



 ASKA Pharmaceutical Co., Ltd.

# ASKA REPORT 2020

April 1, 2019 ▶ March 31, 2020  
ASKA Pharmaceutical Co., Ltd.



Advance further with  
all the alliances



# We will fulfill ASKA's mission to protect people's precious lives and healthy lifestyles, no matter how small their medical needs.

ASKA Pharmaceutical Co., Ltd. is celebrating its 100th anniversary in 2020.

From our origins in the research, manufacture and sales of hormone preparations, we have grown into a company that creates and provides pharmaceuticals with value that can address medical needs.

Under ASKA PLAN 2020, our five-year medium-term business plan that is now in its final year, we have been concentrating our business resources in our three core areas of internal medicine, obstetrics and gynecology (Ob/Gyn), and urology to proactively implement measures that further raise our quality as a specialty pharma company.

Amid diversification of medical needs and increasing societal expectations for medical care, we will continue working to realize our management vision of becoming a highly competitive specialty pharma company, and to strengthen our next-generation strategies and drug pipeline to grow into a pharmaceutical company with a strong presence.

We will continue to fulfill our responsibilities, taking to heart our mission as a company connected to people's lives.



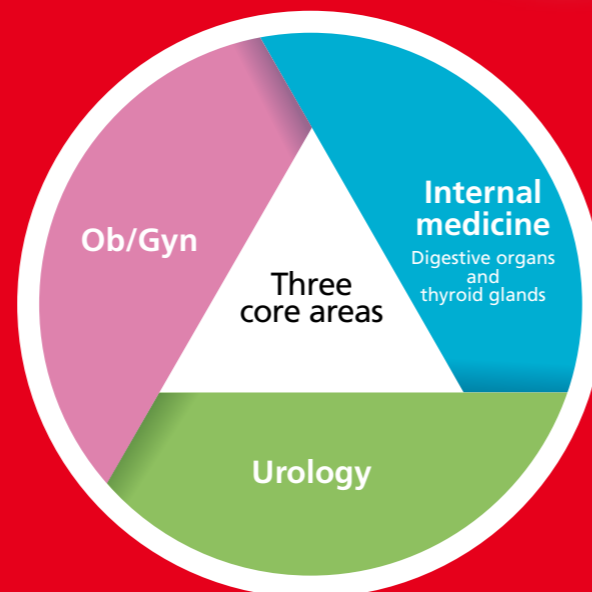
## Corporate Philosophy

Contribute toward the improvement of people's health and progress in medicine through the development of innovative products

## Management Vision

Become a highly competitive specialty pharma company

## Areas for Providing Value



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## Editorial Policy

ASKA Pharmaceutical Co., Ltd. issues the ASKA Report to communicate messages from management on the Company's management strategies and priority issues. It also includes comprehensive information on the Company's environmental, social and governance (ESG) initiatives and finances. Information based on the seven core subjects of ISO 26000, the international standard for social responsibility, and its classifications is presented on the Company's website.

ASKA Report 2020 introduces our initiatives under the theme of elucidating what is entailed in ASKA's aim of becoming a highly competitive specialty pharma company.

In producing this report, we have integrated the opinions and inquiries of our stakeholders to provide a thorough overview.

# ASKA's First 100 Years and Onward

ASKA Pharmaceutical Co., Ltd. has created and provided pharmaceuticals with value that can address medical needs to realize its Corporate Philosophy to "Contribute toward the improvement of people's health and progress in medicine through the development of innovative products."  
As we celebrate the 100th anniversary of our founding, even as we continue to take on new challenges, our deeply rooted DNA will never change.

Management Vision

Become a highly competitive specialty pharma company

2020  
Celebrating Our 100th Anniversary



1920

### Founded as a pharmaceutical company

Founder Yasohachi Yamaguchi established Teikoku Hormone Research Institute in Minamiyoshidacho, Yokohama in 1920. Began research, manufacture and sale of hormone preparations based on the unique idea of creating useful medicines from animal organs. Established the Takatsu Factory (formerly the Kawasaki Research Center) in 1936.



1955

### Established a business foundation and went public

After the Second World War, the head office and factory, which had been destroyed in the war, were rebuilt under a new organizational structure. Developed and launched a series of new products utilizing new research and production facilities and an enhanced sales structure. Entered the veterinary medicine business. Listed shares on the Tokyo Stock Exchange in 1955.



1980

### Diversification of management and launch of major new products

Enhanced our position as a specialty pharma company focused on the three core areas of internal medicine, obstetrics and gynecology (Ob/Gyn), and urology. Also involved in clinical testing, pharmaceutical raw materials, food, medical instruments and other businesses. Opened the Iwaki Factory in 1980. Established the International Representative Office in Frankfurt, Germany in 1997.



1993

### Listed on the First Section of the Tokyo Stock Exchange



2005

### Formation of ASKA Pharmaceutical Co., Ltd.

Completed the head office building in 2001. Merged with Grelan Pharmaceutical Co., Ltd. in 2005 to form ASKA Pharmaceutical Co., Ltd. Strengthened new drug development and made a full-scale move into the generics business.



2020

### Further advancing operations

Decided to relocate the research center in Kawasaki to the Shonan Health Innovation Park (Shonan iPark) to strengthen its drug discovery functions in order to further step up operations.

1955

Launched in 1922  
Hypothyroidism treatment  
**THYRADIN®**

Launched in 1981  
Benign prostatic hyperplasia, prostate cancer treatment  
**PROSTAL®**

Launched in 1986  
H2 receptor antagonist  
**ALTAT®**

Launched in 2009  
Menopause, postmenopausal syndrome agent  
**MENO AID®**

Launched in 2011  
Hyperlipidemic agent  
**LIPIDIL®**

Launched in 2014  
Endometriosis, prostate cancer treatment  
**LEUPRORELIN "ASKA"**

Launched in 2018  
Dysmenorrhea treatment  
**FREWELL "ASKA"**

Launched in 1999  
Low-dose oral contraceptive  
**ANGE®**

Launched in 2011  
Emergency contraceptive  
**NORLEVO®**

Launched in 2014  
Hypertension treatment  
**CANDESARTAN "ASKA"**

Launched in 2016  
Hepatic encephalopathy treatment  
**RIXIMA®**

1920

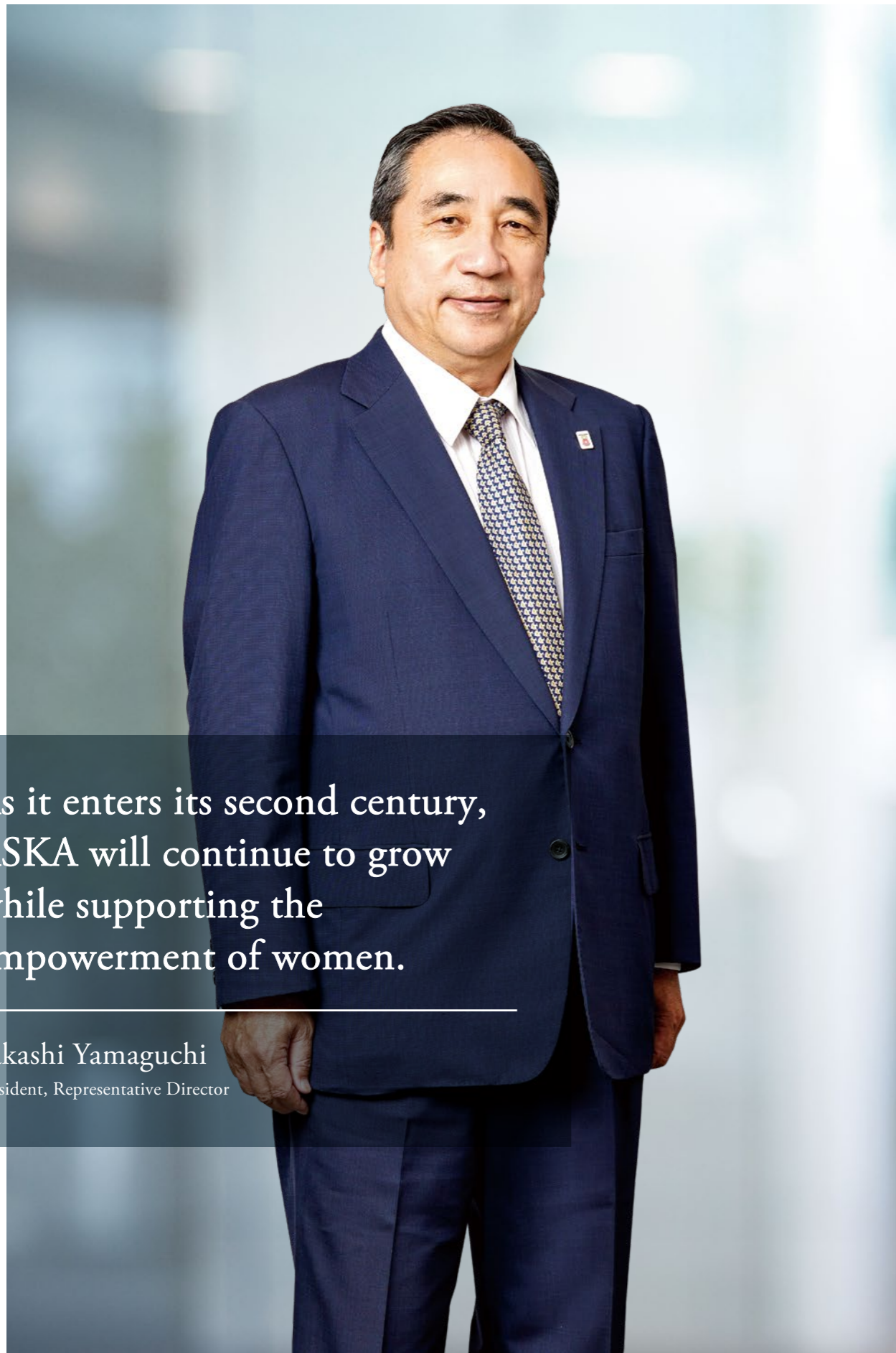
Origins in research, manufacture and sale of hormone preparations

Social trends in Japan to empower women

1986 Equal Employment Opportunity Act

1999 Basic Law for a Gender-Equal Society

2016 Act on Promotion of Women's Participation and Advancement in the Workplace



As it enters its second century, ASKA will continue to grow while supporting the empowerment of women.

Takashi Yamaguchi  
President, Representative Director

### ■ Celebrating Our 100th Anniversary

**Our unwavering stance since our founding is also the essence of our corporate culture and the bedrock of today's ASKA.**

I would like to begin by offering my condolences to the families of those who have died of the novel coronavirus (COVID-19), as well as my deepest sympathies to those who have fallen ill.

Amid these difficult times, ASKA celebrates its 100th anniversary in 2020. I would like to express my sincere gratitude to the patients and medical professionals who have used our pharmaceuticals over the past century.

At the time of its founding as what we would now call an R&D venture company, the company was named Teikoku

Hormone Research Institute, and aimed to develop unique products based on academic research and technology. In 1922, we launched Thyradin, a hypothyroidism treatment that remains one of our mainstay products even today.

Those original technological capabilities earned us our reputation and have been passed down to become a crucial part of our corporate culture and the bedrock of today's ASKA.



### ■ Emerging as a Specialty Pharma Company with a Strong Presence

**We focus on three priority areas that inherit ASKA's DNA.**

ASKA specializes in the three core areas of internal medicine, obstetrics and gynecology (Ob/Gyn), and urology as it works to strengthen its competitiveness and realize its aim of becoming a specialty pharma company with a strong presence. Always cognizant of the venture spirit that has existed from the time of our founding, we have deliberately continued to focus on drugs for which needs are high, even if the market is small. As a pioneer in hormone preparations, we will deliver pharmaceuticals with value as long as medical needs exist. This sense of mission is ASKA's DNA.

Some pharmaceutical companies have cut back their Ob/Gyn operations because the market is small with limited potential, but we have continuously followed a path of stepping up our involvement in this field. As a result, we now have strong relationships of trust with medical professionals, and we are

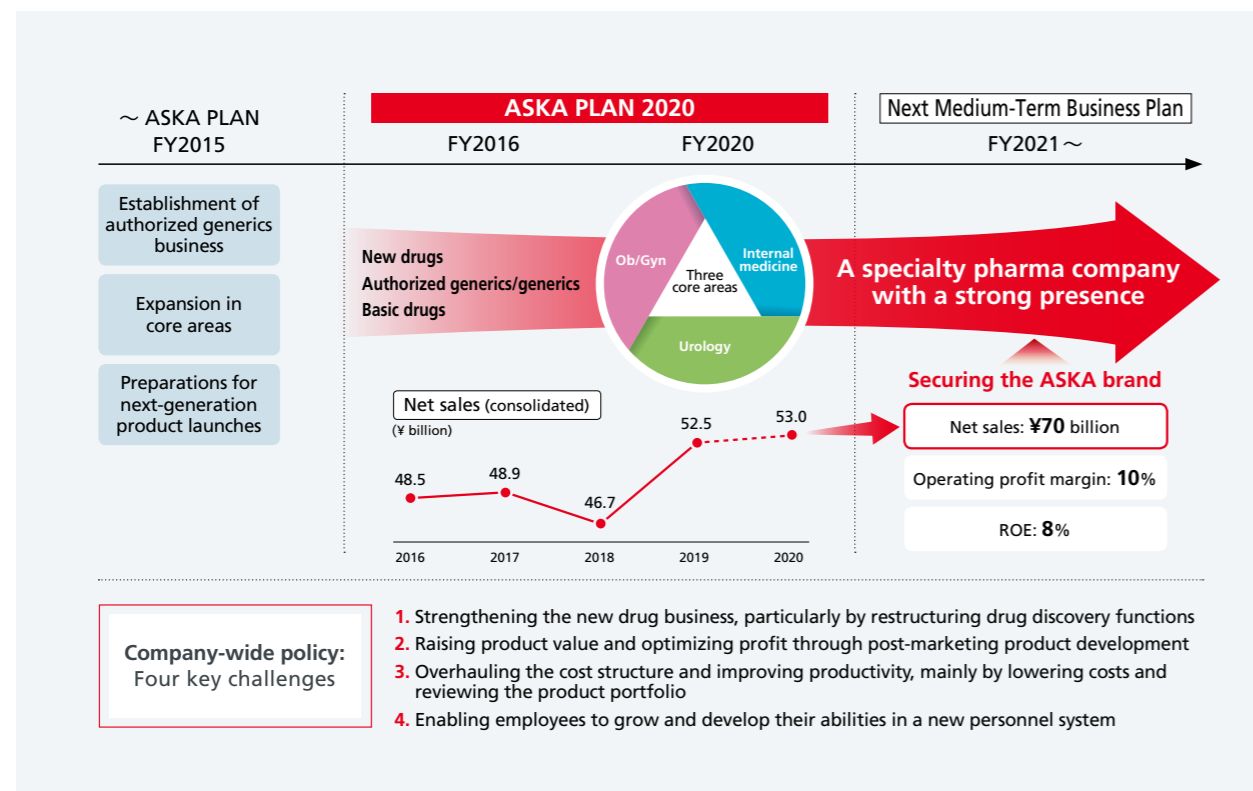
working to grow our operations to enable us to proactively provide pharmaceuticals and information that meet new needs and improve the quality of women's lives.

Our DNA is deeply rooted not only in our research and development activities for drug discovery, but also throughout our value chain, from the use of reliable production technologies for a stable supply of pharmaceuticals to provision of sophisticated, accurate information to medical professionals. Since we operate in areas where few companies are involved, we are acutely aware of our responsibilities. We have continued to grow throughout our 100-year history by meeting the needs of patients and earning the trust of medical professionals. I believe that continuing to earn that trust and to meet those needs is the key to our competitiveness.



## ASKA PLAN 2020: Progress and Challenges

### ASKA PLAN 2020 Summary



### We are steadily carrying out our four key challenges and have reached the stage of looking ahead to our next goals.

Our five-year medium-term business plan, ASKA PLAN 2020, has been under way since FY2016. During this period, there have been changes in the business environment that went beyond our expectations at the time we formulated the plan, including drastic reforms of Japan's National Health Insurance (NHI) drug price system. In addition, due to delays in some of our plans for new businesses and new products, we have not been able to achieve our net sales target of ¥70 billion. However, net sales in FY2019 reached a new record, surpassing ¥50 billion for the first time in the Company's history.

We are beginning FY2020, the final year of ASKA PLAN 2020, having made good progress in three of the challenges—drug discovery, product development and overhauling the cost structure—set forth in the plan's "Company-wide policy: Four key challenges."

In April 2020, we relocated our Kawasaki Research Center to the Shonan Health Innovation Park ("Shonan iPark") and began enhancing our drug discovery functions by accelerating open innovation. We want to create win-win relationships by teaming up with various companies and

combining our respective strengths to create products. To do so, we need to become more competitive and valued by the market.

As for the fourth key challenge, for employees to grow and develop their abilities, we have also increased opportunities for employee growth with the new drugs we have launched during ASKA PLAN 2020. Moreover, through midcareer hiring, we are promoting more diverse human resources with different experience and knowledge, and establishing an environment where employees can help each other grow.



### ASKA provides total support for women's health care.

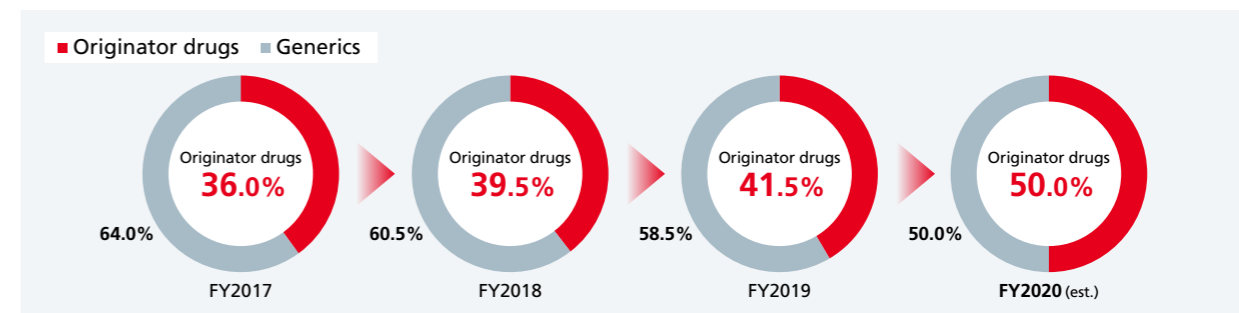
In our current business environment, the domestic market is shrinking and further reforms of the NHI drug price system lie ahead. We will pay close attention to this in formulating our next medium-term business plan. In addition, the business environment is expected to deteriorate even further, due in part to an increase in patients putting off treatment during the COVID-19 pandemic. Our next medium-term business plan will deal with the three major issues of continuing to create new drugs in these circumstances, rolling out our international business and bringing new businesses to fruition.

There will be no change in our three core areas of internal

medicine, Ob/Gyn and urology. However, particularly in our priority Ob/Gyn area, medical needs are increasing for better quality of life as women's lifestyles change. In this area, we will contribute not only through our extensive product lineup but also by utilizing the various networks and expertise we have cultivated.

In internal medicine, we are promoting further uptake of Rifxima, a treatment for hepatic encephalopathy, and working to create additional indications. In urology, we are developing AKP-009, an in-house product for benign prostatic hyperplasia, for which the market is large.

### Sales Composition of Originator Drugs and Generics



## To Our Stakeholders

### In the next fiscal year, we will shift to a holding company structure and become a total healthcare company.

We have announced that ASKA will shift to a holding company structure in April 2021. Separating management and execution will further expedite the expansion of each business and enhance group governance. In addition, by developing not only pharmaceuticals but also related businesses spanning the entire healthcare market from prevention and testing to diagnosis and treatment, we aim to become a total healthcare company.

In addition to achieving quantitative targets, we are also promoting initiatives with the non-financial values of the

environment, society and governance (ESG) in mind. We have always been aware that the business of a pharmaceutical company entails contributing to society at a high level, and we aim to fulfill that responsibility by aligning our initiatives with the Sustainable Development Goals (SDGs) adopted by the United Nations. I believe that shifting to a holding company structure will help make our targets even clearer.

### As long as medical needs exist, ASKA will address them through its conscientious and reliable businesses.

As a company involved with pharmaceuticals, ASKA is constantly aware that its work is deeply connected to people's lives. Pharmaceuticals play a role in healthy living and improving quality of life, but there is always a risk of side effects. That is why I always tell employees that they must have an attitude of humility and a sense of precariousness, no matter how effective a product may be. I stress the importance of providing appropriate information to medical professionals without delay. ASKA's quality arises from its ability to provide a stable supply of essential pharmaceuticals and to go about its business in a precise and reliable manner. By doing so, I believe ASKA will remain a

company that society recognizes and relies on.

Going forward, society will need more than just new breakthrough drugs. I believe there will be a shift to pharmaceuticals that enable greater lifestyle comfort.

We aim for sustainable growth that remains true to ASKA's DNA. We will enhance our corporate value by providing pharmaceuticals with value as long as medical needs exist. We ask all of our stakeholders for their continued understanding and support. You can look forward to great things from ASKA as it takes its first step into its next 100 years.

ASKA Pharmaceutical Co., Ltd. aims to become a highly competitive specialty pharma company through business activities centered on its three core areas. As its source of growth, ASKA uses a value chain imbued with the DNA that has been passed down for a century since its founding. By creating value in this way, we will help to resolve social issues as required of the pharmaceutical industry.

- ### Social Issues to Be Resolved
- 1 Empowering women
  - 2 Unmet medical needs
  - 3 Super aging society
  - 4 Increasingly high medical costs

## Business Activities Based on ASKA's DNA

### ASKA's DNA

**Deeply rooted DNA that has not changed in a century of doing business**

As a pioneer in hormone preparations, we have a sense of mission to deliver pharmaceuticals with value as long as medical needs exist

### ASKA's Vision

**Management Vision**

Become a highly competitive specialty pharma company

### Three core areas

**Internal medicine**  
Digestive organs and thyroid glands

**Ob/Gyn**

**Urology**

### ASKA's Strengths (Sources of Growth)

**Research strengths**  
based on hormone preparation technologies

**Development capabilities**  
with a high affinity for medical needs

**Production capacity**  
to stably supply high-quality pharmaceuticals

**A sales force**  
with a high level of expertise that collects and provides information

**Reliability assurance**

### The Foundation of ASKA's Growth

Human Resources

Society

Environment

Corporate Governance

- ### Value Provided
- 1 Contributing to women's advancement in the workplace
  - 2 Eliminating drug lag
  - 3 Contributing to community medicine and extending healthy life expectancy
  - 4 Supply of authorized generics



Sota Yamaguchi

Managing Director

Yasunori Yoshimura

Outside Director



## ASKA's Present and Future

ASKA supports women's empowerment through their life stages. This discussion focuses on ASKA's current activities and future direction.

### Understanding Women's Health Is Crucial for Promoting Their Empowerment

**Yamaguchi:** Supporting women's healthcare, improving their quality of life and helping to further their active participation in society are major themes for ASKA. In line with that commitment, we have increased the number of women in managerial positions from one to four over the past three years and welcomed our first female corporate officer and corporate auditor in FY2020. In terms of systems, we are proactively working to introduce flextime, support telecommuting and encourage male employees to take childcare leave, among other measures.

**Yoshimura:** For women to play an active role, we also need systems that enable men to balance childcare with work. COVID-19 has forced many companies to look for new

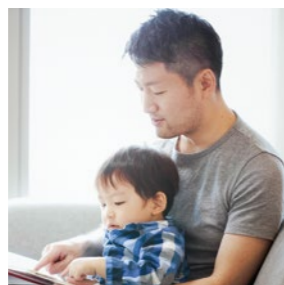
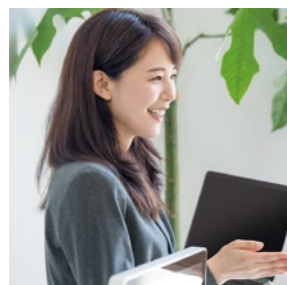
and diverse ways of working, and I think things will continue to change.

**Yamaguchi:** I agree. It is the perfect time to think about new forms of organization and new ways of working.

**Yoshimura:** To support women's empowerment, men as well as women must gain a deeper understanding of reproductive phenomena and diseases that are specific to women. Women experience reproductive stages that men do not, such as menarche, pregnancy, childbirth and menopause, so we should also set up a system for educating employees so they can understand and make good use of our programs, for example, while on leave for pregnancy and childbirth. At the very least, it is essential that we have department managers who are aware of women's health and a working environment where everyone can talk openly about women's health and working styles.

**Yamaguchi:** Partly because Ob/Gyn is one of ASKA's core areas, I think both our male and female employees have a much better understanding of women's healthcare and diseases than employees at other companies.

**Yoshimura:** That's true. I would like ASKA to actively communicate its message as a company that supports women's health to help spread a similar level of understanding outside the Company.



### Communicating Information through Mint+ Health Lab for Women

**Yamaguchi:** We launched Mint+ Health Lab for Women in 2020, the 100th anniversary of our founding, and started providing information on our website and social media. We provide tips for women on how to spend each day with a positive attitude and to lead healthy lives, all in their own unique way. Mint+ is meant to be just one of the ways we show society our commitment to broadly supporting women.

**Yoshimura:** I also assist with Mint+. It has excellent content for improving women's health literacy.



Mint+ Health Lab for Women  
<https://www.aska-pharma.co.jp/mint/> (Japanese only)

**Yamaguchi:** The reaction from the public has also been good. I seldom had any contact with our end users before, but now I can connect with many of them through Mint+.

**Yoshimura:** ASKA provides medicines to treat endometriosis and uterine myoma, but in the future, preventative medicine—the question of what we can do to keep from getting sick—will be an extremely important viewpoint in medical care. Mint+ will be a significant medium for communicating this viewpoint.

**Yamaguchi:** We will continue working to enhance content and proactively communicate information to promote an accurate understanding of the reproductive phenomena and diseases specific to women before they become problems. This will raise women's awareness of the need for examinations and hospital visits, and provide the impetus for them to go.

### Becoming a Leader in Safeguarding Women's Health

**Yoshimura:** ASKA is a pioneer in hormone preparations, and has many pharmaceuticals with strong uptake among medical professionals. However, even though the names of some of its pharmaceuticals may be well known, they are not widely recognized as ASKA products. Having such superior drugs shows what an excellent pharmaceutical company ASKA is, but on the other hand, it's a bit of a shame that people are not more aware of that.

**Yamaguchi:** Recently, we have been continuously investing in new products developed in-house and through tie-ups in the Ob/Gyn area, and we are aggressively working to replenish our development pipeline through licensing agreements. With the success of these activities, further opportunities for various partnerships have arisen.

**Yoshimura:** That's great. I think another one of ASKA's challenges going forward will be to help improve healthcare and quality of life after menopause as women's average life expectancy continues to rise.

**Yamaguchi:** As you have previously pointed out, there is a need to consider this topic in tandem with urology. As we focus on pharmaceuticals, we want to support women through their life stages over a longer period with diverse initiatives in areas such as supplements and testing.

**Yoshimura:** A young man like yourself should take an approach focused on three things: promoting diversity, responding to globalization and, most importantly,







innovation. It is particularly important to develop tests, diagnostics and treatment methods that can keep up with the paradigm shift to preventive medicine occurring in the medical world.

**Yamaguchi:** Innovation is a core issue for ASKA—our Corporate Philosophy even includes the phrase “the development of innovative products.” At Shonan iPark, where our research center relocated in spring 2020, we are involved in alliances with various corporations and industry-academia collaboration. The environment there makes it easy to talk with researchers from other organizations and to start new initiatives. I am aware of my mission to spur action for drug discovery, and I will be working to make it a reality.



# ASKA's Business Activities

At ASKA, we understand that the source of our value is a value chain imbued with our DNA of a sense of mission and responsibility that has been passed down for a century. We will continuously work to enhance this value chain through our business activities to get closer to realizing our vision and Corporate Philosophy.

	Vision for the future	Main initiatives to strengthen the sources of our value	FY2019 results
 <b>Sales</b>	Maximize product value by building a structure for collecting and providing highly specialized information as a specialty pharma company.	<ul style="list-style-type: none"> <li>Implementation of plans to maximize product value (Priority products: Rifxima, Jemina, Relumina)</li> <li>Establishment of an area-specific structure with a high degree of autonomy and appropriate allocation of resources suited to area characteristics</li> </ul>	<ul style="list-style-type: none"> <li>Product value proposals from fostering and deploying staff with a high level of expertise</li> <li>Initiatives for Rifxima 1,618 briefings for medical institutions Sales: ¥4,226 million (based on NHI reimbursement price)</li> <li>Initiatives for Relumina 3,352 briefings for medical institutions Sales: ¥2,782 million (based on NHI reimbursement price)</li> <li>Productivity per medical representative: ¥247 million (based on NHI reimbursement price)</li> <li>Training hours per medical representative: 78.5 hours</li> </ul>
 <b>Production</b>	Continuously work to raise the level of employee skills and conduct improvement activities based on international standards and regulatory requirements for pharmaceutical manufacturing and quality control for a stable supply of high-quality pharmaceuticals.	<ul style="list-style-type: none"> <li>Production and stable supply of high-quality pharmaceuticals</li> <li>Promotion of improvement activities to maintain high quality</li> <li>Reduction of manufacturing costs</li> </ul>	<ul style="list-style-type: none"> <li>New drug formulation design and quality testing</li> <li>Promotion of formulation technology operations in product lifecycle management</li> <li>Ensured stable supply by producing and shipping high-quality pharmaceuticals in accordance with our plan</li> <li>Conducted regular quality management reviews and promoted improvement activities</li> <li>Reduced costs by reviewing active pharmaceutical ingredients, raw materials, materials and unprofitable items</li> <li>Conducted formulation design and quality testing of new drugs as planned</li> <li>Conducted formulation technology operation based on a lifecycle management plan</li> </ul>
 <b>Development</b>	Deliver useful drugs to patients as fast as possible through in-house drug discovery, early-stage acquisition of in-licensed new drugs, lifecycle management through additional indications and other activities.	<ul style="list-style-type: none"> <li>Rapid development and launch of new drugs</li> <li>Lifecycle management of over-the-counter products</li> </ul>	<ul style="list-style-type: none"> <li>Smooth negotiations regarding pharmaceutical affairs with regulatory authorities</li> <li>Promotion of the endocrine business</li> <li>TAK-385 (endometriosis): Entered phase III clinical trials ahead of plan</li> <li>CDB-2914 (uterine myoma): Filed for approval</li> <li>AKP-015 (myxedema coma, hypothyroidism): Obtained approval</li> <li>L-105 (hepatic encephalopathy (children)): Started phase II/III clinical trials</li> <li>AKP-009 (benign prostatic hyperplasia): Entered early phase II clinical trials</li> </ul>
 <b>Research</b>	Expand the R&D pipeline by creating original products from innovative ideas and take them to the next stage through clinical trials.	<ul style="list-style-type: none"> <li>Generation of promising ideas for innovative drugs and search for target molecules</li> <li>Screening of compounds based on identified target molecules</li> <li>Selection of compounds for development and consideration of development strategy</li> </ul>	<ul style="list-style-type: none"> <li>Execution of nonclinical tests and progression to clinical trial stage</li> <li>Research alliance activities</li> <li>Began nonclinical tests of promising development compounds as novel therapeutic agents for urination disorders</li> <li>Conducted research focused on male hormone-originated disorders</li> <li>Made necessary changes in nonclinical areas to evaluate licensed products and receive production approval</li> <li>Addressed regulations such as GLP and investigational drug GMP</li> <li>Promoted joint research with academia and other parties to examine innovative ideas</li> </ul>
 <b>Reliability assurance</b>	Build a system for reliability assurance that is responsive to globalization and increasingly more sophisticated regulatory standards for pharmaceuticals.	<ul style="list-style-type: none"> <li>Contribution to the appropriate use of Rifxima by ensuring the quality and safety of all pharmaceuticals</li> <li>Promotion of regular management reviews to continuously improve product quality</li> </ul>	<ul style="list-style-type: none"> <li>Thorough implementation of risk management plans (RMPs) to ensure the safety of new drugs</li> <li>Continued strengthening of quality assurance system and safety monitoring system</li> <li>Continued to provide global safety information for appropriate use of Rifxima</li> <li>Appropriately operated a product quality system at the management level to ensure and improve the quality of our pharmaceuticals</li> <li>Negotiated with regulatory authorities on RMPs for new drugs Relumina and Thyradin-S intravenous injection for ongoing safety management of our pharmaceuticals</li> <li>Promoted appropriate usage through drug consultation services and ensured satisfaction of patients and medical professionals</li> </ul>
 <b>International Business</b>	Rapidly establish overseas business bases to generate new sales and profits, and drive ASKA's ongoing development.	<ul style="list-style-type: none"> <li>Establishment of a business foundation in the Asian region to capture new markets</li> <li>Planning and promotion of growth strategies using M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to profits through product out-licensing and overseas sales</li> <li>Productivity improvement from building an optimized international structure for division of labor</li> </ul>

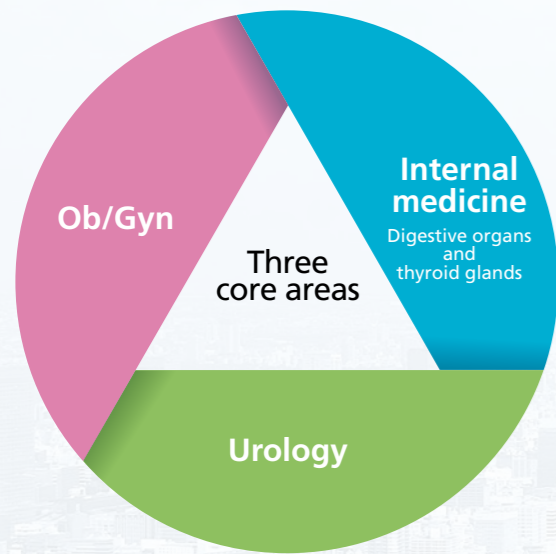
Note: The International Business was established as a corporate division in April 2020.





# Main Products

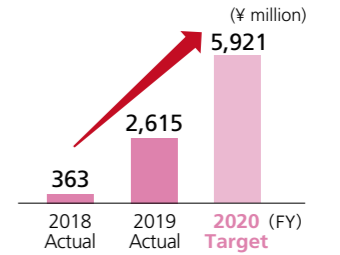
ASKA has been developing new drugs in its three core areas of internal medicine, obstetrics and gynecology (Ob/Gyn), and urology, as well as supplying generics that meet the needs of society. To deliver high-value-added products, we will focus on developing new pharmaceutical products and increasing our presence as a specialty pharma company.



## HIGHLIGHT

### Relumina, the First Oral Treatment for Uterine Myomas

Relumina, a treatment for uterine myomas launched in March 2019, is the first new uterine myoma treatment in about 20 years. There have been injections and nasal drops, but with the launch of the first oral formulation, we can offer a new treatment option that reduces the burden on patients. Moreover, phase III clinical trials for the additional indication of endometriosis are under way.



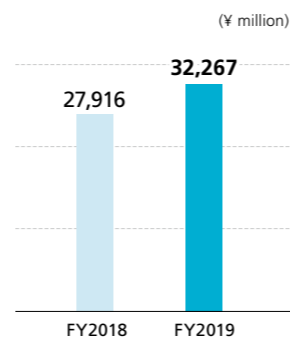
## Overview

## Net sales

## Products

### Internal medicine

Treatments for various stomach and intestinal conditions including gastric ulcers, gastritis, reflux esophagitis, and inflammatory bowel disease. Treatments for hyperlipidemia, hypertension, and a variety of drugs related to endocrine disorders such as thyroid disease. ASKA has a large domestic market share (97%) in thyroid treatments.



### Hepatic encephalopathy treatment RIFIXIMA® tablets



¥3,780 million

### Hypertension treatment CANDESARTAN tablets "ASKA"



¥13,224 million\*

\* Including formulations containing Candesartan

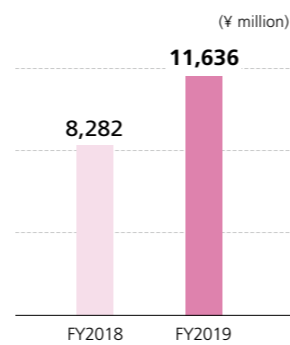
### Hypothyroidism treatment THYRADIN® S tablets



¥6,894 million

### Ob/Gyn

Drugs that contribute to improvement in women's quality of life including oral contraceptives, emergency contraceptives, and drugs related to various menstrual conditions, as well as ovulatory drugs and other fertility treatments for those hoping to become pregnant, treatments for uterine myomas and endometriosis, and agents to aid in management of pregnancy and birth.



### Uterine myoma treatment RELUMINA® tablets



¥2,616 million

### Dysmenorrhea treatment FREWELL® combination tablets LD "ASKA", combination tablets ULD "ASKA"



¥2,249 million

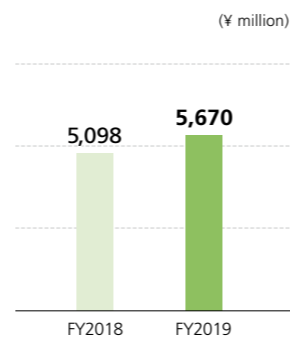
### Emergency contraceptive NORLEVO® tablets



¥218 million

### Urology

Treatments for prostate cancer patients, who are increasing in number annually due to the graying of society and the impact of more westernized diets, and use of techniques derived from our traditional hormone preparations, including drugs for dysuria and incontinence and drugs to treat a variety of conditions caused by decline in male hormone levels.



### Endometriosis, prostate cancer treatment LEUPRORELIN acetate for injection kit "ASKA"



¥4,795 million

### Prostate cancer treatment BICALUTAMIDE tablets "ASKA", OD tablets "ASKA"



¥1,258 million

### Benign prostatic hyperplasia, prostate cancer treatment PROSTAL® tablets, PROSTAL®-L tablets



¥388 million

## Based on contributing to society through the supply of pharmaceuticals, we aim to take management to the next level.

Atsushi Maruo Executive Director, Representative Director

Today, environmental, social and governance (ESG) initiatives are indispensable for improving corporate value and an important yardstick for evaluating companies. This section introduces ASKA's initiatives, including its priorities among the United Nations' Sustainable Development Goals (SDGs).



### Shifting to a Holding Company Structure in FY2021 for Stronger ESG Management

ASKA's mission is to be of use to patients and contribute to society by providing cutting-edge pharmaceuticals that meet contemporary needs, in accordance with its Corporate Philosophy to "Contribute toward the improvement of people's health and progress in medicine through the development of innovative products." This is also ASKA's basic strategy when it comes to ESG.

Specifically, ASKA emphasizes the continuous development of excellent pharmaceuticals while taking all possible measures for quality control and to maintain stable supply for delivery to patients. To give the most recent example, the Japanese government declared a national state of emergency due to the COVID-19 pandemic. ASKA promptly set up an emergency task force and gave the highest priority to ensuring the safety of stakeholders, including employees and their families, in establishing work systems that included telecommuting and online provision of information to medical professionals. Despite the difficulties, we kept our factories open and were totally committed to maintaining a stable supply of products throughout the supply chain, including raw material procurement. In addition, we have been stepping up our efforts in recent years in fields with high social needs, regardless of the size of the market. Examples include the launches of Rifaxima, which has shown efficacy for the indication of improvement of the rare disease hyperammonemia in hepatic encephalopathy, and Thyradin-S intravenous injection, developed in response to a request from the

Ministry of Health, Labour and Welfare and academic societies.

ASKA takes pride in being a leader in the Ob/Gyn field in Japan. As part of our wide-ranging support that covers not just the treatment of disease but also women's health, we conduct a variety of awareness-raising activities including co-sponsorship of public seminars held by academic societies and the media. In 2020, our main initiative has been the launch of Mint+ Health Lab for Women as a social contribution activity commemorating ASKA's 100th anniversary. This website offers accurate information on women's bodies and health to all people—women in general as well as their partners, families and others—and provides tips to women on how they can lead healthy, full lives.

In conducting these activities, ASKA will utilize the expertise and experience it has cultivated over the past 100 years with the aim of becoming a total healthcare company. This includes not only the supply of pharmaceuticals, but also disease prevention and testing, selection of treatment methods and post-treatment management. In April 2021, ASKA will transition to a holding company structure. We believe this will strengthen our efforts to address the full spectrum of healthcare from prevention and testing to diagnosis and treatment, and enhance our Group governance\* system.

\* Group governance: A framework for maximizing the value of the entire corporate group

### Prioritizing Six SDGs with a Focus on Developing Diverse Human Resources for ASKA's Future

ASKA intends to help achieve the United Nations' Sustainable Development Goals (SDGs) through its ESG initiatives. We have prioritized six of the 17 SDGs adopted at the 2015 United Nations Summit.

First, our mission as a pharmaceutical company is to continue to contribute to "Good Health and Well-Being" (Goal 3). We also work proactively for "Gender Equality" (Goal 5) as a company that supports women's health with a focus on the Ob/Gyn area. Within the Company as well, the number of female officers and managers has increased over the past few years, and the ratio of female employees continues to grow, mainly among MRs.

From the perspective of consistently delivering high-quality pharmaceuticals to patients, we are conscious of "Responsible Consumption and Production" (Goal 12), and we are continuously enhancing our quality assurance and safety monitoring systems. In addition, as a manufacturer, we are working to protect the environment and reduce our environmental impact, among other measures for "Affordable and Clean Energy" (Goal 7) and "Climate Action" (Goal 13) at our Iwaki Factory and all our business sites.

Because alliances and open innovation are very important for stepping up research and development, we are also prioritizing

"Partnerships for the Goals" (Goal 17). In April 2020, we relocated our research center to Shonan Health Innovation Park (Shonan iPark), and from now on we look forward to the discovery of new drugs through joint industry-academia research and collaboration with various partners, regardless of business type or industry.

We are also focusing on developing the human resources who will be responsible for these efforts. A company's most important management resource is its people. To become a total healthcare company, all employees must have a high level of awareness and act on their own initiative. As people's career aims diversify, we have set up various internal systems including strategic job rotation, education and training. We are also working to foster a comfortable working environment through measures such as stimulating internal communication.

We will continue working to contribute to society while pursuing job satisfaction and happiness for our employees as we introduce innovations to take us to the next level.



## Basic Conceptual Approach

### Human Resources

We aim to maximize the value of our human capital based on the idea that a company's most important asset is its people. ASKA looks for three qualities in its ideal human resources.

1. Autonomy: People who think for themselves and are proactive
2. Problem-solving ability: People who comprehend changes from a high-level perspective
3. Cooperation: People who grow together while working together

To develop human resources with these three qualities, we conduct education and training according to each employee's abilities and at the right time for each employee. We also proactively conduct strategic job rotation. This allows us to accommodate diverse employee career paths and to develop wide-ranging knowledge and perspectives on employee skill development and overall corporate activities.

### Society

In addition to providing excellent pharmaceuticals as a pharmaceutical company, ASKA also recognizes the various issues involved in the development of a healthier society as a member of society and the local community, and believes it has a role to play in helping to resolve those issues.

ASKA conducts wide-ranging communication with society and makes an active contribution as a good corporate citizen as well as through its business activities. Based on our Corporate Philosophy, we will continue to strive for growth and development as a company that earns the trust of society.

### Environment

ASKA considers initiatives to deal with environmental problems to be its natural mission as a company that contributes to society and earns its trust. We have established and implemented the following basic environmental policies to protect the environment and continuously reduce the environmental impact of all our business activities.

1. We will establish an environmental management system.
2. We will comply with environmental laws and regulations and other requirements.
3. We will strive to continuously reduce the environmental impact from research and development, production, sales and other business activities.
4. We will conduct environmentally friendly facility planning and technology and product development.
5. We will strive to improve environmental communication as a corporate citizen.
6. We will strive to educate employees and raise their awareness about the environment.

### Human Resources

#### ● Education and Training at ASKA

Education and training at ASKA include level-specific training (for new, second-year, third-year and fifth-year employees, newly appointed chiefs, subsection managers, section managers and department managers, and others). We also offer programs for various systems including training focusing on career development, diversity, compliance and mental health. We particularly focus on the education and training of young employees—to turn new university graduates who enter the Company into well-adjusted working adults during their first three years. We are laying the foundation for growth by enhancing the content of training during new employees' first three years in particular to cultivate the employees who will form ASKA's core in the future. Moreover, not just for young employees but all for employees, we provide various types of education, training and support for self-improvement to close the gap between an employee's actual growth path and what the Company expects.

### Society

#### ● Activities as a Corporate Citizen

In addition to providing excellent pharmaceuticals as a pharmaceutical company, ASKA plays a role in helping to resolve social issues and contributes to local communities as a good corporate citizen. In terms of activities to support women's healthcare, we co-sponsor public lectures with Women's Health Action, the Marunouchi Career School and others. In addition, we have launched Mint+ Health Lab for Women, which raises awareness through various events and operates a website. In 2019, ASKA registered as a Barrier-Free Mindsets Support Corporation and is working to raise awareness under this program established by the Tokyo Metropolitan Government.

### Environment

#### ● Company-wide Environmental Management System

To effectively practice environmental management, we hold regular company-wide meetings on the topic of overall environmental management. Discussion at the FY2019 meeting covered the previous fiscal year's results under the medium-term environmental plan and the goals for the current fiscal year. We believe that information sharing and exchange of opinions among the attendees help to promote environmental measures throughout the Company.

#### ● Reduction of CO<sub>2</sub> Emissions

To contribute to the establishment of an effective company-wide environmental management system, we replaced 180 of our 250 sales vehicles nationwide with environmentally friendly vehicles in FY2019. At our head office building, we replaced all fluorescent lighting with LED bulbs, reducing energy consumption by approximately 11% compared with the previous fiscal year.

In addition, we reduced the amount of electricity purchased at the Iwaki Factory by introducing a cogeneration system and solar power generation equipment.

# 10-year Summary (Consolidated)

	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011	FY2010
Results (¥ million)										
Net sales	52,542	46,706	48,944	48,527	43,215	42,907	39,501	40,963	40,637	45,849
Cost of sales	28,525	27,814	30,059	29,614	26,072	25,717	22,431	23,047	22,624	24,564
Selling, general and administrative expenses	22,509	17,107	16,060	17,119	15,861* <sup>1</sup>	15,767	16,353	16,847	17,078	17,787
Operating profit	1,507	1,782	2,824	1,793	1,283* <sup>2</sup>	1,425	716	1,061	935	3,496
Ordinary profit	1,715	1,980	3,073	2,002	1,522	1,722	1,031	1,336	1,224	3,661
Profit (loss) attributable to owners of parent	649	1,744	2,388	2,944	701	1,193	495	1,114	7	(790)
Research and development expenses	4,913	4,493	4,055	4,970	4,174	4,025	4,144	4,269	3,865	4,413
Capital expenditure	1,934	2,619	634	587	2,155	2,106	1,945	802	931	1,015
Depreciation and amortization	3,669	2,491	2,324	2,447	1,969	1,709	2,355	2,353	2,612	2,688
Financial position (¥ million)										
Total assets	80,239	82,194	66,235	66,126	57,478	58,933	51,269	51,770	49,326	57,595
Total net assets	41,573	43,456	42,559	39,511	35,961	36,577	33,941	33,350	31,818	32,202
Interest-bearing debt	16,419	16,468	2,950	3,700	5,708	1,366	1,557	1,782	1,340	5,259
Cash flow (¥ million)										
Cash flows from operating activities	(492)	2,504	76	12,063	(1,349)	5,710	2,616	3,869	(2,514)	3,558
Cash flows from investing activities	(2,927)	(14,780)	(3,348)	(378)	(6,776)	(1,897)	(2,301)	(1,484)	(37)	(3,575)
Cash flows from financing activities	(392)	13,036	(1,142)	(2,384)	4,013	(557)	(574)	124	(4,470)	1,673
Cash and cash equivalents at end of year	7,294	11,107	10,346	14,761	5,462	9,574	6,318	6,578	4,068	11,090
Per-share data (¥)										
Earnings per share	22.96	61.81	84.80	105.39	25.15	42.89	17.85	40.27	0.27	(28.05)
Book value per share	1,467.58	1,538.75	1,509.70	1,413.51	1,287.76	1,313.20	1,219.32	1,202.59	1,152.99	1,143.39
Dividend per share	17	14	14	14	14	14	14	14	14	14
Financial indicators (%)										
Ratio of cost of sales to net sales	54.29	59.55	61.42	61.03	60.33	59.94	56.79	56.26	55.67	53.63
Ratio of selling, general and administrative expenses to net sales	42.84	36.63	32.81	35.28	36.70	36.75	41.40	41.13	42.03	38.85
Operating profit margin	2.87	3.82	5.77	3.69	2.97	3.32	1.81	2.59	2.30	7.52
Shareholders' equity to total assets	51.8	52.9	64.3	59.8	62.6	62.1	66.1	64.4	64.5	55.9
ROA	0.81	2.12	3.61	4.76	1.21	2.17	0.96	2.20	0.01	—
ROE	1.5	4.10	5.82	7.80	1.90	3.39	1.47	3.42	0.02	—
Payout ratio	74.0	22.7	16.5	13.3	55.7	32.6	78.4	34.8	5,051.8	—
Other										
Number of employees	807	842	856	862	872	862	886	897	888	930
Total number of shares issued (thousand shares)	30,563	30,563	30,563	30,563	30,563	30,563	30,563	30,563	30,563	30,563

\*1. Selling, general and administrative expenses in FY2015 were adjusted from ¥15,978 million to ¥15,861 million due to the change in presentation method.

\*2. Operating profit in FY2015 was adjusted from ¥1,166 million to ¥1,283 million due to the change in presentation method.

<b>Company name</b>	ASKA Pharmaceutical Co., Ltd.
<b>Founded</b>	June 16, 1920
<b>Capital</b>	¥1,197.9 million
<b>Number of employees</b>	756 (Non-consolidated) 807 (Consolidated) (As of March 31, 2020)
<b>Representative</b>	Takashi Yamaguchi President, Representative Director
<b>Address</b>	5-1 Shibaura 2-chome, Minato-ku, Tokyo 108-8532
<b>Businesses</b>	Manufacture, sale and import/export, etc. of pharmaceuticals, veterinary medicines, quasi-drugs, foods, and medical devices
<b>Main locations</b>	Shonan Research Center (Fujisawa City, Kanagawa Prefecture), Iwaki Factory (Iwaki City, Fukushima Prefecture), Sapporo Sales Office, Tohoku Sales Office, Koriyama Sales Office, Tokyo Sales Office, Yokohama Sales Office, Saitama Sales Office, Chiba Sales Office, Kitakanto Sales Office, Niigata Sales Office, Matsumoto Sales Office, Kanazawa Sales Office, Nagoya Sales Office, Shizuoka Sales Office, Kyoto Sales Office, Osaka Sales Office, Kobe Sales Office, Takamatsu Sales Office, Chugoku Sales Office, Fukuoka Sales Office, Kumamoto Sales Office, International Representative Office



Head office of ASKA Pharmaceutical Co., Ltd.



Shonan Research Center



Iwaki Factory

## Executives (As of June 25, 2020)

### Directors

<b>Takashi Yamaguchi</b>	President, Representative Director
<b>Atsushi Maruo</b>	Executive Director, Representative Director
<b>Kazuhiko Kato</b>	Managing Director
<b>Sota Yamaguchi</b>	Managing Director
<b>Yuichiro Fukui</b>	Director, Executive Corporate Officer
<b>Ikuo Kumano</b>	Director, Executive Corporate Officer
<b>Yasunori Yoshimura</b>	Director (Outside)
<b>Michizo Yamanaka</b>	Director (Outside)
<b>Tsutomu Harino</b>	Director (Outside)

### Corporate Auditors

<b>Satoshi Komatsu</b>	Standing Corporate Auditor
<b>Hideshige Kito</b>	Standing Corporate Auditor
<b>Takao Kimura</b>	Corporate Auditor (Outside)
<b>Keiko Fukuchi</b>	Corporate Auditor (Outside)

### Corporate Officers

<b>Koichi Hasumi</b>	In charge of special appointments President, Representative Director, ASKA Pharma Medical Co., Ltd.
<b>Hiroyasu Nishioka</b>	Head, International Business Division, Production Division
<b>Hidehisa Hamasaki</b>	In charge of special appointments under Managing Director Yamaguchi
<b>Kunihiro Gunji</b>	In charge of Audit, Legal Affairs & Regulatory Compliance
<b>Yoshiki Niwayama</b>	In charge of special appointments
<b>Fumiyoshi Yamaguchi</b>	In charge of special appointments Director, ASKA Animal Health Co., Ltd.
<b>Yutaka Kaihori</b>	Head, Sales Division
<b>Hideo Tonomura</b>	In charge of Business Development, Medical Affairs
<b>Norimichi Okubo</b>	Head, Production Division Deputy Head, International Business Division
<b>Kazuhiro Chiku</b>	Deputy Head, Administrative Division
<b>Maiko Mori</b>	Head, Quality & Safety Assurance Division

## Investor Information

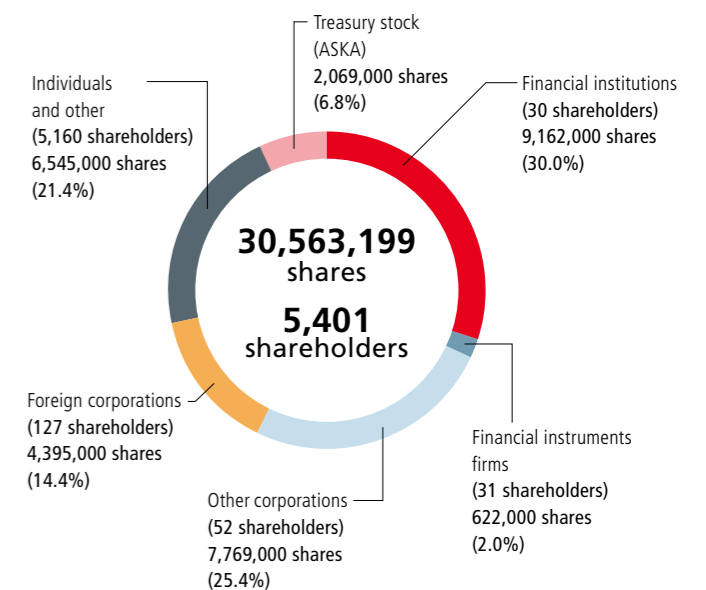
<b>Shares issued</b>	<b>Number of shareholders</b>
30,563,199	5,401

### Major Shareholders

Shareholder	Shares owned (Thousands)	Shareholding ratio (%)
Takeda Pharmaceutical Company Limited	2,204	7.73
The Master Trust Bank of Japan, Ltd.(Trust Account)	1,556	5.46
Zeria Pharmaceutical Co., Ltd.	1,528	5.36
Japan Trustee Services Bank, Ltd. (Trust Account)	1,450	5.08
MUFG Bank, Ltd.	1,100	3.86
Takashi Yamaguchi	872	3.06
ASKA Pharmaceutical Employee Shareholders' Association	577	2.02
Yamaguchi Co., Ltd.	536	1.88
Aioi Nissay Dowa Insurance Co., Ltd.	530	1.86
Nippon Life Insurance Company	522	1.83

- The Company holds 2,069,879 shares as treasury stock, which are not included in the list of major shareholders.
- Shareholding ratio is based on the number of shares exclusive of treasury stock.
- Treasury stock (2,069,879 shares) does not include 165,100 shares held by The Master Trust Bank of Japan (Employee Stockholding ESOP Trust Account No. 76361).

## Distribution of Shares



## Dividend Policy

ASKA views return of profit to shareholders as one of its main management responsibilities. Distribution of profit is conducted based on maintaining stable dividend payments, and on an overall appraisal of earnings, funds required for the medium and long term, and the Company's financial position.

 ASKA Pharmaceutical Co., Ltd.