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Securities Code: 4886

June 5, 2023

Start date of measures for electronic provision: May 29, 2023

To: Shareholders

Takashi Yamaguchi
President, Member of the Board of Directors, Representative Director
ASKA Pharmaceutical Holdings Co., Ltd.
5-1, Shibaura 2-chome, Minato-ku, Tokyo

NOTICE OF CONVOCATION OF THE 2nd ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the 2nd Annual General Meeting of Shareholders of ASKA Pharmaceutical Holdings Co., Ltd. (the “Company”) will be held as stated below.

In convening this meeting, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on each of the following websites. Please access either of those websites to confirm the information.

[The Company’s website]

<https://www.aska-pharma-hd.co.jp/invest/stock/meeting.html> (in Japanese)

[Website for posted informational materials for the general meeting of shareholders]

<https://d.sokai.jp/4886/teiji/> (in Japanese)

[TSE website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Enter “ASKA Pharmaceutical Holdings Co., Ltd.” in “Issue name (company name)” or the Company’s securities code “4886” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

Rather than attending the meeting on the day, we request that you exercise your voting rights via the Internet or in writing. Please review the attached Reference Materials for the General Meeting of Shareholders and exercise your voting rights no later than 5:35 p.m., Monday, June 26, 2023.

Exercise of voting rights via the Internet

Please access the Company’s designated voting rights exercise website (<https://evote.tr.mufg.jp/>), follow the on-screen guidance, and enter your approval or disapproval for each proposal by the above deadline.

Exercise of voting rights in writing

Please indicate your approval or disapproval for each proposal on the voting rights exercise form sent out with this convocation notice and return the form to us by the above deadline.

Particulars

1. Date:	10:00 a.m., Tuesday, June 27, 2023 (Reception will open at 9:00 a.m.)	
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2. Venue:	Hall on the 2nd floor of the head office of ASKA Pharmaceutical Holdings Co., Ltd. 5-1, Shibaura 2-Chome, Minato-ku, Tokyo	
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3. Purpose:	Matters to be reported	1. Report on the Business Report and the Consolidated Financial Statements for the 2nd Fiscal Year (from April 1, 2022 to March 31, 2023), and the Results of the Audit of the Consolidated Financial Statements for the 2nd Fiscal Year (from April 1, 2022 to March 31, 2023) by the Accounting Auditor and the Audit & Supervisory Board
		2. Report on the Non-consolidated Financial Statements for the 2nd Fiscal Year (from April 1, 2022 to March 31, 2023)
	Matters to be resolved	Proposal No. 1: Appropriation of Surplus Proposal No. 2: Election of Eight (8) Members of the Board of Directors

- If neither approval nor disapproval are indicated for each of the proposals on the voting rights exercise form, it shall be treated as an intention to indicate your approval.
- If you are attending the meeting, please submit the enclosed voting rights exercise form to the reception desk upon arrival. If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each of the websites.
- Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 16 of the Articles of Incorporation, the following matters are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents. Accordingly, the documents that are delivered to shareholders who have made a request for delivery of paper-based documents are part of the documents included in the scope of audits by the Audit & Supervisory Board Members and the Accounting Auditor when they create their respective audit reports.
 1. Notes to Consolidated Financial Statements
 2. Notes to Non-consolidated Financial Statements
- We do not prepare souvenirs for shareholders attending the General Meeting of Shareholders. We ask for your understanding.

The Company's website: <https://www.aska-pharma-hd.co.jp/english/>

System for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format

- Following the introduction of the system for providing information in electronic format in accordance with revisions to the Companies Act, the provision of informational materials for the General Meeting of Shareholders has, in principle, been changed from providing paper-based documents to posting online. We apologize for the inconvenience, but ask that you please access the websites provided in this convocation notice to view the information.
- This year, we have attached the Reference Materials for the General Meeting of Shareholders and a part of the Business Report (Progress and results of business) to this convocation notice to ensure that the descriptions of proposals and information on our operating performance is readily available. Shareholders who have made a request for the delivery of paper-based documents will receive a paper copy of this document, excluding the matters not provided in the delivered document (Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements).

Measures to Prevent the Novel Coronavirus Disease (COVID-19) from Spreading

For shareholders attending the meeting

- In line with the reclassification of COVID-19 as stipulated in the Infectious Disease Act from Class 2 (equivalent) to Class 5 on May 8, 2023, the wearing of face masks as a measure to prevent infection by shareholders attending the meeting will be left to the discretion of individual shareholders. We request that those who have a fever, cough, or other such symptoms refrain from attending the meeting.

Reference Materials for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company regards the appropriate return of profit to its shareholders as one of its key management issues. Based on its basic policy, the Company would like to distribute surplus stably and continuously.

In consideration of the above policy and future business development, the Company would like to pay 8 yen per common share for the year-end dividends for FY2022 (from April 1, 2022 to March 31, 2023) (the “current fiscal year”).

Matters on year-end dividends

- | | |
|---|--|
| (1) Type of dividend property: | Cash |
| (2) Allotment of dividend property and total amount thereof: | 8 yen per common share of the Company
Total amount: 226,352,304 yen |
| (3) Effective date of distribution of surplus: | June 28, 2023 |

Proposal No. 2: Election of Eight (8) Members of the Board of Directors

Terms of office of all eight (8) Members of the Board of Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, we propose to elect eight (8) Members of the Board of Directors.

Candidates for Members of the Board of Directors are as follows.

Candidate No.	Name		Position in the Company	Attendance at the Board of Directors meetings
1	Takashi Yamaguchi	Reelection	President, Member of the Board of Directors, Representative Director Responsible for the Entire Group Management	100% (16/16)
2	Atsushi Maruo	Reelection	Senior Managing Member of the Board of Directors, Representative Director Assistant to the President, In charge of Sustainability	94% (15/16)
3	Sohta Yamaguchi	Reelection	Senior Managing Member of the Board of Directors, Representative Director	100% (16/16)
4	Maiko Mori	Reelection	Member of the Board of Directors, Executive Corporate Officer	100% (11/11)
5	Fumiyoshi Yamaguchi	Reelection	Member of the Board of Directors, Executive Corporate Officer	100% (11/11)
6	Yasunori Yoshimura	Reelection Outside Independent	Member of the Board of Directors, Outside Director	100% (16/16)
7	Minoru Awabayashi	New appointment Outside Independent	–	–
8	Yasuji Enokido	New appointment Outside Independent	–	–

Note: The attendance of Maiko Mori and Fumiyoshi Yamaguchi covers only the Board of Directors meetings held since their appointment on June 28, 2022.

Candidate No.1	Takashi Yamaguchi (Date of birth: May 10, 1952)	<u>Reelection</u>
Number of the Company's shares held: 891,670 shares Term of office served as Member of the Board of Directors (at the conclusion of this Annual General Meeting of Shareholders) 2 years and 3 months	Career record, positions and assignments in the Company (Significant concurrent position)	
	Apr. 1978 Joined ASKA Pharmaceutical Co., Ltd. Dec. 1987 Member of the Board of Directors of ASKA Pharmaceutical Co., Ltd. Jun. 1991 President, Member of the Board of Directors, Representative Director of ASKA Pharmaceutical Co., Ltd. Apr. 2021 President, Representative Director of the Company (current position) Jun. 2021 Member of the Board of Directors, Representative Director, Chairman of the Board of ASKA Pharmaceutical Co., Ltd. (current position)	
	[Reasons for nomination as candidate for Member of the Board of Directors] Takashi Yamaguchi has a wealth of experience and advanced knowledge of overall business activities of the Company and its subsidiaries (the "Group"). As President and Representative Director of ASKA Pharmaceutical, and as President of the Company since April 2021, he has been appropriately supervising the Group's overall management and exercising his strong leadership to further enhance its corporate value for 30 years since June 1991. Since we have concluded that he will continue to be essential for achieving the Group's sustained growth and management vision in the future, we propose that he be reelected as Member of the Board of Directors.	

Candidate No.2	Atsushi Maruo (Date of birth: February 10, 1959)	<u>Reelection</u>
Number of the Company's shares held: 34,800 shares Term of office served as Member of the Board of Directors (at the conclusion of this Annual General Meeting of Shareholders) 2 years and 3 months	Career record, positions and assignments in the Company (Significant concurrent position)	
	Apr. 1981 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) Apr. 2009 Tohoku Region Manager and Sendai Branch Manager of The Mitsubishi Bank, Ltd. Oct. 2010 Corporate Officer of ASKA Pharmaceutical Co., Ltd. Jun. 2011 Member of the Board of Directors, Executive Corporate Officer of ASKA Pharmaceutical Co., Ltd. Jun. 2014 Executive Director of ASKA Pharmaceutical Co., Ltd. Jun. 2015 Director of ASKA Pharma Medical Co., Ltd. and Director of ASKA Animal Health Co., Ltd. Jun. 2019 Executive Director, Representative Director of ASKA Pharmaceutical Co., Ltd. Apr. 2021 Member of the Board of Directors of the Company Jun. 2021 Senior Managing Member of the Board of Directors, Representative Director of the Company Jun. 2021 Member of the Board of Directors, Vice Chairman of the Board of ASKA Pharmaceutical Co., Ltd. (current position) Apr. 2023 Senior Managing Member of the Board of Directors, Representative Director, in charge of Sustainability of the Company (current position)	
	[Reasons for nomination as candidate for Member of the Board of Directors] Atsushi Maruo has a wealth of experience and achievements in the large financial institution. He has a high level of expertise and broad insight of management and finance. He has been supervising the Group-wide strategies, governance, etc. since he took office as Executive Director of ASKA Pharmaceutical in June 2014. Since we can expect that he will continue to lead further development of the Group in the future, we propose that he be reelected as Member of the Board of Directors.	

Candidate No.3	Sohta Yamaguchi (Date of birth: December 17, 1983)	<u>Reelection</u>
Number of the Company's shares held: 32,800 shares Term of office served as Member of the Board of Directors (at the conclusion of this Annual General Meeting of Shareholders) 2 years and 3 months	Career record, positions and assignments in the Company (Significant concurrent position)	
	<p>Apr. 2008 Joined Hitachi, Ltd.</p> <p>May 2011 Registered as patent attorney</p> <p>Feb. 2016 Joined ASKA Pharmaceutical Co., Ltd.</p> <p>Jun. 2017 Director, Executive Corporate Officer (responsible for Innovative Drug Discovery) of ASKA Pharmaceutical Co., Ltd.</p> <p>Jun. 2019 Managing Director (responsible for Innovative Drug Discovery, Development, and Business Strategy) of ASKA Pharmaceutical Co., Ltd.</p> <p>Apr. 2020 Managing Director (responsible for Innovative Drug Discovery, Development, Business Development, Medical Affairs) of ASKA Pharmaceutical Co., Ltd.</p> <p>Apr. 2021 Member of the Board of Directors of the Company</p> <p>Jun. 2021 Senior Managing Member of the Board of Directors, Representative Director of the Company (current position)</p> <p>Jun. 2021 President, Member of the Board of Directors, Representative Director of ASKA Pharmaceutical Co., Ltd. (Current position)</p>	
	<p>[Reasons for nomination as candidate for Member of the Board of Directors]</p> <p>Sohta Yamaguchi, as a patent attorney, has expertise in intellectual property rights and a wealth of business experience in the intellectual property division in the large company. Since he took office as Director of ASKA Pharmaceutical in June 2017, he has been responsible for its innovative drug discovery division and for its development division and business strategy division as Managing Director since June 2019. He assumed the office of President, Member of the Board of Directors, Representative Director of the company in June 2021. Since we can expect that he will continue to lead further development of the Group in the future, we propose that he be reelected as Member of the Board of Directors.</p>	

Candidate No.4	Maiko Mori (Date of birth: April 20, 1964)	<u>Reelection</u>
Number of the Company's shares held: 8,400 shares Term of office served as Member of the Board of Directors (at the conclusion of this Annual General Meeting of Shareholders) 1 year	Career record, positions and assignments in the Company (Significant concurrent position)	
	Apr. 1987	Joined ASKA Pharmaceutical Co., Ltd.
	Jun. 2011	Director of Pharmaceutical Information Division of ASKA Pharmaceutical Co., Ltd.
	Jul. 2017	Director of Pharmaceutical Affairs Division of ASKA Pharmaceutical Co., Ltd.
Apr. 2020	Division Director, Quality & Safety Assurance Division of ASKA Pharmaceutical Co., Ltd.	
Jun. 2020	Corporate Officer (Division Director, Quality & Safety Assurance Division) of ASKA Pharmaceutical Co., Ltd.	
Jun. 2022	Director, Executive Corporate Officer (Division Director, Quality & Safety Assurance Division) of ASKA Pharmaceutical Co., Ltd. (current position)	
Jun. 2022	Member of the Board of Directors, Executive Corporate Officer of the Company (current position)	
[Reasons for nomination as candidate for Member of the Board of Directors] Maiko Mori has a wealth of practical experience and profound insight because she has held an important position in quality & safety assurance division of ASKA Pharmaceutical and has become Corporate Officer. In addition, since we can expect that she will continue to lead further development of the Company and its subsidiaries (the "Group") in the future through various discussions from a woman's perspective, we propose that she be reelected as a Member of the Board of Directors.		

Candidate No.5	Fumiyoshi Yamaguchi (Date of birth: November 3, 1986)	<u>Reelection</u>
Number of the Company's shares held: 6,800 shares Term of office served as Member of the Board of Directors (at the conclusion of this Annual General Meeting of Shareholders) 1 year	Career record, positions and assignments in the Company (Significant concurrent position)	
	Jul. 2011	Joined ASKA Pharmaceutical Co., Ltd.
	Apr. 2019	Corporate Officer, in charge of New Business Development and Deputy Director of Healthcare Business Unit of ASKA Pharmaceutical Co., Ltd.
	Jun. 2020	Corporate Officer, in charge of Special Appointments of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors of ASKA Animal Health Co., Ltd.
	Jan. 2021	President, Member of the Board of Directors, Representative Director of ASKA Animal Health Co., Ltd. (current position)
	Jun. 2021	Corporate Officer, in charge of Special Appointments of the Company President, Member of the Board of Directors, Representative Director of ASKA Animal Health Co., Ltd.
	Jun. 2022	Member of the Board of Directors, Executive Corporate Officer of the Company (current position)
	[Reasons for nomination as candidate for Member of the Board of Directors] Fumiyoshi Yamaguchi has a high level of knowledge about the oversight of business management and business execution because he has held positions in management division and sales division of ASKA Pharmaceutical and has become Corporate Officer of the Company and the President, Member of the Board of Directors, Representative Director of its subsidiary. Since we can expect that he will continue to lead further development of the Group in the future, we propose that he be reelected as Member of the Board of Directors.	

Candidate No.6	Yasunori Yoshimura (Date of birth: January 26, 1949)	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent
Number of the Company's shares held: None Term of office served as Member of the Board of Directors (at the conclusion of this Annual General Meeting of Shareholders) 2 years and 3 months	Career record, positions and assignments in the Company (Significant concurrent position) Apr. 1975 Joined the Department of Obstetrics and Gynecology, Keio University School of Medicine Nov. 1995 Professor of the Department of Obstetrics and Gynecology, Keio University School of Medicine Apr. 2007 Chairperson of Japan Society of Obstetrics and Gynecology Jun. 2011 Outside Director of ASKA Pharmaceutical Co., Ltd. Oct. 2012 Representative Director of YOSHIMURA BIOETHIC INSTITUTE (current position) Nov. 2013 Outside Corporate Auditor of Don Quijote Holdings Co., Ltd. (currently Pan Pacific International Holdings Corporation) Apr. 2014 Professor Emeritus of Keio University (current position) Jul. 2015 Vice President of Fukushima Medical University (current position) Sep. 2015 Outside Director (Audit & Supervisory Committee Member) of Don Quijote Holdings Co., Ltd. (currently Pan Pacific International Holdings Corporation) (current position) Apr. 2021 Member of the Board of Directors, Outside Director of the Company (current position) [Reasons for nomination as candidate for Outside Director and outline of expected role] Yasunori Yoshimura, a medical scientist, has the top level of expertise and extensive experience in the obstetrics and gynecology field. The Company continues to nominate him as a candidate for Member of the Board of Directors, Outside Director of the Company based on the conclusion that he plays his full part in deciding on key matters, overseeing business execution, etc. in the Group's pharmaceutical business development and other areas.	

Candidate No.7	Minoru Awabayashi (Date of birth: December 19, 1952)	New appointment Outside Independent
Number of the Company's shares held: None	Career record, positions and assignments in the Company (Significant concurrent position)	
	<p>Jul. 1978 President and Representative Director of Nihon Yo Flow Co., Ltd. on establishment</p> <p>Jul. 1983 Managing Director of Pacific Marketing Partners, Inc. on establishment</p> <p>Jul. 1997 Vice President and Representative Director of Omniglow Japan Co., Ltd. on establishment</p> <p>Apr. 2005 President and Representative Director of Omniglow Japan Co., Ltd. on establishment</p> <p>Apr. 2016 Senior Vice President of Takenaka Partners Corp. (current position)</p>	
	<p>[Reasons for nomination as candidate for Outside Director and outline of expected role] Minoru Awabayashi has engaged in consulting work related to advancing into overseas markets for Japanese and foreign companies for many years, and has profound insight about the oversight of corporate management and business execution. He also has a wealth of knowledge on trade and distribution in Japan and abroad, in addition to experience working overseas at an investment banking firm in the U.S. Since we can expect him to provide appropriate advice, oversight, etc. of the Group's management, we propose that he be newly elected as Outside Director.</p>	

Candidate No.8	Yasuji Enokido (Date of birth: June 30, 1960)	New appointment Outside Independent
Number of the Company's shares held: None	Career record, positions and assignments in the Company (Significant concurrent position)	
	<p>Apr. 1983 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>Aug. 2007 President of Panasonic Avionics Corporation</p> <p>Apr. 2013 Executive of Panasonic Corporation</p> <p>Apr. 2015 Managing Executive Officer of Panasonic Corporation, President of AVC Networks Company</p> <p>Jun. 2015 Managing Director of Panasonic Corporation</p> <p>Apr. 2016 Representative Director and Senior Managing Director of Panasonic Corporation</p> <p>Nov. 2017 Representative Director and President of Soen Co., Ltd. (current position)</p>	
	<p>[Reasons for nomination as candidate for Outside Director and outline of expected role] Yasuji Enokido has keen insight into business management and the oversight of business execution because he has been the leader of the large electronics manufacturer for many years. He also has a wealth of experience in the fields of business revitalization and new businesses, as well as a global perspective cultivated through working overseas. Since we can expect him to provide appropriate advice, oversight, etc. of the Group's management, we propose that he be newly elected as Outside Director.</p>	

Notes:

- 1) There is no special interest between either of the candidates and the Company.
- 2) Messrs. Yasunori Yoshimura, Minoru Awabayashi and Yasuji Enokido are candidates for Member of the Board of Directors, Outside Directors. The Company considers that they have the independence as Outside Officer since they have satisfied the "Standards for the Independence of Outside Officers" of the Company presented on page 14.
- 3) The Company reported the designation of Mr. Yasunori Yoshimura as an independent officer under the provisions of Tokyo Stock Exchange, Inc. Messrs. Minoru Awabayashi and Yasuji Enokido currently satisfy the requirements for independent officers stipulated by Tokyo Stock Exchange, Inc. If the election of Messrs. Minoru Awabayashi, Yasuji Enokido and Yasunori Yoshimura is approved, this time, the Company will report their designation as independent officers to the said Exchange.
- 4) The Company entered into a limited liability agreement with Mr. Yasunori Yoshimura as stipulated in Article 427, paragraph (1) of the Companies Act. Limits on liability for damages under such agreements are set at the

amounts stipulated by laws and regulations. If his reelection is approved, the Company plans to renew the aforementioned agreement with him. If the election of Messrs. Minoru Awabayashi and Yasuji Enokido is approved, the Company plans to enter into the same limited liability agreement with them.

- 5) The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. Damages borne by insured persons, including Members of the Board of Directors of the Company, in the performance of their duties, or expenses arising from disputes by legal action, are covered by this insurance policy. When candidates are elected and assume office as Members of the Board of Directors, they become insured persons under the insurance policy. In addition, the Company plans to update the insurance policy with this same content at the time of the next update.
- 6) The number of shares in the Company owned by each candidate stated on pages 6 to 11 is that as of March 31, 2023.

Reference: Skill Matrix

If Proposal No. 2 is approved as drafted, the composition, experience, and expertise of the Company's Members of the Board of Directors and Audit & Supervisory Board Members will be as below.

Name	Position	Corporate management	R & D / Intellectual property	Sales / Marketing	Medical / Pharmacy expertise	Finance / Accounting	Legal / Risk management	Sustainability / ESG
Members of the Board of Directors	Takashi Yamaguchi	President, Member of the Board of Directors, Representative Director	●	●		●		
	Atsushi Maruo	Senior Managing Member of the Board of Directors, Representative Director	●				●	●
	Sohta Yamaguchi	Senior Managing Member of the Board of Directors, Representative Director	●	●			●	
	Maiko Mori	Member of the Board of Directors, Executive Corporate Officer		●		●	●	
	Fumiyoshi Yamaguchi	Member of the Board of Directors, Executive Corporate Officer	●		●			●
	Yasunori Yoshimura	Member of the Board of Directors, Outside Director		●		●		●
	Minoru Awabayashi	Member of the Board of Directors, Outside Director	●		●		●	
	Yasuji Enokido	Member of the Board of Directors, Outside Director	●		●		●	
Audit & Supervisory Board Members	Ikuo Kumano	Audit & Supervisory Board Member			●	●		●
	Yuichiro Fukui	Audit & Supervisory Board Member	●		●	●		
	Takao Kimura	Outside Audit & Supervisory Board Member		●		●	●	
	Keiko Fukuchi	Outside Audit & Supervisory Board Member				●	●	●

Note: Up to three skills in which the Members of the Board of Directors and Audit & Supervisory Board Members possess particularly high expertise and which are expected of Members of the Board of Directors and Audit & Supervisory Board Members are indicated.

Reference

Standards for the Independence of Outside Officers

1. Independent Outside Officers under these standards are defined as those who satisfy the legal requirements of Outside Officers and do not fall under any of the followings:

- (1) A person who executes business of the Company or its consolidated subsidiaries (the “Group”)¹, or who had executed the business of the Group for a period of 10 years before having been appointed to do so
- (2) A major shareholder of the Company² (including those that were major shareholders in the past three years) or a person who executes business of such a shareholder when the shareholder is a corporate entity, a cooperative or other such group (including those that were major shareholders in the past three years), or a person who executes business of a corporate entity, cooperative or other such group (including those that were major shareholders in the past three years) for which the Company is a major shareholder
- (3) A person that executes business of a company that has a significant transactional relationship with the Group³, or business of its parent or subsidiaries
- (4) A person who is a lawyer, certified public accountant, other kind of consultant, or a person who executes business of a corporate entity, a cooperative or other such group, and has received, apart from director/audit & supervisory board member remuneration from the Group, a significant amount of money or other property benefits⁴ from the Group
- (5) A person who executes business of a corporate entity, a cooperative or other such group that has received donations, etc. exceeding a certain amount⁵ from the Group
- (6) A person who belongs to an auditing firm that is an accounting auditor of the Group or who belonged to an accounting firm that was an accounting auditor of the Group in the past three years
- (7) A person who executes business of a company or of its parent or subsidiaries that employ a member of the board of directors from the Group or employed a member of the board of directors from the Group in the past three years
- (8) A spouse or a relative within two (2) degrees of kinship of a person who falls under any of the (1) through (7) above
- (9) A person who might potentially pose continual and substantial conflict of interest with overall general shareholders of the Company due to reasons not provided in (1) through (8) above.

Notes:

- 1) A person who executes business refers to an executive director, executive, corporate officer, employees executing business, and other persons with similar authority
 - 2) A major shareholder refers to a shareholder who directly or indirectly holds 10% or more of the Company’s voting rights
 - 3) A company that has a significant transactional relationship with the Group refers to a company falling under any of the followings:
 - (i) A company for which the Group is a major business partner
A company that received payment from the Group of more than 2% of its total consolidated net sales in any of the most recent three fiscal years
 - (ii) A company that is a major business partner for the Group
A company that paid to the Group more than 2% of consolidated net sales of the Company in any of the most recent three fiscal years, or a company that had extended to the Group the amount of loans equivalent to more than 2% of the consolidated total assets of the Company as of the end of the latest fiscal year
 - 4) A significant amount of money or other property benefits refer to 10 million yen per year on average over the last three fiscal years, or more than 2% of the total annual revenue on average over the last three fiscal years if a person receiving such a significant amount of money or other property benefits is a corporate entity, cooperative or other such group
 - 5) Donations, etc. exceeding a certain amount refer to donations/subsidies exceeding the amount of 10 million yen per year on average over the last three fiscal years or 2% of the total annual revenue of the corporate entity, cooperative or other such group in the latest fiscal year, whichever is greater
2. Even in the event a person falls under any of the items (1) through (9) set forth above, the Company may appoint the person as its Outside Officer if the Group Nomination Committee believes the person is suitable for the position as an Outside Officer with sufficient independence based on overall evaluation of his/her independence, provided that the Committee externally provides an explanation as to why it believes such person fully satisfies the requirements as an Outside Officer stipulated in the Companies Act and thus qualifies as an Outside Officer with sufficient independence.

Business Report (from April 1, 2022 to March 31, 2023)

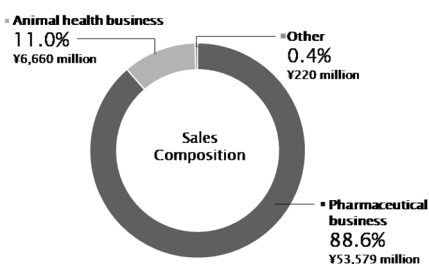
1. Current Status of the Corporate Group

(1) Progress and results of business

The Group's net sales for the current fiscal year were 60,461 million yen, up 3,853 million yen year on year (YoY). This was due mainly to increased sales in the Animal Health Business, which experienced favorable sales of feed additives, in addition to growth in the Medical 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, and 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 associated with sale of property, plant, and equipment in the same period last year, profit for the period attributable to owners of parent was down 51 million yen to 4,238 million yen.

(In millions of yen)

	FY2021 (Year ended March 31, 2022)	FY2022 (Year ended March 31, 2023) (Current fiscal year)	Year-on-year change
Net sales	56,607	60,461	Up 3,853, or 6.8%
Operating profit	4,795	5,108	Up 312, or 6.5%
Ordinary profit	4,880	5,232	Up 351, or 7.2%
Profit attributable to owners of parent	4,290	4,238	Down 51, or 1.2%

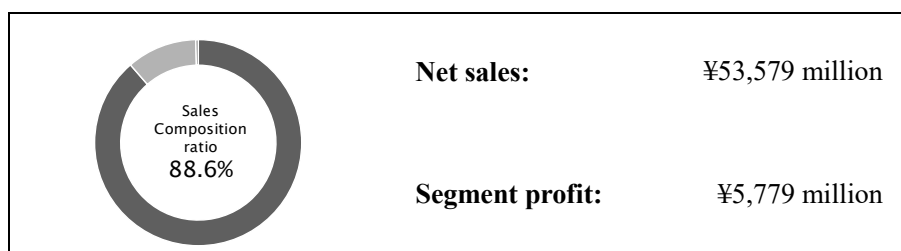


(Reference)

	FY2022 (Year ended March 31, 2023) (Current fiscal year)
Net sales	¥60.4 billion
Operating profit margin	8.4%
ROE	8.2%

[Operating performance by business segment]

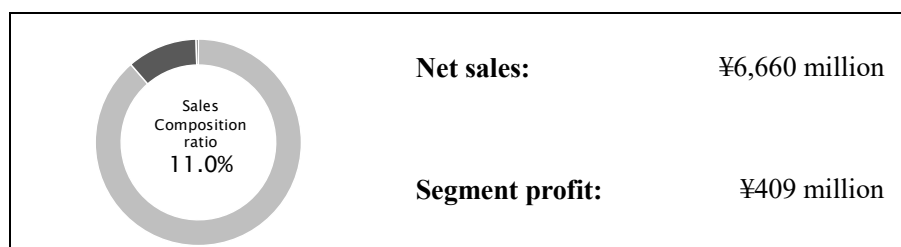
Pharmaceutical business



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 to these, the dysmenorrhea agent DroEthin (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).

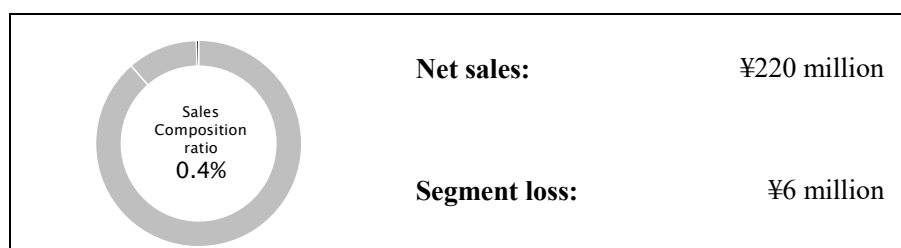
As a result of the above factors, net sales were 53,579 million yen (up 5.5% YoY) in this segment, and segment profit was 5,779 million yen (up 13.6% YoY).

Animal health business



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

Other



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 that launched in the previous fiscal year made a positive contribution to sales. However, Segment loss was 6 million yen (vs. a loss of 16 million yen in the same period of the previous year).

[Status of R&D]

The Company carried out research and development including progress on drug-development research and clinical development centered on the internal medicine, obstetrics and gynecology, and urology areas that are the three core businesses of ASKA Pharmaceutical Co., Ltd. along with proactive deployment of introduction and derivation activities and business alliance strategies.

In the area of clinical development, three clinical trials are underway. Phase III trials are in process 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 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, which is 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 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 rights and exclusive sales 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 sales rights in South Korea to the drospirenone oral contraceptive for which ASKA Pharmaceutical Co., Ltd. currently 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 year ended March 31, 2023 were 4,227 million yen (up 629 million yen YoY).

(2) Status of capital investments, etc.

During the current fiscal year, the Company made capital investments totaling 1,276 million yen (including intangible assets), which consist primarily of production facilities and the head office's facilities.

(3) Status of financing

The Company has signed an agreement on a commitment line, totaling 3,000 million yen, with a financial institution to raise working capital more efficiently; the balance of borrowings outstanding during the current fiscal year has reached 300 million yen.

(4) Status of material organizational restructuring

Not applicable

(5) Challenges to be addressed: Medium- to long-term management strategies

The Group will work on the following seven strategies in the medium-term management plan begun in FY2021 to become the “Total Healthcare Company with a Strong Foundation as a Specialty Pharma Company” the Group strives to be while further developing our previously built foundation.

1. To enhance corporate value by strengthening initiatives in the specialty areas, we will contribute to improving women’s quality of life by continuing to develop and sell Ob/Gyn products. Furthermore, we will promote disease-awareness activities within the thyroid field, with a focus on the thyroid hormones we first released 100 years ago.
2. To continuously create new drugs, we will work on leveraging open innovations and global alliance activities through collaboration with our newly founded London office.
3. As part of developing overseas operations, we will further collaborative relationships with our partners, mainly in Asia.
4. To provide new value to realize “total healthcare,” we will establish business with minimally invasive testing methods within the Testing and Diagnostic business. In the field of livestock and fisheries, we will also develop and sell products that strengthen animal reproduction, immunity, and nutrition to support the health of companion animals.
5. To reinforce our financial base, we will promote operational efficiency and cost management through use of IT.
6. To continue to be a company that earns society’s trust, we will fulfill our responsibilities as a life-related company by fostering an organizational culture that emphasizes accountability and ensuring thorough compliance.
7. To appropriately use human resources to realize growth strategies, we will create an organizational system that can manage diverse career preferences through a new human resources system and expand employees’ abilities through systematic training.

In ASKA Pharmaceutical Co., Ltd., the central force driving our pharmaceutical business, as a specific initiative, we are moving to the next stage of development with AKP-009, TRM-270, and LF111, where clinical trials are currently underway. We will also work at an expedited pace to swiftly move into the development stage for the two themes of Relugolix Combination Tablets (development code: AKP-022) and transnasal testosterone (AKP-017), which are still in the preliminary stages of development. In addition to our in-house technologies, we will strive to expand our pipeline through out-licensing and in-licensing activities with a focus on internal medicine, Ob/Gyn, and urology while aiming to move to the next stage with drug discovery seeds acquired through open innovation. In our business activities, we continued to center on the facilitation of optimized business activities that utilize webinars, etc. while ensuring high-quality information provision through establishing a system of specialty areas introduced to conduct information-provision activities with a focus on the Ob/Gyn field and RIFXIMA. We will further improve our presence in the Ob/Gyn field by providing information on JEMINA combination tablets and Riona tablets, which are being co-promoted, and promoting products that contribute to performance, exemplified mainly by RELUMINA tablets and DroEthi combination tablets which were launched in June 2022. In addition, due to revision of the guidelines for RIFXIMA tablets, they have been positioned as a standard medicine in the treatment of hepatic encephalopathy and will be more widespread and popularized. Furthermore, THYRADIN, which has a domestic share of over 90%, is a drug that is indispensable in medical settings. We will maintain a stable supply system and continue to promote awareness activities for thyroid diseases as a leading company in the treatment of thyroid diseases.

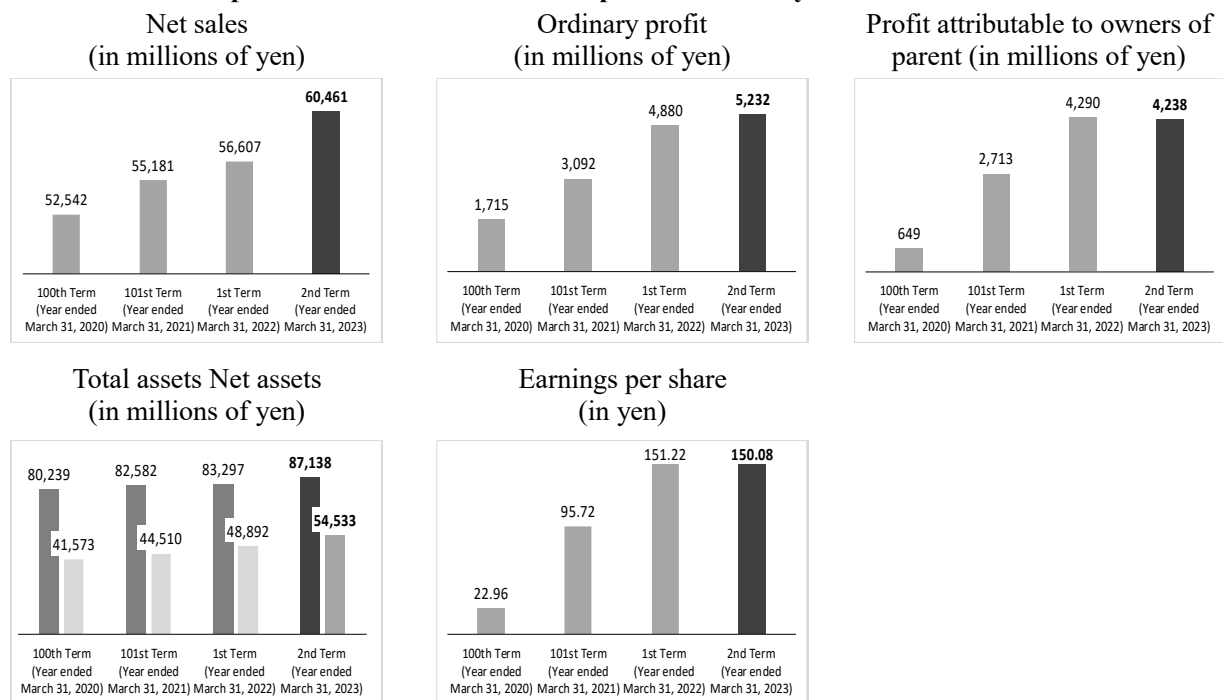
Moreover, to realize “total healthcare,” the Femtech Business Unit was newly established in ASKA Pharmaceutical Co., Ltd. in April 2023. While collaborating with other companies that have already started initiatives, we will promote initiatives for solving various issues in women’s life stages. In addition, ASKA Animal Health Co., Ltd., which sells veterinary medicines, feed, etc., continues to develop and sell products that can contribute to animal welfare. In addition to the feline hyperthyroidism agent THYLOBLOCK, we launched ASKA Trilostane Tablets, a canine hyperadrenocorticism agent, for which the product lineup includes a low-dose version for the treatment of small dogs, which are popular in Japan, in November 2022. We will continue to promote sales activities that are catered to the companion animal market toward achieving market penetration for both drugs. In addition, ASKA Pharma Medical Co., Ltd., which conducts the Testing and Diagnostic business, developed and expanded into a new business with a hair hormone level measurement kit that makes it possible to assess the risk of androgenetic alopecia (AGA) by measuring dihydrotestosterone (DHT), using technology that measures steroid hormones from hair. The Company will expand business related to facilitating measurements from samples outside of those for other hormone measurement kits or hair in the future using this technology.

In addition to the above, to promote sustainability management further, in April 2023 we appointed a Director

responsible for sustainability and established a new specialized section within the holding company organization to promote sustainability, in addition to the ESG Committee established in April 2021. Through efforts targeting the 17 material issues identified by the Group, centered on these organizations, we will aim to help realize a sustainable society and for sustained growth through creation of social value and increasing corporate value over the medium to long term.

We appreciate your continued support and cooperation of our shareholders.

(6) Status of assets and profit and loss for current and past three fiscal years



(In millions of yen, unless otherwise stated)

	FY2019 (Year ended March 31, 2020)	FY2020 (Year ended March 31, 2021)	FY2021 (Year ended March 31, 2022)	FY2022 (Year ended March 31, 2023) (Current fiscal year)
Net sales	52,542	55,181	56,607	60,461
Ordinary profit	1,715	3,092	4,880	5,232
Profit attributable to owners of parent	649	2,713	4,290	4,238
Earnings per share (yen)	22.96	95.72	151.22	150.08
Total assets	80,239	82,582	83,297	87,138
Net assets	41,573	44,510	48,892	54,533

Note: Values for the 101st business term and before are recorded with reference to values announced as ASKA Pharmaceutical Co., Ltd.

(7) Information on parent company and significant subsidiaries (as of March 31, 2023)**1) Information on parent company**

Not applicable

2) Information on significant subsidiaries

Company name	Share capital (in millions of yen)	Ratio of the Company's voting rights (%)	Main lines of business
ASKA Pharmaceutical Co., Ltd.	1,197	100.0	Manufacture and sale of pharmaceuticals and healthcare business
ASKA Pharma Medical Co., Ltd.	30	100.0	Investigation business
ASKA Animal Health Co., Ltd.	100	100.0	Manufacture, sale, and import/export of veterinary medicines, feed, feed additives, etc.

Note: The status of the specified wholly owned subsidiary on the last day of the current fiscal year is as follows.

Name of the specified wholly owned subsidiary	ASKA Pharmaceutical Co., Ltd.
Address of the specified wholly owned subsidiary	5-1, Shibaura 2-chome, Minato-ku, Tokyo
Book value of shares of the specified wholly owned subsidiary of the Company	¥40,063 million
Total assets of the Company	¥41,575 million

(8) Main lines of business (as of March 31, 2023)

The Group's main lines of business are as follows:

Business segment	Lines of business
Pharmaceutical business	Manufacture and sale of pharmaceuticals and healthcare business
Animal health business	Manufacture and sale of veterinary medicines
Other	Investigation business, and medical equipment

(9) Main offices and works (as of March 31, 2023)

The Company	Head Office	5-1, Shibaura 2-Chome, Minato-ku, Tokyo
ASKA Pharmaceutical Co., Ltd.	Head Office	Minato-ku, Tokyo
	Shonan Research Center	Fujisawa City, Kanagawa Prefecture
	Iwaki Factory	Iwaki City, Fukushima Prefecture
	Sales Office	Sapporo, Tohoku (Sendai City, Miyagi Prefecture), Koriyama, Tokyo (Minato-ku, Tokyo), Yokohama, Saitama, Chiba, Kitakanto (Utsunomiya City, Tochigi Prefecture), Niigata, Matsumoto, Kanazawa, Nagoya, Shizuoka, Kyoto, Osaka, Kobe, Takamatsu, Chugoku (Hiroshima City, Hiroshima Prefecture), Fukuoka, and Kumamoto
ASKA Pharma Medical Co., Ltd.	Head Office	Fujisawa City, Kanagawa Prefecture
ASKA Animal Health Co., Ltd.	Head Office	Minato-ku, Tokyo

(10) Information on employees (as of March 31, 2023)

Information on the Corporate Group's employees

Business segment	Consolidated number of employees		Increase/decrease from the previous fiscal year-end
Pharmaceutical business	610	(92)	Decrease of 39(Increase of 17)
Animal health business	36	(6)	– (–)
Other	14	(3)	Increase of 2(Decrease of 1)
Corporate (common)	87	(16)	Increase of 7 (–)
Total	747	(117)	Decrease of 30(Increase of 16)

Notes: 1) The number of employees shown above denotes that of full-time employees. The annual average number of part-timers and temporary employees is shown in brackets.

2) The number of employees included in “Corporate (shared)” are employees belonging to management divisions that cannot be classified into specific businesses.

(11) Information on main lenders (as of March 31, 2023)

Lender	Outstanding borrowings
Development Bank of Japan Inc.	¥3,375 million
Nippon Life Insurance Company	¥3,000 million

Note: Other than those above, there are syndicated loans with the total amount of 6,200 million yen.

(12) Other important information on the Corporate Group

Not applicable

2. The Company's Current Status

(1) Investor information (as of March 31, 2023)

1) Number of shares authorized	90,000,000
2) Number of shares issue	30,563,199
3) Number of shareholders	8,322
4) Top 10 major shareholders	

Name of shareholder	Number of shares held (thousands)	Percentage of shares held (%)
Master Trust Bank of Japan, Ltd. (trust Account)	2,975	10.51
Takeda Pharmaceutical Company Limited	2,204	7.79
ZERIA Pharmaceutical Co., Ltd.	1,877	6.63
Custody Bank of Japan, Ltd. (Trust account)	1,264	4.46
MUFG Bank, Ltd.	1,100	3.88
Takashi Yamaguchi	891	3.15
Kabushiki Kaisha YAMAGUCHI	579	2.04
Aioi Nissay Dowa Insurance Co., Ltd.	530	1.87
Nippon Life Insurance Company	522	1.84
The Toa Reinsurance Company, Limited.	500	1.76

Notes: 1) The Company holds 2,269,161 shares as treasury shares, which are not included in the list of major shareholders.

2) Shareholding ratio is based on the number of shares exclusive of treasury shares (2,269,161 shares).

3) Treasury shares (2,269,161 shares) does not include 8,900 shares held by Master Trust Bank of Japan (Employee Stockholding ESOP Trust Account No. 76361).

5) Status of shares issued to Company executives as consideration for performance of duties in the current fiscal year

	Number of shares	Number of people to whom shares were issued
Members of the Board of Directors (excluding Members of the Board of Directors, Outside Directors)	—	—

Note: Of the shares issued to Members of the Board of Directors of the Company, the number of shares issued to the four persons serving concurrently as Members of the Board of Directors of ASKA Pharmaceutical Co., Ltd. is 29,800 shares, and the number of shares issued to the one person serving concurrently as a Member of the Board of Directors of ASKA Animal Health Co., Ltd. is 1,700 shares.

(2) Information on share acquisition rights, etc.

Not applicable

(3) Information on the Company's Executives**1) Information on Members of the Board of Directors and Audit & Supervisory Board Members (as of March 31, 2023)**

Position	Name	Areas of responsibility in the Company and significant concurrent position
President, Member of the Board of Directors, Representative Director	Takashi Yamaguchi	Responsible for the Entire Group Management Member of the Board of Directors, Representative Director, Chairman of the Board of ASKA Pharmaceutical Co., Ltd.
Senior Managing Member of the Board of Directors, Representative Director	Atsushi Maruo	Assistant to the President Member of the Board of Directors, Vice Chairman of the Board of ASKA Pharmaceutical Co., Ltd.
Senior Managing Member of the Board of Directors, Representative Director	Sohta Yamaguchi	President, Member of the Board of Directors, Representative Director of ASKA Pharmaceutical Co., Ltd.
Member of the Board of Directors, Executive Corporate Officer	Maiko Mori	Member of the Board of Directors, Executive Corporate Officer, Division Director, Quality & Safety Assurance Division of ASKA Pharmaceutical Co., Ltd.
Member of the Board of Directors, Executive Corporate Officer	Fumiyoshi Yamaguchi	President, Member of the Board of Directors, Representative Director of ASKA Animal Health Co., Ltd.
Member of the Board of Directors, Outside Director	Yasunori Yoshimura	Representative Director of YOSHIMURA BIOETHIC INSTITUTE Outside Director (Audit & Supervisory Committee Member) of Pan Pacific International Holdings Corporation Professor Emeritus of Keio University Vice President of Fukushima Medical University
Member of the Board of Directors, Outside Director	Michizo Yamanaka	President and CEO of THE YOSHIDA DENTAL MFG. CO., LTD. President and CEO of YOSHIDA SEIKO., LTD. Vice Chairman of YOSHIDA DENTAL TRADE DISTRIBUTION CO., LTD.
Member of the Board of Directors, Outside Director	Tsutomu Harino	President and Representative Director of Tamanoi Vinegar Co., Ltd. President and Representative Director of Tamanoi vinegar kurosumate Co., Inc.
Audit & Supervisory Board Member	Ikuo Kumano	Audit & Supervisory Board Member of ASKA Animal Health Co., Ltd.
Audit & Supervisory Board Member	Yuichiro Fukui	Audit & Supervisory Board Member of ASKA Pharma Medical Co., Ltd.
Outside Audit & Supervisory Board Member	Takao Kimura	Representative Partner of TK Pharma Partners LLC.
Outside Audit & Supervisory Board Member	Keiko Fukuchi	Representative of Fukuchi Keiko Tax Accountant Office Outside Director (Audit and Supervisory Committee Member) of KAWADA TECHNOLOGIES, INC Outside Auditor of KAWADA INDUSTRIES, INC.

Notes: 1) Keiko Fukuchi, Outside Audit & Supervisory Board Member, is a certified public tax accountant and has considerable knowledge of finance and accounting.

2) Members of the Board of Directors, Executive Corporate Officers Maiko Mori and Fumiyoshi Yamaguchi were appointed and assumed office at the 1st Annual General Meeting of Shareholders

held on June 28, 2022.

- 3) The Company reported the designations of all of its Members of the Board of Directors, Outside Directors and Outside Audit & Supervisory Board Members as independent officers under the provisions of Tokyo Stock Exchange, Inc.

2) Overview of limited liability agreement

The Company has entered into an agreement with each of its Members of the Board of Directors, Outside Directors and Audit & Supervisory Board Members, which limits their liability for damages stipulated in Article 423, paragraph (1) of the Companies Act up to the minimum liability amount stipulated in Article 425, paragraph (1) of the Act.

3) Overview of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. Damages borne by insured persons in the performance of their duties, or expenses arising from disputes by legal action, are covered by this insurance policy.

The persons insured by the insurance policy are Members of the Board of Directors, Audit & Supervisory Board Members, and Corporate Officers of the Company and the Company's subsidiaries, and the insurance premiums for all insured persons are borne by the Company and the Company's subsidiaries.

4) Remuneration, etc. for Members of the Board of Directors and Audit & Supervisory Board Members

a) Policies on determining remuneration, etc. of directors

The Company made a resolution on the determination policy regarding remuneration, etc. for individual Members of the Board of Directors at the Board of Directors meeting held on May 17, 2021.

In addition, the Board of Directors has confirmed that the determination method for remuneration, etc. and the determined remuneration, etc. regarding remuneration, etc. for individual Members of the Board of Directors for the current fiscal year conforms with the determination policy resolved by the Board of Directors and that the findings of the Group's Remuneration Committee have been respected. They have judged that these are in accordance with the determination policy.

Policy and Procedure on Member of the Board of Directors Remuneration

- (1) The Group's Remuneration Committee deliberates on the remuneration for Members of the Board of Directors of the Company after ensuring transparency, fairness and objectivity. Design of the remuneration system and the specific amount of remuneration are determined by the Board of Directors.
- (2) Remuneration for Members of the Board of Directors excluding Members of the Board of Directors, Outside Directors shall be designed to contribute to continued increase in the corporate value. Specifically, it shall consist of base salary as well as performance-based bonus serving as short-term incentive and stock compensation system serving as medium- to long-term incentive.
- (3) In order to ensure fully functional supervision of the management, remuneration for Members of the Board of Directors, Outside Directors shall consist of base salary only, without short-term or medium- to long-term incentive.

<Policy on determining monetary remuneration not linked to performance indicator>

[Base salary]

Basic remuneration for Members of the Board of Directors shall be an annual base salary. Its amount shall be determined based on their position (rank), responsibilities and period of service. It shall be paid on a monthly basis.

<Policy on determining performance-based remuneration, etc.>

[Performance-based bonus]

Performance-based bonus for Members of the Board of Directors excluding Members of the Board of Directors, Outside Directors shall be paid at a certain time each year. The amount of bonus to be paid to Members of the Board of Directors with special titles shall be determined by multiplying the annual base salary by a bonus calculation coefficient defined for each position (rank) and a payment coefficient based on the Company's business performance (operating profit, etc.) for the previous fiscal year.

For Members of the Board of Directors who also serve as employees of the Company, incentives shall be provided by including the performance-based bonus into the bonuses provided to them as employees.

<Policy on determining non-monetary remuneration>

[Restricted stock compensation]

For purpose of providing incentives to sustainably increase the Company's corporate value, as well as for purpose of further promoting shared value between the shareholders and Members of the Board of Directors, restricted stock shall be granted at a certain time each year within the scope of the maximum amount and maximum number of shares approved at General Meeting of Shareholders. The number of shares of restricted stock to be granted to individual Members of the Board of Directors shall be determined in consideration of their position (rank), responsibilities, period of service and other factors.

<Policy on determining the proportion of each type of remuneration, etc.>

Based on an idea that it is important to work on management from medium- to long-term perspective, the proportion of base salary, performance-based bonus and restricted stock compensation shall be configured with emphasis on the level and stability of basic remuneration (base salary) with additional consideration on improvement in single-year business performance and the pursuit of shareholder interests.

The proportion of each type of remuneration for Members of the Board of Directors excluding Members of the Board of Directors, Outside Directors is not fixed because the amount of remuneration is determined according to the business performance in each fiscal year. However, the proportion of base salary, performance-based bonus and restricted stock compensation fits roughly in the following scope:

Base salary: performance-based bonus: restricted stock compensation = 55-70%: 15-30%: 10-15%.

<How to determine the specifics of remuneration, etc. for 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, etc. approved at the General Meeting of Shareholders, based on the report from the Group's Remuneration Committee, an advisory committee in which half of the members consists of Outside Officers, etc.

b) Total amount of remuneration, etc. for the current fiscal year.

Classification	Total amount of remuneration (in millions of yen)	Total amount by type of compensation, etc. (In millions of yen)			Number of target Officers (person)
		Base salary	Performance-based bonus	Restricted stock compensation	
Members of the Board of Directors (Member of the Board of Directors, Outside Director)	30 (30)	30 (30)	— (—)	— (—)	3 (3)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Member)	50 (13)	50 (13)	— (—)	— (—)	4 (2)
Total (Outside Officers)	81 (44)	81 (44)	— (—)	— (—)	7 (5)

- Notes: 1) The amount of compensation or the like for Members of the Board of Directors does not include the portion of employee's salary for members of the board of directors who also serve as employees of the Company.
- 2) The number of target Officers records the number of Officers paid remuneration by the Company. In addition to the above, the total amount of remuneration received from subsidiaries (ASKA Pharmaceutical Co., Ltd. and ASKA Animal Health Co., Ltd.) by five Members of the Board of Directors of the Company is 282 million yen.
- 3) The performance index for performance-based remuneration, etc. is operating profit, and those results are 5,108 million yen. The reason the index was chosen is that it is important as an indicator of achievement of management goals; therefore, it was determined to be an appropriate index for performance-based remuneration. In addition, the calculation method for performance-based remuneration is as described in "a) Policies on determining remuneration, etc. of directors."
- 4) Non-monetary remuneration, etc. is Company shares, and the requirements when these are allocated are as described in "a) Policies on determining remuneration, etc. of directors." In addition, issuance for the current fiscal year is as described in "2. The Company's Current Status (1) Investor information 5) Status of shares issued to Company executives as consideration for performance of duties in the current fiscal year."
- 5) Based on the resolution of the Extraordinary General Meeting of Shareholders held on June 24, 2021, the upper limit on compensation for Members of the Board of Directors was set at 500 million yen per year (including 70 million yen for Members of the Board of Directors, Outside Directors and excluding the portion of employee's salary for Members of the Board of Directors who also serve as employees of the Company). The number of Members of the Board of Directors at the end of the Extraordinary General Meeting of Shareholders was 6 (including 3 Members of the Board of Directors, Outside Directors). Separately from this compensation, the upper limit on restricted stock compensation was set at 100 million yen per year based on the resolution of the Extraordinary General Meeting of Shareholders held on June 24, 2021. The number of Members of the Board of Directors at the end of the Extraordinary General Meeting of Shareholders was 3 (excluding the Members of the Board of Directors, Outside Directors).
- 6) Based on the resolution of the Extraordinary General Meeting of Shareholders held on June 24, 2021, the upper limit on compensation for Audit & Supervisory Board Members was set at 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) Information relating to Outside Officers

a) Significant concurrent positions and their relationships with the Company

Classification	Name	Concurrent position
Member of the Board of Directors, Outside Director	Yasunori Yoshimura	Representative Director of YOSHIMURA BIOETHIC INSTITUTE Outside Director (Audit & Supervisory Committee Member) of Pan Pacific International Holdings Corporation Professor Emeritus of Keio University Vice President of Fukushima Medical University
	Michizo Yamanaka	President and CEO of THE YOSHIDA DENTAL MFG. CO., LTD. President and CEO of YOSHIDA SEIKO., LTD. Vice Chairman of YOSHIDA DENTAL TRADE DISTRIBUTION CO., LTD.
	Tsutomu Harino	President and Representative Director of Tamanoi Vinegar Co., Ltd. President and Representative Director of Tamanoi vinegar kurosumate Co., Inc.
Outside Audit & Supervisory Board Member	Takao Kimura	Representative Partner of TK Pharma Partners LLC.
	Keiko Fukuchi	Representative of Fukuchi Keiko Tax Accountant Office Outside Director (Audit and Supervisory Committee Member) of KAWADA TECHNOLOGIES, INC Outside Auditor of KAWADA INDUSTRIES, INC.

Note: There is no significant transactions or other relationships between each of the concurrent positions and the Company.

b) Main activities during the current fiscal year

Classification	Name	Attendance to:		Overview of remarks and duties conducted regarding the role expected of Member of the Board of Directors, Outside Director
		Board of Directors meeting	Board of Audit & Supervisory Board Members meeting	
Member of the Board of Directors, Outside Director	Yasunori Yoshimura	16 out of 16 (100%)	—	He gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision-making from a professional and independent standpoint as a medical scientist.
	Michizo Yamanaka	16 out of 16 (100%)	—	He gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision-making from an objective, unbiased, and wide-ranging perspective with his extensive experience of business management.
	Tsutomu Harino	16 out of 16 (100%)	—	He gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision-making from an objective, unbiased, and wide-ranging perspective with his extensive experience of business management.
Outside Audit & Supervisory Board Member	Takao Kimura	16 out of 16 (100%)	19 out of 19 (100%)	He made remarks to ensure the appropriateness of the Board of Directors' decision-making from a perspective based on his extensive experience as an executive officer responsible for pharmaceutical business development. He also discussed important matters on audits as needed and made necessary remarks in Board of Audit & Supervisory Board Members meetings.
	Keiko Fukuchi	16 out of 16 (100%)	19 out of 19 (100%)	She made remarks to ensure the appropriateness of the Board of Directors' decision-making from a perspective based on her specialized knowledge as a tax accountant. She also discussed important matters on audits as needed and made necessary remarks in Board of Audit & Supervisory Board Members meetings.

Note: Other than the above Board of Directors meetings held, there were four written resolutions that are deemed to be Board of Directors resolutions under the provisions of Article 370 of the Companies Act and Article 25 of the Articles of Incorporation.

(4) Status of Accounting Auditor

1) Name of accounting auditor: Seiyo Audit Corporation

2) Amount of remuneration paid or payable to the Accounting Auditor

	Amount (in millions of yen)
Remuneration payable to the Accounting Auditor for the current fiscal year	14
Total amount of money or other property benefits payable to the Accounting Auditor by the Company and its subsidiaries	36

Notes: 1) The Audit Contract between the Company and the Accounting Auditor does not separate and cannot practically separate the remuneration for audit under the Companies Act from the remuneration for audit under the Financial Instruments and Exchange Act. Accordingly, the amount of remuneration payable to the Accounting Auditor for the current fiscal year above represents the total amount of these remunerations.

2) The Audit & Supervisory Board has given an accord as to remuneration payable to the Accounting Auditor, as set forth in Article 399, paragraph (1) and (2) of the Companies Act, as a result of the review of the contents of the audit plan of the Accounting Auditor, the performance of its duties in prior fiscal years, and the basis for estimation of the remunerations, through acquisition of necessary materials and hearings from Members of the Board of Directors, related divisions/departments in the Company and the Accounting Auditor.

3) Non-audit services

Not applicable

4) Policy for determining the dismissal or non-reappointment of the accounting auditor

Apart from the dismissal of the Accounting Auditor by the Audit & Supervisory Board for reasons of a circumstance falling under any of the items of Article 340 of the Companies Act, if it is deemed basically difficult for the Accounting Auditor to properly perform their duties, a proposal for the dismissal or non-reappointment of the Accounting Auditor shall be submitted to a General Meeting of Shareholders, upon such decision of the Audit & Supervisory Board.

5) Summary of contents of liability limitation agreements

Not applicable

(5) Systems for Ensuring Appropriate Business Operations

The Company resolved the “Basic Policy for Building an Internal Control System” at the Board of Directors meeting held on April 1, 2021. The current basic policy is as follows. The Company is determined to properly operate and further improve/strengthen its internal control system through continued review of the system in line with changes in social environments.

1) Systems for ensuring that the execution of duties by Member of the Board of Directors complies with laws, regulations and the Articles of Incorporation; and other systems to ensure appropriate business operations of the corporate group consisting of the Company and its subsidiaries

- The Company and its subsidiaries have formulated a compliance program and provide that they shall respect human rights both in Japan and abroad, comply with and respect the spirit of related laws, regulations, etc. and act in a highly ethical and socially responsible manner.
- To ensure that the Company and its subsidiaries act in accordance with the program, their Member of the Board of Directors shall take the lead in acting and abiding by the program, and disseminate and instill corporate ethics throughout the Group by raising awareness of and educating on compliance.

2) System for the storage and management of information with regard to the execution of duties by Member of the Board of Directors of the Company

- Member of the Board of Directors shall properly store and manage documents related to the execution of their duties (including those recorded in electromagnetic media) and other important information in accordance with the Group’s Document Handling Rules and other rules and regulations.
- The Company shall build a system to store and manage information group-wide based on the Group’s Document Handling Rules.
- The Company shall seek to secure the safety and reliability of its information assets based on its Information Security Policy.

3) Rules and other systems for managing risks of loss with respect to the Company

- The Company has classified risks and stipulated how to communicate information in case of emergency based on its Business Risk Management Rules, and is strongly committed to managing group-wide risks by raising awareness of and educating on risk management.

4) Systems for ensuring the duties of Member of the Board of Directors of the Company are efficiently performed

- The Company holds a meeting of the Board of Directors basically once a month and also holds special meetings of the Board of Directors as needed, to make decisions on business execution policies and other important matters concerning business operations and to supervise the execution of business operations.
- The Company holds management meetings basically once a month to deliberate/make decisions on management related issues, and examine important issues including management policies and strategies.
- The Company performs duties efficiently by specializing in unifying subsidiaries and in the formulation and promotion of Group strategies through our holding company structure.
- The Company ensures operational efficiency and effectiveness of its internal control by promoting computerization.

5) System for ensuring that employees of the Company perform their duties in accordance with laws, regulations and the Articles of Incorporation

- The Company has formulated a compliance program and has ensured that employees are fully aware of the need to comply with relevant laws, regulations and the Articles of Incorporation by providing education programs and measuring the level of penetration at regular intervals.
- The Company employs a whistle-blower system as a consulting desk for compliance matters.

6) Systems listed below and other systems for ensuring appropriate business operations of the corporate group consisting of the Company and its subsidiaries

- a) System for reporting to the Company on matters concerning the execution of duties by Members of the Board of Directors of the subsidiaries of the Company and other persons with similar authority
 - The Company has managed subsidiaries in an integrated manner through establishing supervisory department in each subsidiary, and also has held the Business Strategy Meeting of the Group four times a year to share information.
- b) Rules and other systems for managing risks of loss with respect to any subsidiary of the Company
 - Each subsidiary strengthens systems associated with risk management under the leadership of the supervisory department of the Company.

- c) System for ensuring that the duties of Members of the Board of Directors, etc., of any subsidiary of the Company are efficiently performed
 - Each subsidiary strengthens the systems to ensure efficient execution of duties under the leadership of the supervisory department of the Company.
 - The Company provides its subsidiaries with appropriate supports to facilitate their business execution.
 - d) System for ensuring that Members of the Board of Directors and employees of any subsidiary perform their duties in accordance with laws, regulations and the Articles of Incorporation of said subsidiary
 - The internal audit division of the Company audits the above in accordance with its internal audit rules.
 - The Company shares its whistle-blower system with its subsidiaries.
 - The Company makes efforts to implement internal control systems necessary to ensure appropriate financial reporting to secure reliability of its financial reporting.
- 7) Matters regarding the employees appointed to support Audit & Supervisory Board Members of the Company, independence of the said employees from Members of the Board of Directors, and ensuring the effectiveness of instructions to the said employees by Audit & Supervisory Board Members**
- The Company appoints employees dedicated to supporting Audit & Supervisory Board Members if so requested by Audit & Supervisory Board Members.
 - Appointment and transfer of the employees to support Audit & Supervisory Board Members shall be consulted with Audit & Supervisory Board Members in advance to obtain their accord.
 - The authority to give orders and instructions to the said employees belongs to respective Audit & Supervisory Board Members; and Audit & Supervisory Board Members are responsible for their performance evaluation.
- 8) Systems listed below and other system for reporting to Audit & Supervisory Board Members of the Company**
- a) System for reporting to Audit & Supervisory Board Members of the Company by Members of the Board of Directors and employees of the Company
 - Members of the Board of Directors shall report, without delay, to the Board of Directors and the Audit & Supervisory Board if they recognize a fact that seriously violates any laws, regulations, the Articles of Incorporation and/or business behavior standards; a considerably improper fact that could be such a violating fact; or a fact that could potentially cause significant damage to the Company, in connection with the execution of their duties.
 - The Company reinforces the system to report to Audit & Supervisory Board Members by making effective use of its whistle-blower system.
 - b) System for reporting to Audit & Supervisory Board Members of the Company by Members of the Board of Directors and employees of any subsidiary of the Company or those who have received reports from Members of the Board of Directors and employees of any subsidiary of the Company
 - Audit & Supervisory Board Members of subsidiaries of the Company periodically meet Audit & Supervisory Board Members of the Company to exchange information and opinions.
 - Each of the subsidiaries reports to its Audit & Supervisory Board Members on matters, etc. discussed at the Business Strategy Meetings of the Group.
 - Subsidiaries also reinforces its system to report to Audit & Supervisory Board Members by making use of the whistle-blower system of the Company.
- 9) System for ensuring that anyone who has reported to an Audit & Supervisory Board Member does not suffer from detrimental treatment for the reason of having made said report**
- The Company keeps confidential what has been reported through the whistle-blower system and prohibits detrimental treatment of the whistle-blowers.
- 10) Matters related to policies on prepayment or redemption procedures for expenses arising from execution of duties by Audit & Supervisory Board Members, or on treatment of other expenses and obligations arising from execution of duties by Audit & Supervisory Board Member**
- The Company pays in full the expenses necessary to execute duties of Audit & Supervisory Board Members upon request from Audit & Supervisory Board Members.
- 11) Other system ensuring effective audits by Audit & Supervisory Board Members of the Company**
- President has as many meetings as possible, in addition to regular meetings, to exchange opinions on management of the Company and understand each other, besides reporting on business operations.
 - President, Audit & Supervisory Board Members and the accounting auditor collaborate in enhancing its internal audit division to support effective auditing.

(6) Summary of Operational Status of Systems for Ensuring Appropriate Business Operations

1) Systems for ensuring that the execution of duties by Members of the Board of Directors complies with laws, regulations and the Articles of Incorporation; and other systems to ensure appropriate business operations of the corporate group consisting of the Company and its subsidiaries

President has highlighted “Thoroughness of Compliance” as part of business operation policies to motivate executives and employees of the Group to remain committed to compliance. The Company also has distributed to executives and employees a booklet and card, and, in this fiscal year, spread information and cultivated awareness of compliance by implementing opinion polls and surveys on compliance.

2) System for the storage and management of information with regard to the execution of duties by Members of the Board of Directors of the Company

Minutes and materials related to important meetings, including general meetings of shareholders and board meetings, are stored properly by departments/divisions in charge. The Company also has published information security related rules and regulations and other educational materials on its intranet and, in addition to spreading awareness to employees with information security education through the e-learning system, implements guidance and advice to subsidiaries as necessary to homogenize the Group’s security level.

3) Rules and other systems for managing risks of loss with respect to the Company

Based on its internal Business Risk Management Rules, every organization of the Group has formulated and implemented a business risk management manual in a bid to avoid risks and minimize damages.

4) Systems for ensuring the duties of Members of the Board of Directors of the Company are efficiently performed

The Company has built a system to achieve efficient performance of duties by specializing in unifying subsidiaries and in the formulation and promotion of Group strategies through our holding company structure. The system functioned well this fiscal year; for example, in addition to Board of Directors meetings and management meetings being held as planned, special meetings of the Board of Directors were held as necessary. The integrated enterprise resource planning system (ERP) has worked efficiently. In addition, the Company is promoting computerization, such as by expanding intranet operations to make quick communication possible within the Group.

5) System for ensuring that employees of the Company perform their duties in accordance with laws, regulations and the Articles of Incorporation

The employees of the Group are educated to not only comply with laws, regulations, etc. but also act with full understanding of management philosophies and corporate charter to enhance their ethics.

In the current fiscal year, the Company strived for further thorough implementation of compliance by holding an opinion poll on compliance, surveying each Group division based on those results, and conducting training and problem-solving according to actual conditions after eliciting an understanding of the present situation and problems.

The Company has established a consulting desk on compliance for use of the whistle-blower system inside and outside the Company, and we have appealed in training to all Group employees to actively use this system as well as protected whistle-blowers and handled the system appropriately.

6) Systems listed below and other systems for ensuring appropriate business operations of the corporate group consisting of the Company and its subsidiaries

a) System for reporting to the Company on matters concerning the execution of duties by Members of the Board of Directors of the subsidiaries of the Company and other persons with similar authority

The supervisory departments of subsidiaries have held a Business Strategy Meeting of the Group each quarter to exchange information. In addition, the departments in charge have gathered information on subsidiaries’ important items for approval, etc. and adopted a structure at the Company to manage this as needed.

b) Rules and other systems for managing risks of loss with respect to any subsidiary of the Company

Each subsidiary has mitigated risks by undergoing a screening by the legal department of the Company prior to signing a new contract; and the supervisory department of each subsidiary assesses the contents of a contract through hearings with the subsidiary.

c) System for ensuring that the duties of Members of the Board of Directors, etc., of any subsidiary of the Company are efficiently performed

Each subsidiary shares risks and points to be improved with the Company through a variety of forms, such as meetings with the Company on the Group’s business strategies, to obtain support from the

Company in addressing issues. The supervisory departments of subsidiaries also share information with each other, as needed, to obtain support from related departments/divisions in addressing challenges/issues.

- d) System for ensuring that Members of the Board of Directors and employees of any subsidiary perform their duties in accordance with laws, regulations and the Articles of Incorporation of said subsidiary
The internal audit division has conducted an internal audit on subsidiaries based on internal audit rules. The rules related to compliance provides that the Company's whistle-blower desks are available also to executives and employees of the subsidiaries, and thus, the Company has put in place a system whereby executives and employees of the subsidiaries can also consult with the desks on compliance matters. A department responsible for evaluating internal control has conducted an assessment based on a basic plan for implementing internal control for financial reporting and assessing the status of operation.

7) Matters regarding the employees appointed to support Audit & Supervisory Board Members of the Company, independence of the said employees from Members of the Board of Directors, and ensuring the effectiveness of instructions to the said employees by Audit & Supervisory Board Members

Currently no such employees are appointed.

8) Systems listed below and other system for reporting to Audit & Supervisory Board Members of the Company

- a) System for reporting to Audit & Supervisory Board Members of the Company by Members of the Board of Directors and employees of the Company

No material infringement of laws, regulations and the Articles of Incorporation, which should be reported to the Board of Directors and Audit & Supervisory Board, were seen during this fiscal year. The legal department of the Company reports to Audit & Supervisory Board Members on the summary of the records of whistle-blowing, as needed, in addition to quarterly reporting.

- b) System for reporting to Audit & Supervisory Board Members of the Company by Members of the Board of Directors and employees of any subsidiary of the Company or those who have received reports from Members of the Board of Directors and employees of any subsidiary of the Company

At present, Audit & Supervisory Board Members of the Company concurrently serve as Audit & Supervisory Board Members of its subsidiaries. The supervisory department of each subsidiary of the Company report to Audit & Supervisory Board Members on subsidiaries.

The Company operates a whistle-blower system that is also targeted at subsidiaries and regularly reports an overview of whistle-blower results from subsidiaries to the Audit & Supervisory Board.

9) System for ensuring that anyone who has reported to an Audit & Supervisory Board Member does not suffer from detrimental treatment for the reason of having made said report

The system has been operated for the purpose of above in accordance with laws, regulations and related internal rules.

10) Matters related to policies on prepayment or redemption procedures for expenses arising from execution of duties by Audit & Supervisory Board Members, or on treatment of other expenses and obligations arising from execution of duties by Audit & Supervisory Board Member.

The system has been operated for the purpose of above in accordance with laws, regulations and related internal rules.

11) Other system ensuring effective audits by Audit & Supervisory Board Members of the Company

The Company has established a system whereby advice, etc. of Audit & Supervisory Board Members are used to improve its internal control.

Also, Audit & Supervisory Board Members and the internal audit division hold meeting each quarter to share audit information and collaborate each other.

(7) Basic Policy on Control over the Company

The Company has not implemented any particular basic policy that governs who will decide its financial and business policies now.

Note: The amounts and the number of shares described in this Business Report are rounded down to the nearest whole unit, while percentages are rounded off. The shareholding ratios of major shareholders are rounded down to the second decimal place.

Consolidated Financial Statements

Consolidated Balance Sheet As of March 31, 2023

(Unit: In millions of yen)

Account title	Amount	Account title	Amount
Assets		Liabilities	
Current assets:	53,759	Current liabilities:	17,650
Cash and deposits	14,505	Accounts payable - trade	2,838
Accounts receivable - trade	15,217	Electronically recorded obligations - operating	3,022
Securities	3,400	Short-term borrowings	300
Merchandise and finished goods	10,815	Current portion of long-term borrowings	3,138
Work in process	429	Accounts payable - other	4,947
Raw materials and supplies	6,443	Provision for bonuses	1,142
Other	2,948	Provision for bonuses for directors	24
Non-current assets:	33,378	Other	2,235
Property, plant and equipment:	10,796	Non-current liabilities:	14,954
Buildings and structures	4,381	Long-term borrowings	9,185
Machinery, equipment and vehicles	1,346	Retirement benefit liability	5,433
Land	4,249	Other	335
Other	818	Total liabilities	32,604
Intangible assets:	4,465	Net assets	
Distribution rights	3,673	Shareholders' equity	49,315
Other	791	Share capital	1,197
Investments and other assets:	18,117	Capital surplus	1,847
Investment securities	14,385	Retained earnings	49,619
Deferred tax assets	1,717	Treasury shares	(3,350)
Other	2,031	Accumulated other comprehensive income	5,218
Allowance for doubtful accounts	(17)	Valuation difference on available-for-sale securities	4,590
		Foreign currency translation adjustment	405
		Remeasurements of defined benefit plans	222
		Total net assets	54,533
Total assets	87,138	Total liabilities and net assets	87,138

(Note) Amounts less than one million yen have been rounded down.

Consolidated Statement of Income
(From April 1, 2022 to March 31, 2023)

(Unit: In millions of yen)

Account title	Amount	
Net sales		60,461
Cost of sales		31,876
Gross profit		28,584
Selling, general and administrative expenses		23,476
Operating profit		5,108
Non-operating income:		
Interest and dividend income	338	
Other	94	433
Non-operating expenses:		
Interest expenses	50	
Foreign exchange losses	43	
Loss on disposal of non-current assets	52	
Expenses of inactive non-current assets	53	
Contribution of ESOP trust	51	
Other	57	308
Ordinary profit		5,232
Extraordinary income:		
Gain on sale of investment securities	124	124
Profit before income taxes		5,357
Income taxes - current	1,108	
Income taxes - deferred	10	1,118
Profit		4,238
Profit attributable to owners of parent		4,238

(Note) Amounts less than one million yen have been rounded down.

Consolidated Statement of Changes in Equity
(From April 1, 2022 to March 31, 2023)

(Unit: In millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	1,197	1,867	45,833	(3,479)	45,419	3,231	164	77	3,473	48,892
Changes during period										
Dividends of surplus			(452)		(452)					(452)
Profit attributable to owners of parent			4,238		4,238					4,238
Purchase of treasury shares				(0)	(0)					(0)
Disposal of treasury shares		(19)		129	109					109
Net changes in items other than shareholders' equity						1,359	241	144	1,745	1,745
Total changes during period	—	(19)	3,785	129	3,895	1,359	241	144	1,745	5,641
Balance at end of current period	1,197	1,847	49,619	(3,350)	49,315	4,590	405	222	5,218	54,533

(Note) Amounts less than one million yen have been rounded down.

Non-consolidated Financial Statements

Balance Sheet As of March 31, 2023

(Unit: In millions of yen)

Account title	Amount	Account title	Amount
Assets		Liabilities	
Current assets:	1,200	Current liabilities:	630
Cash and deposits	1,120	Short-term borrowings	300
Other	79	Current portion of long-term borrowings	48
Non-current assets:	40,374	Accounts payable - other	81
Investments and other assets:	40,374	Income taxes payable	29
Shares of subsidiaries and associates	40,319	Provision for bonuses	116
Deferred tax assets	54	Other	55
		Total liabilities	630
		Net assets	
		Shareholders' equity:	40,944
		Share capital	1,197
		Capital surplus:	42,065
		Legal capital surplus	844
		Other capital surplus	41,220
		Retained earnings:	886
		Other retained earnings	886
		Retained earnings brought forward	886
		Treasury shares	(3,205)
		Total net assets	40,944
Total assets	41,575	Total liabilities and net assets	41,575

(Note) Amounts less than one million yen have been rounded down.

Statement of Income
(From April 1, 2022 to March 31, 2023)

(Unit: In millions of yen)

Account title	Amount
Operating revenue	1,732
Operating expenses	1,073
Operating profit	658
Non-operating income:	
Interest and dividend income	1
Other	2
Non-operating expenses:	
Interest expenses	3
Contribution of ESOP trust	51
Other	3
Ordinary profit	603
Profit before income taxes	603
Income taxes - current	39
Income taxes - deferred	(27)
Profit	591

(Note) Amounts less than one million yen have been rounded down.

Statement of Changes in Equity
(From April 1, 2022 to March 31, 2023)

(Unit: In millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	1,197	844	41,239	42,084	747	747
Changes during period						
Dividends of surplus					(452)	(452)
Profit					591	591
Purchase of treasury shares						
Disposal of treasury shares			(19)	(19)		
Total changes during period	—	—	(19)	(19)	139	139
Balance at end of current period	1,197	844	41,220	42,065	886	886

	Shareholders' equity		Total net assets
	Treasury shares	Total shareholders' equity	
Balance at beginning of current period	(3,335)	40,695	40,695
Changes during period			
Dividends of surplus		(452)	(452)
Profit		591	591
Purchase of treasury shares	(0)	(0)	(0)
Disposal of treasury shares	129	109	109
Total changes during period	129	249	249
Balance at end of current period	(3,205)	40,944	40,944

(Note) Amounts less than one million yen have been rounded down.

Accounting Auditor's Report on Consolidated Financial Statements

English Translation

INDEPENDENT AUDITOR'S REPORT

May 19, 2023

To the Board of Directors of
ASKA Pharmaceutical Holdings Co., Ltd.

Seiyo Audit Corporation
Minato-ku, Tokyo
Designated and Engagement Partner
Certified Public Accountant: Nobuo Nonaka
Designated and Engagement Partner
Certified Public Accountant: Toshiya Nakaichi
Designated and Engagement Partner
Certified Public Accountant: Kenichiro Makita

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of ASKA Pharmaceutical Holdings Co., Ltd. and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2023, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2022 to March 31, 2023, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of March 31, 2022, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Written Matter

Other written matter is Business Reports and supplementary schedules. Creating and disclosing other written matter is the responsibility of management. In addition, it is the responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board to supervise the execution of duties of the Members of the Board of Directors in the establishment and application of the reporting process for other written matter.

Other written matter is not included in the subject of our opinion on non-consolidated financial statements, and we cannot express an opinion on other written matter.

Our responsibility in the audit of non-consolidated financial statements is to read other written matter and, in the process of reading other written matter, consider whether there are major discrepancies between other written matter and non-consolidated financial statements or the knowledge gained in the process of our audit. Additionally, it is our responsibility to pay attention to whether there are signs of major errors in other written matter, besides these major discrepancies.

If, based on the work we have conducted, we determine that there are major errors in other written matter, we are required to report that fact.

We have no items to report regarding other written matter.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material

misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Members of the Board of Directors' execution of the duties relating to the design and operation effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Accounting Auditor's Report on Non-consolidated Financial Statements

English Translation

INDEPENDENT AUDITOR'S REPORT

May 19, 2023

To the Board of Directors of
ASKA Pharmaceutical Holdings Co., Ltd.

Seiyo Audit Corporation
Minato-ku, Tokyo
Designated and Engagement Partner
Certified Public Accountant: Nobuo Nonaka
Designated and Engagement Partner
Certified Public Accountant: Toshiya Nakaichi
Designated and Engagement Partner
Certified Public Accountant: Kenichiro Makita

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements of ASKA Pharmaceutical Holdings Co., Ltd. (the "Company"), namely the non-consolidated balance sheet as of March 31, 2023, the non-consolidated statement of income, and the non-consolidated statement of changes in equity for the 2nd fiscal year from April 1, 2022 to March 31, 2023, and the related notes, and the supplementary schedules.

In our opinion, the accompanying non-consolidated financial statements, present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements," section of our report. We are independent of the Company in accordance with the provision of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Written Matter

Other written matter is Business Reports and supplementary schedules. Creating and disclosing other written matter is the responsibility of management. In addition, it is the responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board to supervise the execution of duties of the Members of the Board of Directors in the establishment and application of the reporting process for other written matter.

Other written matter is not included in the subject of our opinion on non-consolidated financial statements, and we cannot express an opinion on other written matter.

Our responsibility in the audit of non-consolidated financial statements is to read other written matter and, in the process of reading other written matter, consider whether there are major discrepancies between other written matter and non-consolidated financial statements or the knowledge gained in the process of our audit. Additionally, it is our responsibility to pay attention to whether there are signs of major errors in other written matter, besides these major discrepancies.

If, based on the work we have conducted, we determine that there are major errors in other written matter, we are required to report that fact.

We have no items to report regarding other written matter.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Members of the Board of Directors' execution of the duties relating to the design and operation effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with accounting principles generally accepted as fair and appropriate in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

English Translation

AUDIT REPORT

The Audit & Supervisory Board has prepared this report after deliberations on the members of the board of directors' performance of their duties during the 2nd fiscal year from April 1, 2022 to March 31, 2023 based on audit reports prepared by each member of the Audit & Supervisory Board, and hereby reports as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board established the audit policy and distribution of duties, and received reports from each audit & supervisory board member on their progress of audit and audit results. In addition, it received reports on the members of the board of directors' performance of their duties from the directors and the accounting auditors and sought clarification when necessary.
- (2) In accordance with the audit policy and the distribution of duties, each audit & supervisory board member endeavored to effectively communicate with the members of the board of directors, the internal audit division, and other employees to collect information and create a favorable environment for audit while following audit standards established by the Audit & Supervisory Board. In addition, each audit & supervisory board member conducted audit by adopting the following methods:
 - 1) Each audit & supervisory board member attended the Board of Directors meetings and other important meetings, received reports on the members of the board of directors' performance of their duties from the members of the board of directors and other employees and sought clarification when necessary, examined important documents supporting decisions, and inspected the status of business operations and assets at the head office and other major business locations.
In addition, each audit & supervisory board member endeavored to effectively communicate with the members of the board of directors and audit & supervisory board members of the subsidiaries, exchanged information with them, and received reports on their business operations as necessary.
 - 2) Each audit & supervisory board member regularly received reports from the members of the board of directors and other employees and sought clarification when necessary on the operation of the internal control system, which was designed and established based on the Board of Directors resolutions in accordance with Article 100, paragraph (1) and (3) of the Regulation for Enforcement of the Companies Act as essential to ensure that the members of the board of directors fulfil their duties described in the business report in compliance with laws and regulations and the Company's Articles of Incorporation and to secure proper business operations of the business group, consisting of the Company and its subsidiaries. For internal control associated with the Company's financial reporting, each audit & supervisory board member received reports from the members of the board of directors and Seiyo Audit Corporation on the evaluation of the relevant internal control as well as the status of the accounting audit and sought clarification when necessary.
 - 3) Each audit & supervisory board member watched and verified whether the accounting auditors maintained their independence and properly performed audit. Each audit & supervisory board member also received reports from them on the status of their audit and sought clarification when necessary. Moreover, each audit & supervisory board member received notification from the accounting auditors that they had established a framework to ensure proper fulfilment of their duties, as prescribed in those items in Article 131 of the Regulation on Corporate Accounting, in accordance with the Quality Control Standards for Audit, introduced by the Business Accounting Council on October 28, 2005; each audit & supervisory board member sought clarification when necessary.

Based on the above methods, the Audit & Supervisory Board has examined the Business Reports on the relevant fiscal year and the supplementary schedules, the non-consolidated financial statements (the balance sheet, statement of income, statement of changes in equity and related notes) and the related supplementary schedules as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and related notes).

2. Results of Audit

(1) Results of Audit of Business Report and Other Documents

- 1) We acknowledge that the business report and the supplementary schedules properly present the status of the Company in accordance with the applicable laws and regulations and the Company's Articles of Incorporation.
- 2) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Company's Articles of Incorporation was found with respect to the members of the board of directors' performance of their duties.
- 3) We acknowledge that the contents of the Board of Directors' resolutions concerning the internal control system are adequate. We did not discover any matter to be pointed out with respect to the members of the board of directors' performance of their duties and the contents of the business report that are associated with the internal control system including financial reporting-related internal control.

(2) Results of Audit of Non-consolidated Financial Statements and other Supplementary Schedules

We acknowledge that the methods and results of audit conducted by the accounting auditor, Seiyo Audit Corporation, are adequate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit conducted by the accounting auditor, Seiyo Audit Corporation, are adequate.

May 22, 2023

ASKA Pharmaceutical Holdings Co., Ltd.,
Audit & Supervisory Board

Audit & Supervisory Board Member	Ikuo Kumano (Seal)
Audit & Supervisory Board Member	Yuichiro Fukui (Seal)
Outside Audit & Supervisory Board Member	Takao Kimura (Seal)
Outside Audit & Supervisory Board Member	Keiko Fukuchi (Seal)

Note: The audit report is not an audit of the English translation of the convocation notice itself; it is an English translation of the entire audit report produced by auditing the convocation notice prepared in Japanese.

Guide Map to the Venue for the 2nd Annual General Meeting of Shareholders

Date and time: 10:00 a.m., Tuesday, June 27, 2023

Venue: Hall on the 2nd floor of the head office of ASKA Pharmaceutical Holdings Co., Ltd.
5-1, Shibaura 2-chome, Minato-ku, Tokyo
Tel: 03-5484-8845

MAP (in Japanese only)

Public transport: Approx. 10-minute walk from Tamachi Station (JR) via Yamanote Line or Keihin Tohoku Line (Shibaura Exit (East Exit))
Approx. 10-minute walk from Mita Station (Toei) via Mita Line or Asakusa Line (A4 Exit)