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Securities Code: 4886

June 4, 2024

Start date of measures for electronic provision: May 27, 2024

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 3rd ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the 3rd 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 24, 2024.

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 25, 2024 (Reception will open at 9:00 a.m.) | |
|----------|---|--|

| | | |
|-----------|---|--|
| 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 | |
|-----------|---|--|

| | | |
|-------------|------------------------|--|
| 3. Purpose: | Matters to be reported | 1. Report on the Business Report and the Consolidated Financial Statements for the 3rd Fiscal Year (from April 1, 2023 to March 31, 2024), and the Results of the Audit of the Consolidated Financial Statements for the 3rd Fiscal Year (from April 1, 2023 to March 31, 2024) by the Accounting Auditor and the Audit & Supervisory Board 2. Report on the Non-consolidated Financial Statements for the 3rd Fiscal Year (from April 1, 2023 to March 31, 2024) |
| | Matters to be resolved | Proposal No. 1: Appropriation of Surplus Proposal No. 2: Election of One (1) Member of the Board of Directors Proposal No. 3: Election of One (1) Audit & Supervisory Board Member |

- 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 listed on page 1.
- Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and the Company's 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. The Audit & Supervisory Board Members and the Accounting Auditor have audited the documents subject to audit including the following items.
 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/>

Reference Materials for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

In consideration of the strong business results and future business development, the Company would like to pay 20 yen per share for the year-end dividend for FY2023 (from April 1, 2023 to March 31, 2024) (the “current fiscal year”) as follows. As a result, the annual dividend for the full fiscal year will be 40 yen including the interim dividend of 20 yen, an increase of 24 yen per share from the previous fiscal year.

Matters on year-end dividends

- | | |
|---|---|
| (1) Type of dividend property: | Cash |
| (2) Allotment of dividend property and total amount thereof: | 20 yen per common share of the Company Total amount: 566,624,840 yen |
| (3) Effective date of distribution of surplus: | June 26, 2024 |

From the 4th fiscal year (year ending March 31, 2025), new dividend policy will be applied.

[New dividend policy]

As performance-based profit distribution, we aim for a payout ratio of 30%. In addition, the minimum amount of the annual dividend per share shall be 30 yen and we will redistribute profits based on performance while maintaining stable dividends.

Proposal No. 2: Election of One (1) Member of the Board of Directors

To further strengthen the Company’s management structure, we propose to increase the Members of the Board of Directors, Outside Directors by one (1) and elect the candidate.

The term of office for the Member of the Board of Directors elected at this general meeting shall be until the expiration of the term of office of other Members of the Board of Directors currently serving, according to the provisions of the Articles of Incorporation of the Company.

A candidate for a Member of the Board of Directors is as follows.

| | | |
|---|---|--|
| Candidate | Kanae Karita (Date of birth: July 2, 1963) | New appointment Outside Independent |
| Number of the Company’s shares held: None | Career record, positions and assignments in the Company (Significant concurrent position) | |
| | Mar. 1986 | Graduated from the School of Health Sciences of the Faculty of Medicine, the University of Tokyo |
| | Mar. 1988 | Completed master course of the Graduate School of Medicine, the University of Tokyo |
| | Nov. 1989 | Assistant of the Department of Hygiene, School of Medicine, Teikyo University |
| | Jul. 2001 | Lecturer of the Department of Hygiene and Public Health, School of Medicine, Teikyo University |
| | Sep. 2007 | Associate Professor of the Department of Hygiene and Public Health, Faculty of Medicine, Kyorin University |
| | Apr. 2015 | Professor of the Department of Hygiene and Public Health, Faculty of Medicine, Kyorin University (current position) Director of the Gender Equality Promotion Office, Kyorin University |
| | Jun. 2019 | Director of the Japanese Medical Science Federation Director of the Japanese Association of Medical Sciences (current position) |
| | Mar. 2022 | Member of the Photochemical Oxidant Health Impact Assessment Committee, Ministry of the Environment |
| | Apr. 2024 | Member of the Food Safety Standards Council, Cabinet Office (current position) |
| [Reasons for nomination as candidate for Outside Director and outline of expected role] Kanae Karita, a medical scientist, has the high level of expertise and extensive experience in the public health field. In addition, as she actively tackles gender equality, we can expect that she will take an active part as Outside Director of the Group that aims at “contributing to woman health.” Therefore, we propose that she be newly elected as Outside Director. | | |

Notes:

- 1) There is no special interest between the candidate and the Company.
- 2) Ms. Kanae Karita is a candidate for Outside Director. The Company considers that she has the independence as Outside Officer since she has satisfied the “Standards for the Independence of Outside Officers” of the Company presented on page 11.
- 3) Ms. Kanae Karita currently satisfies the requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc. If her election is approved this time, the Company will report the designation of Ms. Kanae Karita as an independent officer to the said Exchange.
- 4) If the election of Ms. Kanae Karita is approved, the Company intends to enter into a limited liability agreement with her in accordance with 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.

- 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 Ms. Kanae Karita is elected and assumes office as Member of the Board of Directors, she becomes an insured person under the insurance policy.
- 6) The number of shares in the Company owned by the candidate is that as of March 31, 2024.

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

Audit & Supervisory Board Member Ikuo Kumano will retire from office due to resignation at the conclusion of this general meeting and accordingly, we propose to elect one (1) Audit & Supervisory Board Member. The term of office for the Audit & Supervisory Board Member elected at this general meeting shall be until the expiration of the term of office of the retiring Audit & Supervisory Board Member, according to the provisions of the Articles of Incorporation of the Company.

The Audit & Supervisory Board has given its consent to this proposal.

A candidate for Audit & Supervisory Board Member is as follows.

| | | |
|--|---|--|
| Candidate | Kunihiro Gunji (Date of birth: September 26, 1961) | New appointment |
| Number of the Company's shares held: 7,500 shares | Career record and position in the Company (Significant concurrent position) | |
| | Apr. 1984 | Joined ASKA Pharmaceutical Co., Ltd. |
| | Oct. 2008 | Director of Sales Planning Department of ASKA Pharmaceutical Co., Ltd. |
| | Oct. 2012 | Nagoya Branch Manager of ASKA Pharmaceutical Co., Ltd. |
| | Oct. 2013 | Director of Metropolitan Area Sales Department of ASKA Generic Drug Business Division of ASKA Pharmaceutical Co., Ltd. |
| | Apr. 2015 | Assistant Division Director of Marketing Division of ASKA Pharmaceutical Co., Ltd. |
| | Oct. 2016 | Assistant Division Director of Sales Division of ASKA Pharmaceutical Co., Ltd. |
| | Apr. 2017 | Assistant Division Director of Development Division of ASKA Pharmaceutical Co., Ltd. |
| | Jun. 2017 | Corporate Officer (Assistant Division Director, Development Division) of ASKA Pharmaceutical Co., Ltd. |
| | Jun. 2018 | Corporate Officer (Division Director, Development Division) of ASKA Pharmaceutical Co., Ltd. |
| | Jun. 2020 | Corporate Officer, in charge of Audit, Legal Affairs & Regulatory Compliance of ASKA Pharmaceutical Co., Ltd. |
| | Apr. 2021 | Corporate Officer, in charge of Audit and Legal Affairs & Regulatory Compliance of the Company (current position) |
| | Oct. 2022 | Corporate Officer (Director, Promotion Compliance Unit) of ASKA Pharmaceutical Co., Ltd. (current position) |
| [Reasons for nomination as candidate for Audit & Supervisory Board Member] Kunihiro Gunji has a broad range of expertise and a high level of knowledge about the oversight of business execution because he has held an important position in sales and development divisions of ASKA Pharmaceutical and has become Corporate Officer in charge of audit, legal affairs & regulatory compliance of the Group. Since we believe that he can properly carry out the duties of Audit & Supervisory Board Member of the Group based on his knowledge and experience, we propose that he be newly elected as Audit & Supervisory Board Member. | | |

Notes:

- 1) There is no special interest between the candidate and the Company.
- 2) If the election of Mr. Kunihiro Gunji is approved, the Company intends to enter into a limited liability agreement with him in accordance with 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.
- 3) 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. When Mr. Kunihiro Gunji is elected and assumes office as Audit & Supervisory Board Member, he becomes an insured person under the insurance policy.
- 4) The number of shares in the Company owned by the candidate is that as of March 31, 2024.

Reference: Skill Matrix

The Company has prepared a skill matrix by identifying skills that Members of the Board of Directors should possess in order for the Board of Directors to execute its decision-making and management supervisory functions. Toward realizing our Vision “Total Healthcare Company with a Strong Foundation as a Specialty Pharma Company” and achieving “ASKA Pharmaceutical Holdings” Medium-Term Management Plan 2025” began in FY2021, we identified seven skills that are considered particularly important. If Proposals No. 2 and No. 3 are 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 | Medicine / Pharmacy | 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 | ● | | ● | | ● | ● |
| | Kanae Karita | Member of the Board of Directors, Outside Director | | ● | | ● | | ● |
| Audit & Supervisory Board Members | Yuichiro Fukui | Audit & Supervisory Board Member | ● | | ● | ● | | |
| | Kunihiro Gunji | Audit & Supervisory Board Member | | ● | ● | ● | ● | |
| | Takao Kimura | Outside Audit & Supervisory Board Member | | ● | | ● | ● | |
| | Keiko Fukuchi | Outside Audit & Supervisory Board Member | | | | | ● | ● |

Note: Highly professional skills that the Members of the Board of Directors and Audit & Supervisory Board Members possess and which are expected of Members of the Board of Directors and Audit & Supervisory Board Members for achieving the medium-term management plan are indicated.

Reason for selection of each skill

| Skill items | Reason for selection of skills |
|-------------------------------|---|
| Corporate management | Amid major changes in the business environment, we need directors with extensive knowledge, experience, and achievements in not only the medical and pharmaceutical industries but also in general corporate management to formulate and promote a medium- to long-term sustainable growth strategy for us to realize our Group's goal of becoming a total healthcare company with a strong foundation as a specialty pharma company. |
| R & D / Intellectual property | To continue creating products that meet unmet medical needs, it is essential that we strengthen our R&D capabilities through open innovation and globalize intellectual property activities. We need directors who have strong knowledge, experience, and achievements in the fields of R&D and intellectual property to promote these activities. |
| Sales / Marketing | Amid the rapidly changing environment surrounding medical care and animal health businesses, we need directors who have strong knowledge, experience, and achievements in sales and marketing fields to continue providing patients and healthcare professionals with information on the proper use of drugs and products. |
| Medicine / Pharmacy | In order to realize the Group's goal of becoming a total healthcare company, we need directors who have strong knowledge, experience, and achievements in the fields of medicine and pharmacy to widely contribute to human and animal health which ranges from prevention, testing, diagnosis to treatment, and prognosis management. |
| Finance / Accounting | In addition to accurate financial reporting, we need directors who have strong knowledge, experience, and achievements in the finance and accounting fields to formulate and promote a financial and capital strategy that balances ensuring a stable financial base and improving capital efficiency, and achieves appropriate shareholder returns. |
| Legal / Risk management | The establishment of an appropriate governance system is the foundation for sustainable corporate value improvement. To promote a compliance system that ensures thorough compliance with laws and corporate ethics, we need directors who have strong knowledge, experience, and achievements in legal and risk management. |
| Sustainability / ESG | With sustainability at the core of our management, the Group aims to enhance corporate value by not only maximizing our economic value but also by increasing our social value. To achieve this, we need directors who have strong knowledge, experience, and achievements in the sustainability and ESG fields. |

Reference: Efforts for reduction in cross-shareholdings

(1) Basic principles

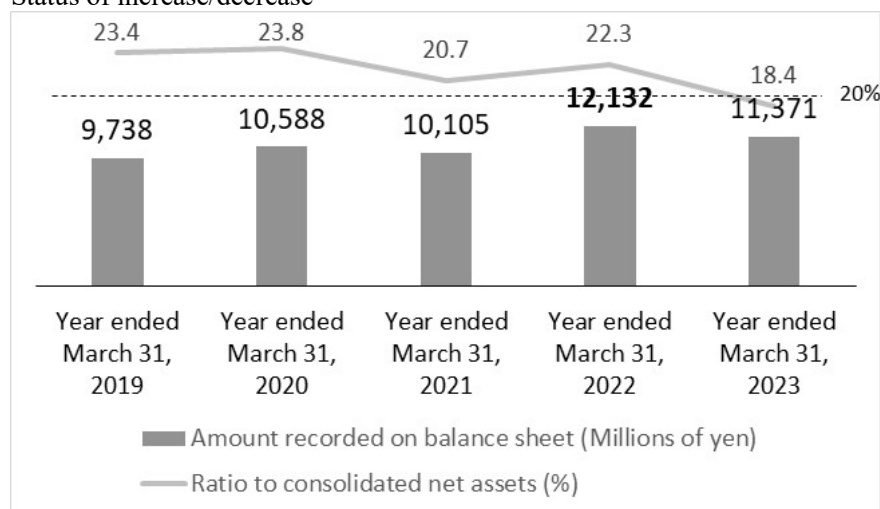
The Company will hold cross-shareholdings that it judges will contribute to the maintenance and improvement of the Group's corporate value from the perspective of business expansion and the maintenance and strengthening of business relationships.

However, the Board of Directors will examine and verify the corporate performance and financial conditions of each counterparty, management indicators of profitability and growth potential, and the comparison between the benefits of holding the shares and the cost of capital, and will reduce the number of shares held if the significance of holding such shares is not necessarily sufficient, based on the results of dialogue with the counterparty.

(2) Status of cross-shareholdings

As of the end of March 2024, the ratio of cross-shareholdings (11,371 million yen) to consolidated net assets of the Group declined 3.9% from the end of the previous fiscal year to 18.4%.

(3) Status of increase/decrease



Note: Figures in and before FY2020 are those of ASKA Pharmaceutical Co., Ltd.

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, 2023 to March 31, 2024)

1. Current Status of the Corporate Group

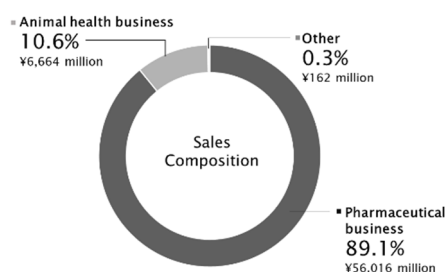
(1) Progress and results of business

The Group's net sales for the current fiscal year were 62,843 million yen, up 2,381 million yen year on year (YoY). This was due mainly to increased sales in the Medical Pharmaceuticals Business driven by growth in product lines in the obstetrics and gynecology field. In addition, as the cost to sales ratio declined 1.5% YoY, resulting in cost of sales of 32,178 million yen, gross profit increased by 2,079 million yen YoY to 30,664 million yen. At the same time, selling, general and administrative expenses rose by 687 million yen YoY to 24,164 million yen, and as a result operating profit was up 1,392 million yen YoY to 6,500 million yen, for a ratio of operating profit to net sales of 10.3%. Ordinary profit was 6,522 million yen, after recording 414 million yen in non-operating income and 392 million yen in non-operating expenses. As we recorded in large part 3,340 million yen in extraordinary income associated with sale of investment securities, profit attributable to owners of parent was up 3,307 million yen YoY to 7,545 million yen.

With a purpose of strengthening a partnership, ASKA Pharmaceutical Co., Ltd. which is a subsidiary of the Company implemented a capital increase related to the new share issuance agreement of Ha Tay Pharmaceutical Joint Stock Company which is an equity-method affiliate.

(In millions of yen)

| | FY2022 (Year ended March 31, 2023) | FY2023 (Year ended March 31, 2024) (Current fiscal year) | Year-on-year change |
|---|--|--|---------------------|
| Net sales | 60,461 | 62,843 | Up 2,381, or 3.9% |
| Operating profit | 5,108 | 6,500 | Up 1,392, or 27.3% |
| Ordinary profit | 5,232 | 6,522 | Up 1,289, or 24.6% |
| Profit attributable to owners of parent | 4,238 | 7,545 | Up 3,307, or 78.0% |

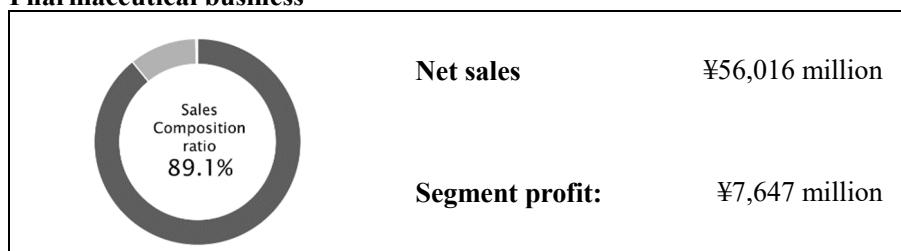


(Reference)

| | FY2023 (Year ended March 31, 2024) (Current fiscal year) |
|-------------------------|---|
| Net sales | ¥62.8 billion |
| Operating profit margin | 10.3% |
| ROE | 13.0% |

[Operating performance by business segment]

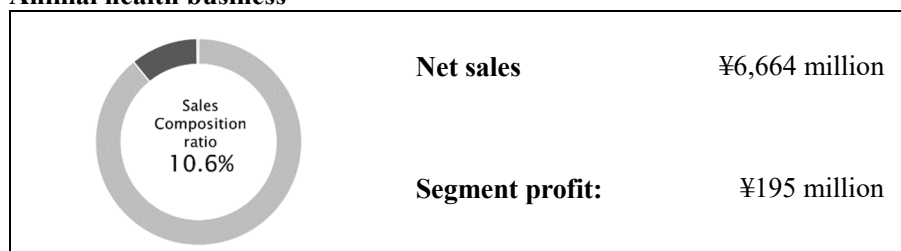
Pharmaceutical business



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 in the obstetrics and gynecology area, the uterine fibroid and endometriosis agent RELUMINA (relugolix) steadily grew to 9,906 million yen (up 12.1% YoY), and the dysmenorrhea agent DroEthi (drospirenone/ethinylestradiol), which went on sale in June 2022, grew to 6,125 million yen (up 66.3% YoY), a large-scale growth continued from the previous year. Furthermore, the major products of internal medicine, the thyroid hormone agent THYRADIN and the poorly absorbable rifamycin antimicrobial agent RIFXIMA showed steady growth of 7,862 million yen (up 1.7% YoY) and 5,864 million yen (up 8.7% YoY), respectively. In the urology field, sales of the LH-RH derivative microcapsule sustained release agent LEUPRORELIN were 4,430 million yen (down 11.4% YoY).

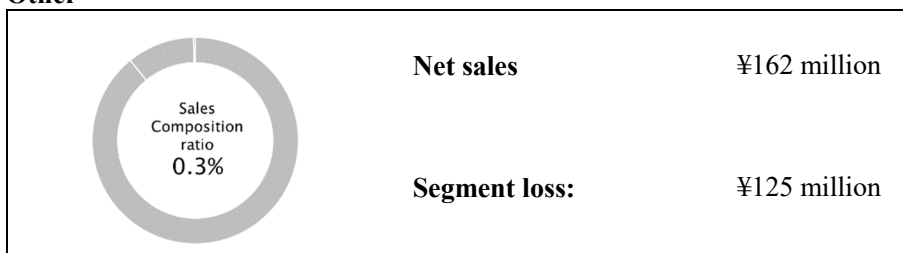
As a result of the above factors, net sales were 56,016 million yen (up 4.5% YoY) and segment profit was 7,647 million yen (up 32.3% YoY).

Animal health business



Net sales of the animal health business, which sells products such as veterinary pharmaceuticals and feed additives, were 6,664 million yen (up 0.0% YoY), the same level as the previous year, due to increased sales of veterinary pharmaceuticals despite decreased sales of feed additives, etc. However, segment profit was 195 million yen (down 52.3% YoY) due to impact of rising costs of raw materials and others.

Other



Net sales for other businesses, which include clinical testing and medical devices, were 162 million yen (down 26.3% YoY) and segment loss was 125 million yen (vs. a loss of 6 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 core businesses of ASKA Pharmaceutical Co., Ltd. along with proactive deployment of out-licensing and in-licensing activities and business alliance strategies.

In the area of clinical development, we received approval for partial change of the manufacturing and marketing approval of L-105 (rifaximin), for which the addition of an indication had been underway, for the pediatric indication for the improvement of hyperammonemia in hepatic encephalopathy in March 2024. Furthermore, regarding LF111 (drospirenone) intended for contraceptive indications, we are making preparations toward applying for manufacturing and marketing approval during the first quarter of the fiscal year ending March 31, 2025. In addition, three clinical trials are currently underway. AKP-009 (ludaterone), now under joint development with Kyorin Pharmaceutical Co., Ltd., is in the stage of Phase II trial and additional Phase I trials are being conducted. For TRM-270 (adhesion barrier), which is under joint development with Toray Industries, Inc., Phase III trials are being conducted targeting gastroenterology and obstetrics and gynecology fields. A Phase I/II clinical trial of AKP-022 (relugolix combination tablet) was initiated in July 2023.

As in-licensing and alliance activities, we entered into agreements on a joint research and development and sales after launch with SUSMED, Inc. for a therapeutic app. in the obstetrics and gynecology area in September 2023. In addition, we entered into a joint research agreement with Red Arrow Therapeutics, Inc. to develop a new treatment for preeclampsia in March 2024.

Based on the above efforts, R&D expenses in the fiscal year ended March 31, 2024 were 4,728 million yen (up 500 million yen YoY).

(2) Status of capital investments, etc.

During the current fiscal year, the Company made capital investments totaling 1,545 million yen (including intangible assets), which consist primarily of production 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 over 100 years ago.
2. To continuously create new drugs, we will work on leveraging open innovations and global alliance activities through collaboration with our 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 (ludaterone), TRM-270 (adhesion barrier), and AKP-022 (relugolix combination tablet), where clinical trials are currently underway. Also, in the first quarter of the fiscal year ending March 31, 2025, we plan to apply for manufacturing and marketing approval for LF111 (drospirenone), a Phase III trial of which has been conducted. 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 the poorly absorbable rifamycin antimicrobial agent RIFXIMA. We will further improve our presence in the Ob/Gyn field by providing information on the dysmenorrhea agent JEMINA and the iron deficiency anemia agent Riona, which are being co-promoted, and promoting products that contribute to performance, exemplified mainly by the uterine fibroid and endometriosis agent RELUMINA and the dysmenorrhea agent DroEthi. In addition, we will continue to promote and spread RIFXIMA for which approval was received for addition of the pediatric indication for the improvement of hyperammonemia in hepatic encephalopathy, in response to requests from the relevant societies. Furthermore, the thyroid hormone agent 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.

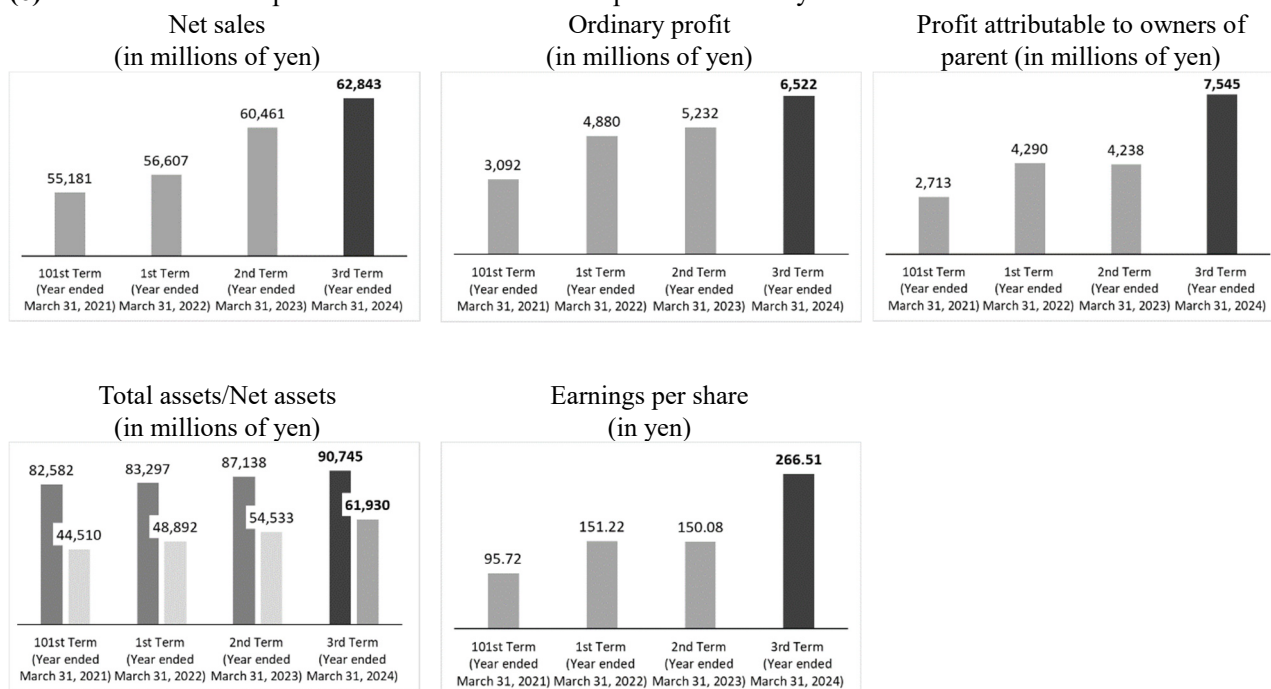
Toward realizing the Total Healthcare Company, we are strengthening our activities for developing cooperation with other companies. As a specific initiative, we started selling videos contributing to increasing health literacy based on the concept of “what workers should know about sex” for people working in companies, organizations, and others. In addition, we will aim to create new value in collaboration with startups to solve women’s health issues through a corporate venture capital fund “ASKA Innovation Fund” which was established jointly with Future Venture Capital Co., Ltd. Furthermore, the animal health business, which sells veterinary medicines, feed, etc., continues to develop and sell products that can contribute to animal welfare and intends to further spread products for the companion animal market where growth is expected. 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 using technology that measures steroid hormones from hair. Along with an existing hair hormone level measurement kit that makes it possible to assess the risk of androgenetic alopecia (AGA), we have developed a new kit that measures progesterone, one of female hormones and started sales in April 2024. The Company will expand business related to new hormone measurement kits and measurements

from samples other than hair in the future.

The Company is working to solve social issues through business operations under its corporate philosophy “Contribute toward the improvement of people’s health and progress in society through the development of innovative products.” Since April 2021, it has enhanced a structure by establishing the ESG Committee, appointing a Director in charge of sustainability, and placing a specialized section in the Corporate Planning Department to operate the “ESG Promotion Meeting” and “Committee of Managers for ESG Promotion.” By inspiring and promoting environment-conscious management through establishing these operations as well as responding to climate changes, realizing a decarbonized society, and making initiatives related to human capital, 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)

| | FY2020 (Year ended March 31, 2021) | FY2021 (Year ended March 31, 2022) | FY2022 (Year ended March 31, 2023) | FY2023 (Year ended March 31, 2024) (Current fiscal year) |
|--|--|--|--|--|
| Net sales | 55,181 | 56,607 | 60,461 | 62,843 |
| Ordinary profit | 3,092 | 4,880 | 5,232 | 6,522 |
| Profit attributable to owners of parent | 2,713 | 4,290 | 4,238 | 7,545 |
| Earnings per share (yen) | 95.72 | 151.22 | 150.08 | 266.51 |
| Total assets | 82,582 | 83,297 | 87,138 | 90,745 |
| Net assets | 44,510 | 48,892 | 54,533 | 61,930 |

Note: Values for FY2020 are recorded with reference to values announced as ASKA Pharmaceutical Co., Ltd.

(7) Information on parent company and significant subsidiaries (as of March 31, 2024)

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 | ¥43,245 million |

(8) Main lines of business (as of March 31, 2024)

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, 2024)

| | | |
|-------------------------------|------------------------|---|
| 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, 2024)

Information on the Corporate Group's employees

| Business segment | Consolidated number of employees | | Increase/decrease from the previous fiscal year-end |
|-------------------------|----------------------------------|-------|---|
| Pharmaceutical business | 627 | (101) | Increase of 17 (Increase of 9) |
| Animal health business | 34 | (6) | Decrease of 2 (-) |
| Other | 15 | (1) | Increase of 1 (Decrease of 2) |
| Corporate (shared) | 86 | (19) | Decrease of 1 (Increase of 3) |
| Total | 762 | (127) | Increase of 15 (Increase of 10) |

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, 2024)

| Lender | Outstanding borrowings |
|--------------------------------|------------------------|
| Development Bank of Japan Inc. | ¥2,875 million |
| Nippon Life Insurance Company | ¥1,000 million |

Note: Other than those above, there are syndicated loans with the total amount of 5,610 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, 2024)

- 1) Number of shares authorized 90,000,000 shares
- 2) Number of shares issue 30,563,199 shares
- 3) Number of shareholders 6,769
- 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) | 3,050 | 10.76 |
| Takeda Pharmaceutical Company Limited | 2,204 | 7.78 |
| ZERIA Pharmaceutical Co., Ltd. | 1,877 | 6.62 |
| Custody Bank of Japan, Ltd. (Trust account) | 1,478 | 5.22 |
| NIPPON ACTIVE VALUE FUND PLC | 1,268 | 4.47 |
| MUFG Bank, Ltd. | 1,100 | 3.88 |
| Takashi Yamaguchi | 799 | 2.82 |
| Kabushiki Kaisha YAMAGUCHI | 579 | 2.04 |
| Nippon Life Insurance Company | 522 | 1.84 |
| The Toa Reinsurance Company, Limited. | 500 | 1.76 |

Notes: 1) The Company holds 2,231,957 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 (2,231,957 shares).

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 22,100 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 1,200 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, 2024)**

| 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, in charge of Sustainability 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 | Minoru Awabayashi | — |
| Member of the Board of Directors, Outside Director | Yasuji Enokido | Representative Director and President of Soen Co., Ltd. |
| 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) Changes in Members of the Board of Directors during the current fiscal year are as follows.

- (i) Outside Directors Michizo Yamanaka and Tsutomu Harino retired from their office at the conclusion of the 2nd Annual General Meeting of Shareholders held on June 27, 2023.
- (ii) Outside Directors Minoru Awabayashi and Yasuji Enokido were appointed and assumed office at

the 2nd Annual General Meeting of Shareholders held on June 27, 2023.

- 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, etc. (In millions of yen) | Total amount by type of remuneration, etc. (In millions of yen) | | | Number of target Officers (person) |
|--|--|--|-------------------------|-------------------------------|---------------------------------------|
| | | Base salary | Performance-based bonus | Restricted stock compensation | |
| Members of the Board of Directors (Outside Directors) | 31 (31) | 31 (31) | – (–) | – (–) | 5 (5) |
| Outside Audit & Supervisory Board Member | 50 (13) | 50 (13) | – (–) | – (–) | 4 (2) |
| Total (Outside Officers) | 81 (44) | 81 (44) | – (–) | – (–) | 9 (7) |

Notes: 1) The amount of remuneration 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 285 million yen.

- 3) The performance index for performance-based remuneration, etc. consists of performance indexes such as operating profit and a non-financial ESG-related index. Those results are operating profit of 6,500 million yen, net sales of 62,843 million yen, and ROE 13.0%. 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 remuneration 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 remuneration, 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 remuneration 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 |
| | Minoru Awabayashi | — |
| | Yasuji Enokido | Representative Director and President of Soen Co., Ltd. |
| 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 | 15 out of 15 (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. |
| | Minoru Awabayashi | 10 out of 10 (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. |
| | Yasuji Enokido | 10 out of 10 (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 | 15 out of 15 (100%) | 18 out of 18 (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 | 15 out of 15 (100%) | 18 out of 18 (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. |

- Notes: 1) Other than the above Board of Directors meetings held, there were six 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.
- 2) The attendance of Minoru Awabayashi and Yasuji Enokido covers only the Board of Directors meetings held since their appointment on June 27, 2023.

(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 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

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, Board of Directors meetings and management meetings were held as planned. 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 actively provided continual employee education through e-learning and training for each position as needed. The Company has 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, 2024

(Unit: In millions of yen)

| Account title | Amount | Account title | Amount |
|---------------------------------------|---------------|---|----------------|
| Assets | | Liabilities | |
| Current assets: | 56,143 | Current liabilities: | 23,968 |
| Cash and deposits | 13,738 | Accounts payable - trade | 4,060 |
| Accounts receivable - trade | 15,579 | Electronically recorded obligations - operating | 3,295 |
| Securities | 3,500 | Short-term borrowings | 300 |
| Merchandise and finished goods | 12,578 | Current portion of long-term borrowings | 4,680 |
| Work in process | 466 | Accounts payable - other | 5,794 |
| Raw materials and supplies | 7,358 | Income taxes payable | 2,896 |
| Other | 2,922 | Provision for bonuses | 1,151 |
| Non-current assets: | 34,601 | Provision for bonuses for directors | 74 |
| Property, plant and equipment: | 11,263 | Other | 1,715 |
| Buildings and structures | 4,192 | Non-current liabilities: | 4,846 |
| Machinery, equipment and vehicles | 1,240 | Long-term borrowings | 4,505 |
| Land | 4,249 | Other | 341 |
| Other | 1,581 | Total liabilities | 28,815 |
| Intangible assets: | 2,877 | Net assets | |
| Distribution rights | 2,110 | Shareholders' equity: | 56,130 |
| Other | 766 | Share capital | 1,197 |
| Investments and other assets: | 20,461 | Capital surplus: | 1,848 |
| Investment securities | 15,654 | Retained earnings | 56,372 |
| Deferred tax assets | 2,696 | Treasury shares | (3,287) |
| Other | 2,127 | Accumulated other comprehensive income | 5,799 |
| Allowance for doubtful accounts | (17) | Valuation difference on available-for-sale securities | 4,790 |
| | | Foreign currency translation adjustment | 424 |
| | | Remeasurements of defined benefit plans | 584 |
| | | Total net assets | 61,930 |
| Total assets | 90,745 | Total liabilities and net assets | 90,745 |

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

Consolidated Statement of Income
(From April 1, 2023 to March 31, 2024)

(Unit: In millions of yen)

| Account title | Amount | |
|---|---------|---------------|
| Net sales | | 62,843 |
| Cost of sales | | 32,178 |
| Gross profit | | 30,664 |
| Selling, general and administrative expenses | | 24,164 |
| Operating profit | | 6,500 |
| Non-operating income: | | |
| Interest and dividend income | 335 | |
| Other | 79 | 414 |
| Non-operating expenses: | | |
| Interest expenses | 40 | |
| Foreign exchange losses | 51 | |
| Loss on disposal of non-current assets | 13 | |
| Expenses of inactive non-current assets | 91 | |
| Other | 195 | 392 |
| Ordinary profit | | 6,522 |
| Extraordinary income: | | |
| Gain on sale of investment securities | 3,340 | 3,340 |
| Profit before income taxes | | 9,862 |
| Income taxes - current | 3,514 | |
| Income taxes - deferred | (1,197) | 2,316 |
| Profit | | 7,545 |
| Profit attributable to owners of parent | | 7,545 |

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

Consolidated Statement of Changes in Equity
(From April 1, 2023 to March 31, 2024)

(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 | 1,847 | 49,619 | (3,350) | 49,315 | 4,590 | 405 | 222 | 5,218 | 54,533 |
| Changes during period | | | | | | | | | | |
| Dividends of surplus | | | (792) | | (792) | | | | | (792) |
| Profit attributable to owners of parent | | | 7,545 | | 7,545 | | | | | 7,545 |
| Purchase of treasury shares | | | | (0) | (0) | | | | | (0) |
| Disposal of treasury shares | | 0 | | 62 | 62 | | | | | 62 |
| Net changes in items other than shareholders' equity | | | | | | 200 | 18 | 362 | 581 | 581 |
| Total changes during period | — | 0 | 6,752 | 62 | 6,815 | 200 | 18 | 362 | 581 | 7,396 |
| Balance at end of current period | 1,197 | 1,848 | 56,372 | (3,287) | 56,130 | 4,790 | 424 | 584 | 5,799 | 61,930 |

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

Non-consolidated Financial Statements

Balance Sheet As of March 31, 2024

(Unit: In millions of yen)

| Account title | Amount | Account title | Amount |
|---------------------------------------|---------------|---|----------------|
| Assets | | Liabilities | |
| Current assets: | 2,568 | Current liabilities: | 565 |
| Cash and deposits | 2,181 | Short-term borrowings | 300 |
| Other | 387 | Accounts payable - other | 87 |
| Non-current assets: | 40,677 | Income taxes payable | 19 |
| Intangible assets | 0 | Provision for bonuses | 112 |
| Investments and other assets: | 40,676 | Other | 46 |
| Investment securities | 299 | Total liabilities | 565 |
| Shares of subsidiaries and associates | 40,319 | Net assets | |
| Deferred tax assets | 56 | Shareholders' equity: | 42,680 |
| | | Share capital | 1,197 |
| | | Capital surplus: | 42,065 |
| | | Legal capital surplus | 844 |
| | | Other capital surplus | 41,220 |
| | | Retained earnings: | 2,559 |
| | | Other retained earnings | 2,559 |
| | | Retained earnings brought forward | 2,559 |
| | | Treasury shares | (3,143) |
| | | Total net assets | 42,680 |
| Total assets | 43,245 | Total liabilities and net assets | 43,245 |

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

Statement of Income
(From April 1, 2023 to March 31, 2024)

(Unit: In millions of yen)

| Account title | Amount | |
|-----------------------------------|--------|--------------|
| Operating revenue | | 3,716 |
| Operating expenses | | 1,216 |
| Operating profit | | 2,499 |
| Non-operating income: | | |
| Interest and dividend income | 1 | |
| Other | 5 | 6 |
| Non-operating expenses: | | |
| Interest expenses | 3 | |
| Other | 35 | 38 |
| Ordinary profit | | 2,467 |
| Profit before income taxes | | 2,467 |
| Income taxes - current | 3 | |
| Income taxes - deferred | (2) | 1 |
| Profit | | 2,466 |

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

Statement of Changes in Equity
(From April 1, 2023 to March 31, 2024)

(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 | 41,220 | 42,065 | 886 | 886 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | (792) | (792) |
| Profit | | | | | 2,466 | 2,466 |
| Purchase of treasury shares | | | | | | |
| Disposal of treasury shares | | | 0 | 0 | | |
| Total changes during period | - | - | 0 | 0 | 1,673 | 1,673 |
| Balance at end of current period | 1,197 | 844 | 41,220 | 42,065 | 2,559 | 2,559 |

| | Shareholders' equity | | Total net assets |
|--|----------------------|----------------------------|------------------|
| | Treasury shares | Total shareholders' equity | |
| Balance at beginning of current period | (3,205) | 40,944 | 40,944 |
| Changes during period | | | |
| Dividends of surplus | | (792) | (792) |
| Profit | | 2,466 | 2,466 |
| Purchase of treasury shares | (0) | (0) | (0) |
| Disposal of treasury shares | 62 | 62 | 62 |
| Total changes during period | 62 | 1,735 | 1,735 |
| Balance at end of current period | (3,143) | 42,680 | 42,680 |

(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 17, 2024

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

Seiyo Audit Corporation
Minato-ku, Tokyo
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, 2024, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2023 to March 31, 2024, 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, 2024, 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:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Also, we 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 communicate with them matters that may reasonably be thought to bear on our independence and, if measures for removing impediments have been taken or if safeguards have been applied for mitigating impediments to the extent acceptable, the contents of such measures or 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 17, 2024

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

Seiyo Audit Corporation
Minato-ku, Tokyo
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, 2024, the non-consolidated statement of income, and the non-consolidated statement of changes in equity for the 3rd fiscal year from April 1, 2023 to March 31, 2024, 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, 2024, 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 auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Also, we 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 communicate with them matters that may reasonably be thought to bear on our independence and, if measures for removing impediments have been taken or if safeguards have been applied for mitigating impediments to the extent acceptable, the contents of such measures or 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 3rd fiscal year from April 1, 2023 to March 31, 2024 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; 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 20, 2024

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

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| 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.