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Matters Subject to Measures for Electronic Provision of the Notice of the 2nd Annual General Meeting of Shareholders

Notes to Consolidated Financial Statements
Notes to Non-Consolidated Financial Statements
(From April 1, 2022 to March 31, 2023)

ASKA Pharmaceutical Holdings Co., Ltd.

In accordance with the provisions of laws and regulations and Article 16 of the Articles of Incorporation, “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of documents stating matters for which measures for providing information in electronic format are to be taken.

Notes to Consolidated Financial Statements

[Notes to Important Items That Form the Basis of Preparing Consolidated Financial Statements]

1. Scope of consolidation

Status of consolidated subsidiaries:

The consolidated financial statements include the accounts of the Company and all of its subsidiaries.

- Number of consolidated subsidiaries: 3

- Consolidated subsidiaries:

ASKA Pharmaceutical Co., Ltd.

ASKA Pharma Medical Co., Ltd.

ASKA Animal Health Co., Ltd.

2. Application of equity method

(1) Status of affiliates accounted for by the equity method

- Number of affiliates accounted for by the equity method: 3

- Principal affiliates:

Ha Tay Pharmaceutical Joint Stock Company

JAPAN GLASS INDUSTRY CO., LTD. and 1 other company

(2) Status of affiliates not accounted for by the equity method

- Affiliates not accounted for by the equity method:

KCIS Co., Ltd. and 1 other company

- Reasons for not accounted for by the equity method:

This company is excluded from the scope of the equity method since such exclusion has immaterial effect on the Company's consolidated financial statements in terms of profit or loss (amount corresponding to the Company's equity position), retained earnings (amount corresponding to the Company's equity position) and other indicators, and they are not material as a whole.

(3) Special note on the application of the equity method

The fiscal year-ends of certain entities accounted for using the equity method differ from the consolidated fiscal year-end date, and accordingly the consolidated financial statements have been prepared using the financial statements for the respective fiscal years of these entities.

3. Fiscal years of consolidated subsidiaries

The fiscal year-end of all consolidated subsidiaries coincides with the consolidated balance sheet date.

4. Accounting policies

(1) Valuation standards and methods for significant assets

a) Securities

Available-for-sale securities

- Items other than shares without market value:

Stated at market value based on market price on the closing date (Net unrealized holding gains or losses, net of the applicable income taxes, are directly included in a component of net assets. The cost of securities sold is determined by the moving-average method.)

- Shares without market value:

Stated at cost determined by the moving-average method

b) Inventories

Stated at cost determined by the gross average method

Balance sheet amounts are written down based on a decline in profitability.

- (2) Depreciation method for significant depreciable assets
- a) Property, plant and equipment
Depreciated by the declining-balance method (However, buildings (excluding accompanying facilities) obtained on or after April 1, 1998 and facilities accompanying buildings and structures obtained on or after April 1, 2016 are depreciated by the straight-line method.)
 - b) Intangible assets
Amortized by the straight-line method
Software used internally is amortized using the straight-line method over the useful life of the assets as estimated by the Company (within five years).
- (3) Accounting standards for significant allowances
- a) Allowance for doubtful accounts
To provide against losses on defaults of notes and accounts receivable - trade, the Company and its consolidated subsidiaries provides the allowance for doubtful accounts based on a historical experience for general claims and on an estimate of collectability of specific doubtful receivables from customers in financial difficulties.
 - b) Provision for bonuses
The Company and its consolidated subsidiaries provide a provision for bonus payments to employees at the amount estimated based on the period subject to the bonus payment.
 - c) Provision for bonuses for directors
The Company provides a provision for bonus payments to directors and other officers at the amount estimated at the end of the fiscal year.
- (4) The standards for recognition of significant revenues and expenses
- The Company and its consolidated subsidiaries have adopted the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021). Accordingly, the Company recognizes revenue at the amount expected to be received in exchange for promised goods or services when control of said goods or services is transferred to the customer.
- (5) Other important matters for the basis of preparing consolidated financial statements
- Recognition of retirement benefit liability
- To prepare for employees’ retirement benefits, retirement benefit liability is recorded at the amount remaining after deducting pension assets from retirement benefit obligations based on estimated amounts at the end of the fiscal year under review. Actuarial differences are amortized by the straight-line method over a specified period (10 years) within the average remaining service years of employees at the time of accrual in each fiscal year, from the following fiscal year of the respective accruals. Unrecognized actuarial differences and unrecognized past service costs are posted, factoring in tax effects, as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets. In the calculation of retirement benefit obligations, the method of attributing expected retirement benefits to the period up to the fiscal year under review is the benefit formula basis.

[Notes to Changes in Accounting Policies]

We have applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Implementation Guidance”) and relevant ASBJ regulations since the start of the consolidated fiscal year under review. Pursuant to the transitional treatment described in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the new accounting policies stipulated in the Fair Value Measurement Implementation Guidance will be applied to the future. This change has had no impact on the consolidated financial statements.

[Notes to Accounting Estimates]

1. Deferred tax assets

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

(Unit: In Millions of yen)

| | As of March 31, 2023 |
|---------------------|----------------------|
| Deferred tax assets | 1,717 |

(2) Information on the content of significant accounting estimates for identified items

Deferred tax assets are estimated based on future business plans, using the period in which taxable income will arise and the amount. The estimate may be affected by factors such as changes in uncertain future economic conditions. If the actual period and amount of taxable income arisen differs from the estimate, this may have a material impact on the amount of deferred tax assets in the consolidated financial statements for the next consolidated fiscal year.

2. Valuation of goodwill for equity-method affiliates

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

(Unit: In Millions of yen)

| | As of March 31, 2023 |
|-----------------------|----------------------|
| Investment securities | 1,046 |

(2) Information on the content of significant accounting estimates for identified items

a) Calculation method of amount

The investment securities recorded on the consolidated balance sheet includes goodwill for equity-method affiliates. If it is determined that there are signs of goodwill impairment, the impairment is determined by comparing an amount equivalent to the affiliate’s equity in estimated future cash flows over the remaining amortization period of the goodwill with the book value. The Company has not identified any signs of goodwill impairment in the current fiscal year.

b) Assumptions used in calculation of amount

The above processes to assess whether or not there are any signs of impairment and the recognition and measurement of impairment losses are based on the business plans of equity-method affiliates, which include assumptions such as market conditions, etc.

c) Impact on the consolidated financial statements for the following year

If changes in market conditions, etc., required impairment loss to be recognized in the next consolidated fiscal year, the book value of the goodwill listed above will be reduced to the recoverable amount and impairment losses will be recorded as share of loss of investments accounted for using equity method under non-operating expenses.

[Additional Information]

Transactions of Delivering the Company's Own Stock to Employees, etc. through Trust

The Company conducts transactions to deliver the Company's shares to the ASKA Pharmaceutical Employee Shareholders' Association (ESOP) through trust, with the aim of enhancing employee benefits.

1. Description of transactions

The Company establishes a trust with employees participating in the ESOP who satisfy certain requirements as beneficiaries. The trust acquires shares of the Company in the number expected to be acquired by the ESOP en bloc and sells the shares of the Company to the ESOP on a certain date every month. If there is any profit from trust due to an increase in the share price at the end of the trust, the money is distributed to employees according to the proportion of contributions. If there is any loss from trust due to a decrease in the share price, the Company is to make a lump-sum repayment to the bank.

2. Company's shares remaining in trust

The Company's shares remaining in trust is recorded as treasury shares under net assets at the book value in trust (excluding the amount as ancillary expenses). The book value and number of shares of the relevant treasury shares are ¥65 million and 58 thousand shares as of March 31, 2022 and ¥9 million and 8 thousand shares as of March 31, 2023.

3. Book value of borrowings recorded using the gross method

As of March 31, 2022: ¥97 million

As of March 31, 2023: ¥48 million

(Accounting estimates associated with the COVID-19 pandemic)

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

[Notes to Consolidated Balance Sheet]

1. Accumulated depreciation of property, plant and equipment: ¥25,042 million
2. Guarantee obligations
The Company has established guarantees of obligation of ¥580 million (VND 102,213 million) for borrowings from financial institutions by Ha Tay Pharmaceutical Joint Stock Company, an associated company.
3. The Company has concluded commitment line contracts with financial institutions with which the Company has transactions, to finance working capital efficiently. The balance of unexecuted borrowings based on the commitment line contracts at the end of the fiscal year under review is as follows:

| | |
|---|----------------|
| Total amount of commitment line contracts | ¥3,000 million |
| Balance of borrowings outstanding | ¥300 million |
| Difference | ¥2,700 million |

[Notes to Consolidated Statement of Changes in Equity]

1. Total number of shares outstanding (Unit: In thousands of shares)

| Class of shares | As of April 1, 2022 | Increase | Decrease | As of March 31, 2023 |
|-----------------|---------------------|----------|----------|----------------------|
| Common shares | 30,563 | – | – | 30,563 |

2. Dividends of surplus

(1) Cash dividends paid

| (Resolution) | Class of shares | Total dividends | Dividends per share | Record date | Effective date |
|---|-----------------|-----------------|---------------------|--------------------|-------------------|
| June 28, 2022 Annual General Meeting of Shareholders | Common shares | ¥225 million | ¥8 | March 31, 2022 | June 29, 2022 |
| November 7, 2022 Board of Directors meeting | Common shares | ¥226 million | ¥8 | September 30, 2022 | November 30, 2022 |

- Notes: 1) The total amount of dividends by the resolution of the Annual General Meeting of Shareholders held on June 28, 2022, includes a dividend of ¥0 million for the Employee Stockholding ESOP Trust.
2) The total amount of dividends by the resolution of the Board of Directors meeting held on November 7, 2022, includes a dividend of ¥0 million for the Employee Stockholding ESOP Trust.

- (2) Dividends payments whose record date is in the fiscal year under review but whose effective date is in the following fiscal year

Matters for approval at the 2nd Annual General Meeting of Shareholders to be held on June 27, 2023

- Class of shares: Common shares
- Total dividends: ¥226 million
- Source of dividend: Retained earnings
- Dividends per share: ¥8

- Record date: March 31, 2023
- Effective date: June 28, 2023

Note: The total amount of dividends includes a dividend of ¥0 million for the Employee Stockholding ESOP Trust Account.

[Notes to Financial Instruments]

1. Status of financial instruments

(1) Policy relating to financial instruments

The Group has procured necessary funds from financial institutions with the high credit standing with which the Company has transactions. Temporary surplus funds are managed principally with highly safe short-term financial assets such as trust beneficiary rights. As its policy, the Company uses derivatives only to avoid risks of fluctuations in interest rates and does not conduct a speculative transaction.

(2) Details of financial instruments, associated risk, and risk management system

Electronically recorded monetary claims - operating and accounts receivable - trade, which are trade receivables, are exposed to customers' credit risks. For these risks, the Company manages due dates and balances for each business partner, and makes efforts to early understand and mitigate concerns about collection of receivables due to a deterioration in financial conditions and other factors.

Securities, investment securities and money held in trust are exposed to risks of fluctuations in market prices. The Company has in place a system in which market values or financial conditions of issuers are understood periodically in connection with these risks.

Most of accounts payable - trade and electronically recorded obligations - operating have a due date within four months.

Borrowings are mainly aimed to procure funds for acquiring intellectual property rights and procuring short-term working capital. The redemption date comes up to six years after the closing date, and some of these borrowings are exposed to risks of fluctuations in interest rates because they carry a variable interest rate.

In addition, while trade payables and borrowings are exposed to liquidity risks related to fundraising, liquidity risks are managed through development of a funding plan by the accounting department on a monthly basis based on reports from each division as well as maintenance of liquidity on hand among others.

(3) Supplementary explanation of items relating to the market value of financial instruments

The market values of financial instruments include prices based on market prices, or reasonably estimated prices if there are no market prices. Since the calculation of market values involves fluctuating factors, these values are subject to change when different assumptions are used.

(4) Concentration of credit risk

Approximately 87% of trade receivables at the end of the fiscal year under review is from specific major customers.

2. Market value of financial instruments

The carrying amounts in the consolidated balance sheet, market values, and the differences between them as of March 31, 2023 are as shown below. Shares without market value, etc. are not included in the following table (see Note). In addition, as cash is omitted from the notes and deposits have a short settlement period, market values and book values are approximately the same; therefore, they are omitted from the notes.

(Unit: In Millions of yen)

| | Carrying amount (*) | Market value (*) | Difference |
|---|---------------------|------------------|------------|
| (i) Electronically recorded monetary claims - operating | 39 | 39 | — |
| (ii) Accounts receivable - trade | 15,217 | 15,217 | — |
| (iii) Securities and investment securities | | | |
| Held-to-maturity debentures | 400 | 400 | 0 |
| Available-for-sale securities | 13,900 | 13,900 | — |
| Shares of associates | 2,598 | 1,483 | -1,115 |
| (iv) Money held in trust | 1,000 | 1,000 | — |
| (v) Accounts payable - trade | (2,838) | (2,838) | — |
| (vi) Electronically recorded obligations - operating | (3,022) | (3,022) | — |
| (vii) Short-term borrowings | (300) | (300) | — |
| (viii) Accounts payable - other | (4,947) | (4,947) | — |
| (ix) Long-term borrowings (including current portion) | (12,323) | (12,315) | -8 |

(*) The figures in parentheses indicate those posted in liabilities.

Note: Shares without market value, etc.

(Unit: In Millions of yen)

| Classification | Carrying amount |
|----------------------------|-----------------|
| Unlisted equity securities | 352 |
| Shares of associates | 127 |
| Limited Partnership, etc. | 406 |

These financial instruments are excluded from (iii) Securities and investment securities.

3. Itemization, etc. by level of market value of financial instruments

Market value of financial instruments is classified into the following three levels in accordance with the observability and materiality of the inputs used in market value calculation.

Level 1 market value: market value calculated using (unadjusted) market price for identical assets or liabilities in an active market

Level 2 market value: market value calculated using directly or indirectly observable input other than the input for Level 1

Level 3 market value: market value calculated using inputs of which material observation cannot be done

If several inputs with a material impact on calculation of market value are used, market value is classified into the lowest-priority level for calculation of market value of the levels of these respective inputs.

(1) Financial instrument and financial liability amounts using market value included on the consolidated balance sheet

(Unit: In Millions of yen)

| Classification | Market value | | | |
|-------------------------------|--------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Available-for-sale securities | 10,900 | — | — | 10,900 |
| Total of assets | 10,900 | — | — | 10,900 |

(2) Financial asset and financial liability amounts using market value not included on the consolidated balance sheet

(Unit: In Millions of yen)

| Classification | Market value | | | |
|---|--------------|---------------|----------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Electronically recorded monetary claims - operating | – | 39 | – | 39 |
| Accounts receivable - trade | – | 15,217 | – | 15,217 |
| Securities and investment securities | | | | |
| Held-to-maturity debentures | – | 400 | – | 400 |
| Available-for-sale securities | – | 3,000 | – | 3,000 |
| Shares of associates | 1,483 | – | – | 1,483 |
| Money held in trust | – | 1,000 | – | 1,000 |
| Total of assets | 1,483 | 19,658 | – | 21,141 |
| Accounts payable - trade | – | 2,838 | – | 2,838 |
| Electronically recorded obligations - operating | – | 3,022 | – | 3,022 |
| Short-term borrowings | – | 300 | – | 300 |
| Accounts payable - other | – | 4,947 | – | 4,947 |
| Long-term borrowings (including current portion) | – | 12,315 | – | 12,315 |
| Total of liabilities | – | 23,424 | – | 23,424 |

Note: Explanation of valuation method and inputs using calculation of market value

Securities and investment securities

Listed equity securities are valued using market prices. Listed equity securities are classified into Level 1 market value because they are traded on an active market. At the same time, corporate bonds held by the Company are classified into Level 2 market value because they are not frequently traded on the market and are not considered to be presented at the market prices that would be found on an active market. As jointly managed money trusts have a short settlement period and their market values are almost the same as their book values, their market value is classified into Level 2 market value according to the book value.

Money held in trust

Because the settlement periods of the above item are short and their market values are almost the same as their book values, their market value is classified into Level 2 market value according to the book value.

Electronically recorded monetary claims – operating and Accounts receivable – trade

Because the settlement periods of the above items are short and their market values are almost the same as their book values, their market value is classified into Level 2 market value according to the book value.

Accounts payable - trade, Electronically recorded obligations - operating, Short-term borrowings and Accounts payable – other

Because the settlement periods of the above items are short and their market values are almost the same as their book values, their market value is classified into Level 2 market value according to the book value.

Long-term borrowings

As long-term borrowings with floating interest rates reflects the market rate on a short-term basis and their market values are deemed close to their book values, they are classified into Level 2 market value according to their book values. Market values of those borrowings with fixed interest rates are

calculated by using the present value of the total of the principal and interest discounted by the assumed interest rate at the time of similar borrowings newly originated and classified into Level 2 market value.

[Notes to Investment and Rental Properties]

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

Rental income on these investment and rental properties for the fiscal year under review was ¥20 million, and rental expenses were ¥1 million.

The carrying amount in the consolidated balance sheet of investment and rental properties and major changes in the fiscal year under review, and market value at the end of the fiscal year and method for calculating the market value are as follows:

(Unit: In Millions of yen)

| Carrying amount | | | Market value at the end of the fiscal year under review |
|---------------------|---------|----------------------|---|
| As of April 1, 2022 | Changes | As of March 31, 2023 | |
| 203 | (1) | 202 | 7,542 |

Notes: 1) The carrying amount in the consolidated balance sheet is the acquisition cost less accumulated depreciation and impairment loss.

2) Principal changes for the current period are a decrease (¥2 million) due to recording of depreciation and an increase (¥0 million) due to acquisition of lands.

3) Market value at the end of the period is the amount (including amounts adjusted using indices) calculated by the Company based on the valuation amounts of property tax.

[Notes to Revenue Recognition]

1. Information factoring in revenue from contracts with customers

(Unit: In Millions of yen)

| | Reportable Segment | | Other (Note) | Total |
|--|-------------------------|------------------------|--------------|--------|
| | Pharmaceutical business | Animal health business | | |
| Net sales | | | | |
| Goods to be temporarily transferred | 53,562 | 6,660 | 220 | 60,444 |
| Goods to be transferred for a fixed period | 17 | — | — | 17 |
| Revenue from contracts with customers | 53,579 | 6,660 | 220 | 60,461 |
| Other revenue | — | — | — | — |
| Net sales to outside customers | 53,579 | 6,660 | 220 | 60,461 |

Note: The “Other” classification is for business segments not included in reported segments and includes the Clinical Testing and Medical Device businesses.

2. Basic information in order to understand revenue from contracts with customers

(1) Pharmaceutical business

Regarding sale of pharmaceuticals, the Group recognizes revenue when finished goods and merchandise are delivered from our customers to dealerships, because control of finished goods and merchandise is transferred to customers and the performance obligation is fulfilled at that point in time. In addition, revenue from sales of finished goods and merchandise is measured at the amount after deducting rebates, sales returns, etc. from the consideration promised in the contracts with customers, which shall be the selling price when finished goods and merchandise are delivered to customers.

(2) Animal health business

Regarding sale of veterinary pharmaceuticals, feed additives, etc., the Group recognizes revenue when finished goods and merchandise are delivered from the Group to dealerships, because control of finished goods and merchandise is transferred to customers and the performance obligation is fulfilled at that point in time. In addition, revenue from sales of finished goods and merchandise is measured at the amount after deducting rebates, sales returns, etc. from the consideration promised in the contracts with customers, which shall be the selling price when finished goods and merchandise are delivered to customers.

3. Information in order to understand the amount of revenue for the current fiscal year, the next fiscal year, and thereafter

Contract liabilities are mainly consideration received before providing goods or services and estimated amounts of discounts, returns, rebates, etc. expected to be paid to customers in the future, and they are included in “Other” under current liabilities on the consolidated balance sheet.

Obligations and contract liabilities from contracts with customers are as follows.

(Unit: In Millions of yen)

| | Balance at beginning of current period | Balance at end of current period |
|---|--|----------------------------------|
| Obligations from contracts with customers | 14,515 | 15,257 |
| Contract liabilities | 193 | 297 |

Revenue recognized from performance duties fulfilled in past periods are not material in the current fiscal period.

[Notes to Per Share Information]

| | |
|-------------------------|-----------|
| 1) Net assets per share | ¥1,928.14 |
| 2) Earnings per share | ¥150.08 |

Notes to Non-consolidated Financial Statements

[Notes to Significant Accounting Policies]

1. Valuation standards and methods for securities
Shares of subsidiaries and associates
Stated at cost determined by the moving-average method
2. Accounting standards for allowances
Provision for bonuses
The Company provides a provision for bonus payments to employees at the amount estimated based on the period subject to the bonus payment.
3. The standards for recognition of significant revenues and expenses
The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021). Accordingly, the Company recognizes revenue at the amount expected to be received in exchange for promised goods or services when control of said goods or services is transferred to the customer.

[Additional Information]

Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trust

With regard to the note on transactions to deliver the Company’s shares to ASKA Pharmaceutical Employee Shareholders’ Association through trust, the same content is described in the “Notes to Consolidated Financial Statements (Additional Information),” and therefore, the note has been omitted.

(Accounting estimates associated with the COVID-19 pandemic)

With regard to the note on accounting estimates associated with the COVID-19 pandemic, the same content is described in the “Notes to Consolidated Financial Statements (Additional Information),” and therefore, the note has been omitted.

[Notes to Balance Sheet]

1. Monetary claims and liabilities to subsidiaries and associates are as follows:
 - (1) Short-term monetary claims: ¥10 million
 - (2) Short-term monetary liabilities: ¥70 million
2. Guarantee obligations
The Company has established guarantees of obligation of ¥580 million (VND 102,213 million) for borrowings from financial institutions by Ha Tay Pharmaceutical Joint Stock Company, an associated company.
3. The Company has concluded commitment line contracts with financial institutions with which the Company has transactions, to finance working capital efficiently. The balance of unexecuted borrowings based on the commitment line contracts at the end of the fiscal year under review is as follows:

| | |
|---|----------------|
| Total amount of commitment line contracts | ¥3,000 million |
| Balance of borrowings outstanding | ¥300 million |
| <hr/> | |
| Difference | ¥2,700 million |

[Notes to Statement of Income]

Transactions with subsidiaries and associates

| | |
|---------------------------------|----------------|
| (1) Operating revenue: | ¥1,732 million |
| (2) Operating expenses: | ¥60 million |
| (3) Non-operating transactions: | ¥2 million |

[Notes to Statement of Changes in Equity]

Class and number of treasury shares

(Unit: In thousands of shares)

| Class of shares | As of April 1, 2022 | Increase | Decrease | As of March 31, 2023 |
|---------------------------------|---------------------|----------|----------|----------------------|
| Common shares (Notes)1, 2, 3 | 2,379 | 0 | 102 | 2,278 |

- Notes: 1) The increase in the number of treasury shares of common shares of 0 shares is due to 0 thousand shares less than one unit purchased and the acquisition without compensation of 0 thousand shares accompanying the cancellation of transfer restrictions on restricted stock compensation.
- 2) The decrease in the number of treasury shares of common shares of 102 thousand shares is due to disposal of 52 thousand shares for restricted share-based remuneration and sale by the Employee Stockholding ESOP Trust of 49 thousand shares.
- 3) The number of shares as of March 31, 2023 includes the Company's shares held by the Employee Stockholding ESOP Trust of 8 thousand shares.

[Notes to Tax Effect Accounting]

Significant components of deferred tax assets and liabilities

(Unit: In Millions of yen)

| | |
|---|-------|
| Deferred tax assets | |
| Shares of subsidiaries and associates | 510 |
| Provision for bonuses | 35 |
| Deferred assets | 7 |
| Social insurance expenses for provision for bonuses | 4 |
| Other | 6 |
| Deferred tax assets subtotal | 564 |
| Valuation allowance | (510) |
| Total deferred tax assets | 54 |
| Net deferred tax assets | 54 |

[Notes to Transactions with Related Parties]

(Unit: In Millions of yen)

| Type | Company name | Percentage of the voting rights held (%) | Relation | Nature of transaction | Amount of transaction | Account | Balance at the end of fiscal year |
|----------------------------|---|--|---|-----------------------------------|-----------------------|-----------------------------|-----------------------------------|
| Subsidiary | ASKA Pharmaceutical Co., Ltd | Direct 100% | Directors' concurrent consulting fee income | Consulting fee income (Note) | 694 | — | — |
| | | | | Outsourcing service income (Note) | 360 | — | — |
| | | | | Dividend income (Note) | 611 | — | — |
| | | | | Lending of funds (Note) | 30,000 | Short-term loans receivable | — |
| Loans receivable Repayment | 30,000 | — | | | | | |
| Associate | Ha Tay Pharmaceutical Joint Stock Company | Indirect 24.9% | Guarantee of obligation | Guarantee of obligation (Note) | 580 | — | — |

- (Note) Terms and conditions and determination policy, etc. of terms and conditions
- Consulting fee income is determined based on an agreement to guide management.
 - Outsourcing service income is determined based on the details of outsourcing service contracts with subsidiaries.
 - Dividends take into consideration the financial position of subsidiaries, future investments, etc. and are determined at the General Meeting of Shareholders.
 - Interest rates of loaned funds are reasonably determined taking into consideration market rates, etc.
 - Guarantees of obligation have been provided for bank loans, and guarantee fees are calculated based on the amount of guarantees, etc.

[Notes to Revenue Recognition]

The Company's revenue is consulting fee income, outsourcing service income, and dividend income. Regarding consulting fee income and outsourcing service income, the performance obligation is to provide commissioned work in accordance with the details of contracts with subsidiaries, and the Company's performance obligation is fulfilled at the point in time when the work has been carried out; therefore, revenue is recognized at that point in time. Dividend income is recognized on the effective date of dividends.

[Notes to Per Share Information]

- | | |
|-------------------------|-----------|
| 1) Net assets per share | ¥1,447.55 |
| 2) Earnings per share | ¥20.95 |