

[Significant accounting policies]

1. Valuation standards and methods for assets

Valuation standards and methods for securities

Shares of subsidiaries and affiliates... Stated at cost based on the moving average method

2. Basis for provision

Provision for bonuses

To provide for the payment of employee bonuses, an estimated amount is recorded based on the period subject to payment.

3. Basis for recording revenues and expenses

Revenue is recognized when control of the promised goods or services is transferred to the customer in the amount expected to be received in exchange for such goods or services. The principal performance obligations in the major businesses and the usual points in time at which revenue is recognized are described in the "Revenue recognition" section.

[Additional information]

- Transactions in which the Company's shares are issued to employees, etc. through a trust

Notes regarding transactions in which the Company's shares are delivered to the Employee Shareholding Association through a trust are omitted because the same information is presented in the "Notes (Additional Information)" to the consolidated financial statements.

[Notes to Balance Sheet]

1. Guaranteed liabilities

The Company has guaranteed the following affiliated companies' borrowings from financial institutions.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Ha Tay Pharmaceutical Joint Stock Company	- (- million VND)	580 (102,213 million VND)

Note: Guarantee obligations denominated in foreign currencies are converted into yen at the exchange rate as of the end of the fiscal year.

2. The Company has commitment line contracts with financial institutions to raise working capital efficiently. The following are unused lines of credit based on these agreements.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Total amount of commitment line contracts	3,000	3,000
Loan balance	300	300
Difference	2,700	2,700

*3. Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding those presented separately)

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Short-term monetary claims	2	10
Short-term monetary obligations	29	70

[Notes to Statements of Income]

*1. Transactions with affiliated companies

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Transaction volume from business transactions		
Operating revenue	1,371	1,732
Operating expenses	16	60
Transactions from non-operating transactions	0	2

*2. Major items and amounts of operating expenses are as follows

All operating expenses are general and administrative expenses.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Salaries, allowances and bonuses	287	473
Provision for bonuses	60	116
Retirement benefit expenses	29	58

[Notes to marketable securities]

Shares of subsidiaries and affiliates

Carrying amount of non-marketable shares and other securities on the balance sheet

(Millions of yen)

Classification	As of March 31, 2022	As of March 31, 2023
Subsidiary shares	40,256	40,256
Shares of affiliated companies	63	63

[Related to tax effect accounting]

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Deferred tax asset		
Shares of subsidiaries and affiliates	514	510
Provision for bonuses	18	35
Other	12	19
Subtotal of deferred tax assets	545	564
Valuation allowance	(514)	(510)
Total deferred tax assets	31	54
Deferred tax liabilities		
Payments for seconded employees	(4)	-
Total deferred tax liabilities	(4)	-
Net deferred tax assets	27	54

[Change of display method]

Accrued enterprise taxes," which were independently presented in the previous fiscal year, are included in "Other" in the current fiscal year because they became insignificant in terms of amount.

The notes for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, "Accrued enterprise taxes" of 8 million yen and "Other" of 4 million yen, which were recorded in the previous fiscal year, have been reclassified as "Other" of 12 million yen.

2. Significant differences between the statutory tax rate and the effective income tax rate after applying tax effect accounting, by a major item that caused the differences.

	As of March 31, 2022	As of March 31, 2023
Statutory effective tax rate	30.6%	30.6%
(Adjustment)		
Entertainment expenses and other items not permanently deductible for income tax purposes	-	1.3%
Dividend income and other items not permanently includable in income	(26.1)%	(31.0)%
Inhabitant tax equalization rate	0.3%	0.6%
Other	0.0%	0.4%
Effective tax rate after application of tax effect accounting	4.8%	1.9%

[Revenue recognition]

Information that provides a basis for understanding revenue arising from contracts with customers

The Company's revenues consist of management guidance fees and dividends received from subsidiaries. For management guidance fees, the Company recognizes revenue when the contract with the subsidiary is executed, as the Company's performance obligation is fulfilled when the services are provided. Dividends received are recognized as of the effective date of the dividends.

[Significant subsequent events]

Not applicable.

iv) Annexed detailed schedule

[Annexed detailed schedule of property, plant and equipment, etc.]

Not applicable.

[Annexed detailed schedule of provisions]

(Millions of yen)

Subject	Balance at the beginning of current period	Increase during the fiscal year	Decrease during the fiscal year	Balance at the end of current period
Provision for bonuses	60	116	60	116

(2) Major Assets and Liabilities

Omitted since consolidated financial statements are prepared.

(3) Others

The financial statements for the two most recent fiscal years of ASKA Pharmaceutical Co., Ltd., which became a wholly-owned subsidiary of the Company through a share transfer, are as follows.

[ASKA Pharmaceutical Co., Ltd.]

(1) Financial Statements

i) Balance Sheet

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	10,616	12,316
Accounts receivable-trade	*2 13,542	*2 14,218
Securities	5,000	3,400
Merchandise and finished goods	8,737	9,575
Work in process	457	429
Raw materials and supplies	4,473	6,273
Other	2,742	2,919
Allowance for doubtful accounts	45,569	49,133
Total current assets		
Property, plant and equipment		
Building	*1 4,173	*1 4,023
Structure	*1 386	*1 358
Machinery and equipment	*1 1,726	*1 1,338
Vehicles	*1 5	*1 7
Land	4,249	4,249
Construction in progress	8	389
Other	*1 385	*1 427
Total property, plant and equipment	10,935	10,796
Intangible assets		
Distributorship	5,366	3,673
Intangible assets in progress	300	300
Other	508	487
Total intangible assets	6,175	4,461
Investments and other assets		
Investment securities	9,662	11,659
Shares of subsidiaries and affiliates	2,342	2,342
Deferred tax assets	2,363	1,722
Other	2,034	2,001
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	16,385	17,708
Total non-current assets	33,495	32,966
Total assets	79,065	82,099

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	3,723	3,022
Accounts payable - trade	*2 2,697	*2 2,289
Current portion of long-term borrowings	1,375	3,090
Accounts payable - other	*2 4,790	*2 4,852
Accrued income taxes	463	642
Provision for bonuses	1,089	995
Provision for bonuses for directors (and other officers)	28	24
Other	685	1,308
Total current liabilities	14,852	16,225
Non-current liabilities		
Long-term borrowings	12,275	9,185
Allowance for retirement benefits	5,827	5,736
Other	336	334
Total long-term liabilities	18,439	15,255
Total liabilities	33,291	31,481
Total net assets		
Shareholders' equity		
Share capital	1,197	1,197
Capital surplus		
Capital reserve	844	844
Other capital surplus	1,242	1,242
Total capital surplus	2,087	2,087
Retained earnings		
Legal retained earnings	354	354
Other retained earnings	38,902	42,376
Reserve for tax purpose reduction entry of non-current assets	1,078	1,060
General reserve	29,594	29,594
Retained earnings brought forward	8,229	11,721
Total retained earnings	39,257	42,730
Total shareholders' equity	42,543	46,016
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,231	4,602
Total valuation and translation adjustments	3,231	4,602
Total net assets	45,774	50,618
Total liabilities and net assets	79,065	82,099

ii) Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	*1 51,756	*1 54,567
Cost of sales	*1 26,673	*1 27,422
Gross profit	25,083	27,145
Selling, general and administrative expenses	*1 20,678	*1 22,406
Operating profit	4,404	4,739
Non-operating profit		
Interest and dividend profit	*1 292	376
Other	*1 146	*1 183
Total non-operating profit	439	559
Non-operating expenses		
interest expense	56	*1 48
Other	*1 289	*1 287
Total non-operating expenses	345	336
Ordinary profit	4,498	4,962
Extraordinary profit		
Gain on sales of fixed assets	8,158	-
Gain on sales of investment securities	-	124
Other	258	-
Total extraordinary profit	8,416	124
Extraordinary loss		
Loss on valuation of investment securities	1,151	-
Impairment loss	5,953	-
Contract cancellation fee	870	-
Other	425	-
Total extraordinary loss	8,400	-
Profit before income taxes	4,514	5,087
Income taxes - current	820	954
Income taxes-deferred	403	48
Total income taxes	1,224	1,002
Profit	3,290	4,084

Detailed schedule of manufacturing costs

Classification	Note number	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
		Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
I Material cost		10,692	76.2	13,174	76.4
II Labor cost		1,171	8.4	1,148	6.9
III Expenses	note 1	2,158	15.4	2,268	13.7
Total manufacturing costs for the period		14,022	100.0	16,592	100.0
Inventory of work in process and semi-finished goods at the beginning of the period		1,527		1,098	
Receivables from other accounts		0		-	
Total		15,551		17,690	
Inventory of work in process and semi-finished goods at the end of the period		1,098		1,695	
Transfer to other accounts	note 2	193		93	
Cost of products manufactured in the current period		14,259		15,902	

Cost accounting method

The cost accounting method is simple overall costing by process, with scheduled costs used during the period and cost variances allocated to products, semi-finished goods, work in process, cost of sales, etc. at the end of the period.

Notes:

*1. Major breakdown is as follows.

(Millions of yen)

Item	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Depreciation and amortization	1,023	822
Heating and lighting expenses	447	617

*2. Breakdown of transfers to other accounts is as follows.

(Millions of yen)

Item	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Disposal of inventories	134	43
Testing and research expenses	20	24
Other	38	25
Total	193	93

iii) Statements of Changes in Shareholders' Equity
 Previous fiscal year (Fiscal year ended March 31, 2022)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Capital reserve	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	1,197	844	76	921	354	1,097	29,594	9,243	40,289
Changes in items during the period									
Increase/decrease due to share transfer			1,165	1,165				(65)	(65)
Reversal of reserve for reduction of fixed assets						(18)		18	-
Dividends from surplus								△4,257	△4,257
Profit								3,290	3,290
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	1,165	1,165	-	(18)	-	(1,013)	(1,031)
Balance at the end of current period	1,197	844	1,242	2,087	354	1,078	29,594	8,229	39,257

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(1,997)	40,411	2,824	2,824	43,236
Changes in items during the period					
Increase/decrease due to share transfer	1,997	3,098			3,098
Reversal of reserve for reduction of fixed assets		-			-
Dividends from surplus		(4,257)			(4,257)
Profit		3,290			3,290
Net changes of items other than shareholders' equity			406	406	406
Total changes of items during the period	1,997	2,131	406	406	2,537
Balance at the end of current period	-	42,543	3,231	3,231	45,774

Current fiscal year (Fiscal year ended March 31, 2023)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			Total retained earnings
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	1,197	844	1,242	2,087	354	1,078	29,594	8,229	39,257
Changes in items during the period									
Reversal of reserve for reduction of fixed assets						(18)		18	-
Dividends from surplus								(611)	(611)
Profit								4,084	4,084
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	-	-	-	(18)	-	3,491	3,473
Balance at the end of current period	1,197	844	1,242	2,087	354	1,060	29,594	11,721	42,730

	Shareholders' equity	Valuation and translation adjustments		Total net assets
	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	42,543	3,231	3,231	45,774
Changes in items during the period				
Reversal of reserve for reduction of fixed assets	-			-
Dividends from surplus	(611)			(611)
Profit	4,084			4,084
Net changes of items other than shareholders' equity		1,371	1,371	1,371
Total changes of items during the period	3,473	1,371	1,371	4,844
Balance at the end of current period	46,016	4,602	4,602	50,618

Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,514	5,087
Depreciation	2,881	3,122
Impairment losses	5,953	-
Increase (decrease) in provision for the cost of environmental measures	(820)	-
Interest and dividend income	(292)	(376)
Interest expenses	56	48
Loss (gain) on sale and retirement of property, plant and equipment	(8,152)	4
Loss (gain) on sale of investment securities	-	(124)
Loss (gain) on valuation of investment securities	1,151	-
Contract termination fees	870	-
Decrease (increase) in trade receivables	(1,176)	(676)
Decrease (increase) in inventories	(373)	(2,610)
Increase (decrease) in trade payables	409	(1,108)
Other, net	(199)	(130)
Subtotal	4,821	3,237
Interest and dividends received	292	375
Interest paid	(57)	(49)
Income taxes paid	(1,240)	(775)
Payments of contract termination	(870)	-
Net cash provided by (used in) operating activities	2,945	2,788
Cash flows from investing activities		
Purchase of securities	-	(400)
Purchase of property, plant and equipment	(579)	(461)
Proceeds from sale of property, plant and equipment	10,312	0
Purchase of intangible assets	(1,798)	(285)
Purchase of investment securities	(56)	-
Proceeds from sale of investment securities	11	190
Other, net	(1,091)	(142)
Net cash provided by (used in) investing activities	6,797	(1,099)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(300)	-
Repayments of long-term borrowings	(2,396)	(1,375)
Net decrease (increase) in treasury shares	68	-
Dividends paid	(1,024)	(611)
Net cash provided by (used in) financing activities	(3,652)	(1,986)
Effect of exchange rate change on cash and cash equivalents	(0)	(2)
Net increase (decrease) in cash and cash equivalents	6,090	(299)
Cash and cash equivalents at beginning of period	9,525	15,616
Cash and cash equivalents at end of period	*1 15,616	*1 15,316

Notes:

[Significant accounting policies]

1. Valuation standards and methods for securities

Held-to-maturity debt securities... Amortized cost method (straight-line method).

Shares of subsidiaries and affiliates... Stated at cost based on the moving average method.

Available-for-sale securities

- Shares and other securities without market quotations... Market value method (valuation differences are accounted for by the total direct capitalization method and the cost of sales is determined by the moving average method).

- Non-marketable equity securities, etc.... Stated at cost based on the moving average method.

2. Valuation standards and methods for derivatives

Money held in trust for investment purposes... Market value method

3. Valuation standards and methods for inventories

Stated at cost determined by the weighted average method (the amount stated on the balance sheet is calculated by writing down the book value based on a decline in profitability).

4. Depreciation and amortization methods for non-current assets

(1) Property, plant and equipment

Declining-balance method (straight-line method is used for buildings (excluding building fixtures) acquired on or after April 1, 1998 and for building fixtures and structures acquired on or after April 1, 2016).

(2) Intangible assets

The straight-line method is used.

Software for internal use is amortized over an estimated useful life of 5 years.

5. Basis for reserves

(1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided for possible losses on Accounts receivable-trade and other receivables based on the historical write-off ratio for general receivables and on the estimated amount of uncollectible receivables based on a case-by-case determination of collectibility for specific receivables such as doubtful receivables.

(2) Provision for bonuses

To provide for the payment of employee bonuses, the Company accrues an estimated amount based on the period subject to payment.

(3) Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to Board members, the Company accrues an estimated amount of bonuses to be paid at the end of the consolidated fiscal year.

(4) Allowance for retirement benefits

To provide for the payment of retirement benefits to employees, the Company records an amount based on the estimated amount of retirement benefit obligations as of the end of the consolidated fiscal year.

Actuarial gains and losses are amortized on a straight-line basis over a fixed number of years (10 years) within the average remaining service period of employees at the time of occurrence of each fiscal year. The amount is amortized from the following fiscal year of occurrence of each fiscal year. In calculating the retirement benefit obligation, the estimated amount of retirement benefits is attributed to the period up to the consolidated fiscal year based on the benefit calculation method.

6. Basis for recording revenues and expenses

Revenue is recognized when control of the promised goods or services is transferred to the customer in the amount expected to be received in exchange for such goods or services. The principal performance obligations in the major businesses and the usual points in time at which revenue is recognized are described in the "Revenue recognition" section.

7. Scope of funds in the statement of cash flows

Cash and cash equivalents in the statements of cash flows consist of cash and deposits that can be withdrawn on demand and short-term investments that are readily convertible to cash, risk-averse to price fluctuations, and redeemable within 3 months from the date of acquisition.

[Significant accounting estimates]

1. Intangible assets in progress

(Millions of yen)

	Previous fiscal year	Current fiscal year
Intangible assets in progress	300	300

Intangible assets in progress consist of intellectual property rights for products in the research and development stage. These assets are considered individual assets as cash-generating units. They are tested for impairment at a certain point in each period or when an indication of impairment is indicated.

In impairment testing, the recoverable amount of a cash-generating unit is estimated, and the carrying amount is compared to its recoverable amount. Such estimates may be affected by uncertain future R&D progress and other factors. If actual R&D progress differs from the estimates, the amount of intangible fixed assets in progress may be materially affected in the financial statements for the next fiscal year.

2. Deferred tax assets

(Millions of yen)

	Previous fiscal year	Current fiscal year
Deferred tax assets	2,363	1,722

Deferred tax assets are recognized based on estimates of the timing and amount of taxable income based on future business plans. Such estimates may be affected by uncertain future changes in economic conditions, etc. If the timing and amount of taxable income generated differ from the estimates, the amount of deferred tax assets may be materially affected in the financial statements for the next fiscal year.

[Change in accounting policy]

The "Guidance on Accounting Standard for Measurement of Market Value (ASBJ Guidance No. 31, June 17, 2021)" and other related guidance were applied from the beginning of the current fiscal year, and new accounting policies prescribed by the Guidance on Accounting Standard for Measurement of Market Value were applied prospectively in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Guidance on Accounting Standard for Measurement of Market Value. There is no impact on the financial statements.

[Additional information]

- Previous fiscal year (March 31, 2022)

Not applicable.

- Current fiscal year (March 31, 2023)

Not applicable.

[Notes to Balance Sheet]

*1. Accumulated depreciation of property, plant and equipment

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Accumulated depreciation	24,178	25,022

*2. Receivables from and payables to affiliated companies are as follows

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Short-term monetary claims	357	521
Short-term monetary obligations	25	47

[Notes to Statements of Income]

*1. Transactions with affiliated companies include the following

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	886	919
Purchase of goods	6	74
Selling, general and administrative expenses	761	1,138
Non-operating transactions	63	120

[Notes to Statement of Changes in Net Assets]

Previous fiscal year (Fiscal year ended March 31, 2022)

1. Matters concerning the class and total number of issued shares and the class and number of treasury shares

(Thousands of shares)

	Number of shares at the beginning of the current fiscal year	Number of shares increased in the current fiscal year	Decrease in number of shares in the current fiscal year	Number of shares at the end of the current fiscal year
Issued shares				
Ordinary shares	30,563	-	-	30,563
Total	30,563	-	-	30,563
Treasury shares				
Ordinary shares	2,073	-	2,073	-
Total	2,073	-	2,073	-

Note: The decrease of 2,073 thousand shares in the number of treasury shares of ordinary shares is due to a decrease in the number of shares of ASKA Pharmaceutical Holdings Co., Ltd.

2. Matters concerning share acquisition rights and treasury shares acquisition rights

Not applicable.

3. Matters related to dividends

(1) Dividends paid

(Resolution)	Type of shares	Source of dividends	Type of dividend property	Dividend property book value (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
April 23, 2021 Extraordinary General Meeting of Shareholders	Ordinary shares	Retained earnings	ASKA Pharmaceutical Holdings Co. Ltd. Shares	3,029	1,461	April 23, 2021	May 14, 2021
April 23, 2021 Extraordinary General Meeting of Shareholders	Ordinary shares	Retained earnings	ASKA Animal Health Co., Ltd. Shares	100	50,000	April 23, 2021	April 26, 2021
April 23, 2021 Extraordinary General Meeting of Shareholders	Ordinary shares	Retained earnings	ASKA Pharma Medical Co., Ltd. Shares	92	23,230	April 23, 2021	April 26, 2021
April 23, 2021 Extraordinary General Meeting of Shareholders	Ordinary shares	Retained earnings	JAPAN GLASS INDUSTRY CO., LTD. Shares	10	289	April 23, 2021	April 26, 2021

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 24, 2021 Ordinary General Meeting of Shareholders	Ordinary shares	199	7	March 31, 2021	June 25, 2021
November 1, 2021 Board of Directors	Ordinary shares	213	7	September 30, 2021	November 19, 2021
March 7, 2022 Extraordinary General Meeting of Shareholders	Ordinary shares	611	20	December 31, 2021	March 8, 2022

Note: The total amount of dividends resolved at the Ordinary General Meeting of Shareholders on June 24, 2021 includes dividends of 0 million yen to the ESOP trust.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
June 28, 2022 Ordinary General Meeting of Shareholders	Ordinary shares	305	Retained earnings	10	March 31, 2022	June 29, 2022

Current fiscal year (Fiscal year ended March 31, 2023)

1. Matters concerning the class and total number of issued shares and the class and number of treasury shares

(Thousands of shares)

	Number of shares at the beginning of the current fiscal year	Number of shares increased in the current fiscal year	Decrease in number of shares in the current fiscal year	Number of shares at the end of the current fiscal year
Issued shares				
Ordinary shares	30,563	-	-	30,563
Total	30,563	-	-	30,563
Treasury shares				
Ordinary shares	-	-	-	-
Total	-	-	-	-

2. Matters concerning share acquisition rights and treasury share acquisition rights

Not applicable.

3. Matters related to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 28, 2022 Ordinary General Meeting of Shareholders	Ordinary shares	305	10	March 31, 2022	June 29, 2022
November 7, 2023 Board of Directors	Ordinary shares	305	10	September 30, 2022	November 29, 2022

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
June 27, 2023 Ordinary General Meeting of Shareholders	Ordinary shares	916	Retained earnings	30	March 31, 2023	June 28, 2023

[Notes to Statements of Cash Flows]

*1 Reconciliation of cash and cash equivalents at the end of the period with the amounts reported in the balance sheets.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash and deposits	10,616	12,316
Securities with maturities of 3 months or less from acquisition date	5,000	3,000
Cash and cash equivalents	15,616	15,316

[Financial instruments]

1. Matters concerning the status of financial instruments

(1) Policy for financial instruments

The Company procures necessary funds from the Company's correspondent financial institutions with high creditworthiness. Temporary surplus funds are invested mainly in safe, short-term financial assets such as trust beneficiary rights. The Company's policy is to use derivatives only to avoid the risk of interest rate fluctuations and not to engage in speculative transactions.

(2) Description of financial instruments, their risks and risk management systems

Accounts receivable-trade, which are trade receivables, are exposed to customer credit risk. The Company manages due dates and issued balances for each customer with respect to such risk and works to early identify and mitigate concerns about collection due to deterioration of financial conditions and other factors.

Short-term and long-term investment securities and money held in trust are exposed to market price fluctuation risk. The Company has a system in place to periodically monitor the issuers' market value or financial conditions with respect to such risk.

Most trade payables, such as accounts payable and electronically recorded payables, are due within 4 months.

Borrowings are mainly to procure funds for intellectual property rights and short-term working capital. The redemption date is up to 6 years after the balance sheet date, and a portion of these borrowings are exposed to interest rate fluctuation risk because of variable interest rates.

Although trade payables and borrowings are exposed to liquidity risk related to fund procurement, the Finance & Accounting Department prepares monthly cash management plans based on reports from each department and manages liquidity risk by maintaining liquidity on hand.

(3) Supplementary explanation on matters concerning market value, etc. of financial instruments

Since variable factors are incorporated in the calculation of the market value of financial instruments, such values may change due to the adoption of different assumptions and other factors.

(4) Concentration of credit risk

Approximately 93% of trade receivables as of the consolidated balance sheet date of the current period were due to certain large customers.

2. Market value of financial instruments

Balance sheet amount, market value and their differences are as follows.

Previous fiscal year (March 31, 2022)

(Millions of yen)

	Carrying value on the balance sheet	Market value	Difference
(1) Short-term and long-term investment securities (Note 4)			
Available-for-sale securities	14,007	14,007	-
Shares of affiliated companies	2,342	1,447	(895)
Total assets	16,350	15,455	(895)
(2) Long-term borrowings (including current portion)	13,650	13,635	(14)
Total liabilities	13,650	13,635	(14)

Current fiscal year (March 31, 2023)

(Millions of yen)

	Carrying value on the balance sheet	Market value	Difference
(1) Short-term and long-term investment securities (Note 4)			
Held-to-maturity debt securities	400	400	0
Available-for-sale securities	13,900	13,900	-
Shares of affiliated companies	2,342	1,483	(859)
Total assets	16,643	15,784	(858)
(2) Long-term borrowings (including current portion)	12,275	12,266	(8)
Total liabilities	12,275	12,266	(8)

Notes:

1. The description of "Cash and deposits" are omitted because they are cash and are settled in a short period and thus their market value approximates their book value.
2. The description of "Accounts receivable-trade" and "Money held in trust" are omitted because they are settled in a short period and thus their market values approximate their book values.
3. The description of "Electronically recorded obligations - operating," "Accounts payable-trade," "short-term borrowings," and "accounts payable-other" are omitted because they are settled in a short period and thus their market values approximate their book values.
- *4. Non-marketable securities are not included in (1) Short-term and long-term investment securities. The amounts recognized in the consolidated balance sheets for such financial instruments are as follows.

(Millions of yen)

Classification	Previous fiscal year	Current fiscal year
Unlisted shares	352	352
Shares of affiliated companies	0	0
Investments in limited liability investment partnerships, etc.	302	406

3. Matters concerning the breakdown of the market value of financial instruments by level

The market value of financial instruments is classified into the following 3 levels based on the observability and materiality of the inputs used to calculate market value.

Level 1 market value: Market value calculated based on (unadjusted) quoted prices in active markets for identical assets or liabilities.

Level 2 market value: Market value calculated using directly or indirectly observable inputs other than Level 1 inputs.

Level 3 market value: Market value calculated using significant unobservable inputs.

When multiple inputs that have a significant impact on the market value calculation are used, the market value is classified into the level with the lowest priority in the market value calculation among the levels to which those inputs belong.

(1) Financial instruments carried on the consolidated balance sheet at market value

Previous fiscal year (March 31, 2022)

Classification	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	9,007	-	-	9,007
Total assets	9,007	-	-	9,007

Current consolidated fiscal year (March 31, 2023)

Classification	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	10,900	-	-	10,900
Total assets	10,900	-	-	10,900

(2) Financial instruments other than those recorded on the consolidated balance sheets at market value

Previous consolidated fiscal year (March 31, 2022)

Classification	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Available-for-sale securities	-	5,000	-	5,000
Shares of affiliated companies	1,447	-	-	1,447
Total assets	1,447	5,000	-	6,447
Long-term borrowings (including current portion)	-	13,635	-	13,635
Total liabilities	-	13,635	-	13,635

Current consolidated fiscal year (March 31, 2023)

Classification	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Held-to-maturity debt securities	-	400	-	400
Available-for-sale securities	-	3,000	-	3,000
Shares of affiliated companies	1,483	-	-	1,483
Total assets	1,483	3,400	-	4,884
Long-term borrowings (including current portion)	-	12,266	-	12,266
Total liabilities	-	12,266	-	12,266

Note: Explanation of valuation techniques used and inputs related to the calculation of market value

- Short-term and long-term investment securities

Listed shares are valued using quoted market prices. Since listed shares are traded in active markets, their market value is classified as Level 1 market value. On the other hand, Bonds payable held by the Company are classified as Level 2 market value because they are traded infrequently in the market and are not considered quoted prices in an active market. In addition, the market value of jointly managed designated money trusts is based on their book value because they are settled in a short period. Their market value approximates their book value, and thus their market value is classified as their Level 2 market value.

- Long-term borrowings

Of these market values, those with floating interest rates are based on book values, which approximate book values because market interest rates are reflected within a short period and are classified as Level 2 market values. Those with fixed interest rates are based on the present value of the total principal and interest discounted by the interest rate that would be applicable to a similar new loan and are classified as Level 2 market value.

[Related to tax effect accounting]

Deferred tax assets consist mainly of the provision for retirement benefits and the difference in revenue recognition for tax purposes. Deferred tax liabilities mainly consist of unrealized gains (losses) on marketable securities.

[Related to real estate for rent, etc.]

The Company has rental and idle properties in Kanagawa and other areas.

Rental income and expenses from such rental properties in the previous fiscal year were 20 million yen and 4 million yen, respectively.

Rental income and expenses from such rental properties for the fiscal year under review were 20 million yen and 5 million yen, respectively.

The carrying amount, changes during the period, and market value of such rental properties are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Carrying value on the balance sheet		
Balance at beginning of the period	2,347	203
Increase/decrease during the period	(2,143)	(1)
Balance at end of year	203	202
Market value at end of period	7,524	7,542

Notes:

1. Carrying amount on the balance sheet is the acquisition cost less accumulated depreciation and accumulated impairment loss.
2. The main increases/decreases in the previous fiscal year were a decrease due to sales (2,190 million yen) and an increase due to the reclassification of land use (49 million yen). The major increases/decreases in the current fiscal year were a decrease due to depreciation (2 million yen) and an increase due to the acquisition of land (0 million yen).
3. The market value at the end of the fiscal year is the amount the Company calculates based on the assessed value of non-current assets for property tax purposes (including those adjusted using indices, etc.).

[Revenue recognition]

Information that provides a basis for understanding revenue arising from contracts with customers

The Company's principal business is the manufacture and sale of pharmaceutical products. In the sale of pharmaceutical products, control of the products is transferred to the customer when the products are delivered to the distributor by the Company's sales agent, and the performance obligation is satisfied. Revenue from sales of finished goods is measured at the selling price when the finished goods are delivered to the customer, less any sales incentives and returns.

[Related Party Information]

Transactions with related parties

Parent company and major shareholders (limited to companies, etc.)

Previous fiscal year (Fiscal year ended March 31, 2022)

(Millions of yen)

Type	Company name	Percentage of voting rights, etc. held by the Company (%)	Relationship with related parties	Transaction details	Amount of transaction (Note 1)	Subject	Balance at end of year
Parent company	ASKA Pharmaceutical Holdings Co., Ltd.	100% directly	Concurrent directors	Dividends in kind			
				Shares of ASKA Pharmaceutical Holdings (Note 1)	3,029	-	-
				Shares of subsidiaries and affiliates (Note 2)	203	-	-

Current fiscal year (Fiscal year ended March 31, 2023)

(Millions of yen)

Type	Company name	Percentage of voting rights, etc. held by the Company (%)	Relationship with related parties	Transaction details	Amount of transaction (Note 1)	Subject	Balance at end of year	
Parent company	ASKA Pharmaceutical Holdings Co., Ltd.	100% directly	Concurrent directors	Borrowing	30,000			
				Borrowing of funds (Note 3)			short borrowings	-
				Repayment	30,000			

Notes:

1. Dividends in kind of shares of ASKA Pharmaceutical Holdings Co., Ltd. acquired by the Company through a sole-share transfer were distributed in kind by the Company.
2. Regarding dividends in kind of shares of affiliated companies, the Company paid those as part of ASKA Pharmaceutical Holdings' restructuring following the transition to a holding company structure.
3. Conditions of transactions and guidelines for determining terms and conditions of transactions
The interest rate for borrowing funds is determined reasonably, considering market interest rates and other factors.

[Per share information]

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	1,497.69 yen	1,656.20 yen
Earnings per share	108.80 yen	133.65 yen

Notes:

1. Diluted earnings per share is not shown in the above table, as there are no residual shares.
2. Basis for calculation of earnings per share and diluted earnings per share is as follows

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Earnings per share		
Profit (Millions of yen)	3,290	4,084
Amount not attributable to ordinary shareholders (Millions of yen)	-	-
Profit related to ordinary shares (Millions of yen)	3,290	4,084
Average number of shares of ordinary shares during the period (Thousand of shares)	30,244	30,563

[Significant subsequent events]

Not applicable.

[VI] Overview of Share-related Administration for the Filing Company

Fiscal year	April 1 to March 31
Ordinary General Meeting of Shareholders	During June
Record date	March 31
Record date for dividends from surplus	September 30 March 31
Number of shares per unit	100 shares
Purchase and sale of shares less than one unit	
Handling location	(Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Transfer Agent Department, Mitsubishi UFJ Trust and Banking Corporation
Administrator of shareholders' register	(Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Agency	-
Purchase Commissions	Free
Method of Public Notice	The method of public notice of the Company shall be electronic public notice. However, in the event that the Company is unable to make electronic public notices due to an accident or other unavoidable reason, public notices shall be published in the Nihon Keizai Shimbun. URL for public notice: https://www.aska-pharma-hd.co.jp/
Benefits for Shareholders	Not applicable.

Note: Pursuant to the Company's Articles of Incorporation, shareholders holding shares of less than one unit do not have any rights other than the rights listed in each item of Article 189, Paragraph 2 of the Companies Act, the right to make a request under Article 166, Paragraph 1 of the Companies Act, the right to receive allotment of offered shares and offered share acquisition rights according to the number of shares held by shareholders, and the right to request sale of shares less than one unit.

[VII] Reference Information on the Filing Company

1. Information on the Parent Company, etc of the Filing Company

The Company has no parent company, etc. as defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other References

The following documents were submitted between the beginning of the current fiscal year and the date of submission of the Annual Securities Report.

(1) Annual Securities Report and its attachments and confirmations

Fiscal year (1st period) (Fiscal year ended March 31, 2022) Submitted to the Director-General of the Kanto Local Finance Bureau on June 28, 2022

(2) Internal control report and attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on June 28, 2022

(3) Quarterly Report and Written Confirmation

1st Quarter of the 2nd Fiscal Period (From April 1, 2022 to June 30, 2022)

Submitted to the Director-General of the Kanto Local Finance Bureau on August 8, 2022

2nd Quarter of the 2nd Fiscal Period (From July 1, 2022 to September 30, 2022)

Submitted to the Director-General of the Kanto Local Finance Bureau on November 10, 2022

3rd Quarter of the 2nd Fiscal Period (From October 1, 2022 to December 31, 2022)

Submitted to the Director-General of the Kanto Local Finance Bureau on February 9, 2023.

(4) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau on July 1, 2022

This is an Extraordinary Report pursuant to Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Results of Exercise of Voting Rights at the General Meeting of Shareholders).

(5) Securities Registration Statement (Disposal of treasury shares as compensation for restricted share) and attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on July 11, 2022

(6) Amendment to Securities Registration Statement

Submitted to the Director-General of the Kanto Local Finance Bureau on August 8, 2022

This is an amendment to the securities registration statement filed on July 11, 2022.

Part II Information on Guarantors, etc., for the Filing Company

Not applicable.