ASKA Pharmaceutical Holdings Co., Ltd.

ASKA HD REPORT 2023

Integrated Report April 1, 2022 ▸ March 31, 2023
ASKA Pharmaceutical Holdings Co., Ltd.

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Total Healthcare Company
with a Strong Foundation
as a Specialty Pharma Company

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October 2023

















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Editorial Policy

ASKA Pharmaceutical Holdings Co., Ltd. issues the ASKA HD Report as an Integrated Report (Annual Report) to communicate messages from management on the Company's management strategies and priority issues. It also includes information on the Company's environmental, social and governance (ESG) initiatives and finances. Information based on the seven core principles of ISO 26000, the international standard for social responsibility, and its classifications, is presented on the Company's website. *ASKA HD REPORT 2023* introduces the initiatives of ASKA Pharmaceutical, ASKA Animal Health and ASKA Pharma Medical under the theme of clarifying and promoting a better understanding of the strengths of ASKA Pharmaceutical Holdings. In producing this report, we narrowed down the most important information, based on the opinions and inquiries of our stakeholders. We hope this report will help promote dialogue with our stakeholders.

Referenced Guidelines and Frameworks

- GRI Standards
- IFRS Foundation *Integrated Reporting Framework*
- ISO 26000 *Guidance on Social Responsibility*
- Ministry of Economy, Trade and Industry, *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation*
- Ministry of the Environment, *Environmental Reporting Guidelines (2018)*
- *Recommendations of Task Force on Climate-related Financial Disclosures (TCFD) (Final Report)*, and others

Environment Social Governance
Guidance for Collaborative Value Creation

Reported Matters

- Period: April 1, 2022 to March 31, 2023 (includes some information from outside the period)
- Scope: ASKA Pharmaceutical Holdings Co., Ltd. and Group companies

Note: In principle, this report covers the activities of the ASKA Pharmaceutical Holdings Group. However, when activities and data are for ASKA Pharmaceutical Co., Ltd. (non-consolidated), "ASKA Pharmaceutical" is indicated.

Note on Forward-Looking Statements in This Report

Information on the Group's business outlook and other forward-looking statements presented in this report are based on the judgment of the Group's management, which relies on various information at the time of publication. Actual results may differ significantly from the outlook presented due to changes in market trends, economic conditions or other factors.

Vision

A Total Healthcare Company with a Strong Foundation as a Specialty Pharma Company

ASKA Pharmaceutical Holdings Co., Ltd. was established in April 2021, marking a major step forward. Under the five-year Medium-Term Management Plan 2025, we will implement seven strategies based on the three foundations of “specialty,” “ability to create,” and “social contribution.” In doing so, we aim to become a total healthcare company that focuses on prevention, testing and diagnostics, treatment, and prognosis.

Corporate Message

For a Healthy Tomorrow and Future.

We will use our accumulated expertise and knowledge in specialty areas to build a society where women can shine even more brightly, and to improve animal welfare. Based on our business as a specialty pharma company, we will promote environmental, social and governance (ESG) initiatives, and take on the challenge of helping to realize a prosperous society, while the animal health business and testing business exercise synergies.

Corporate Philosophy

Contribute toward the improvement of people’s health and progress in society through the development of innovative products

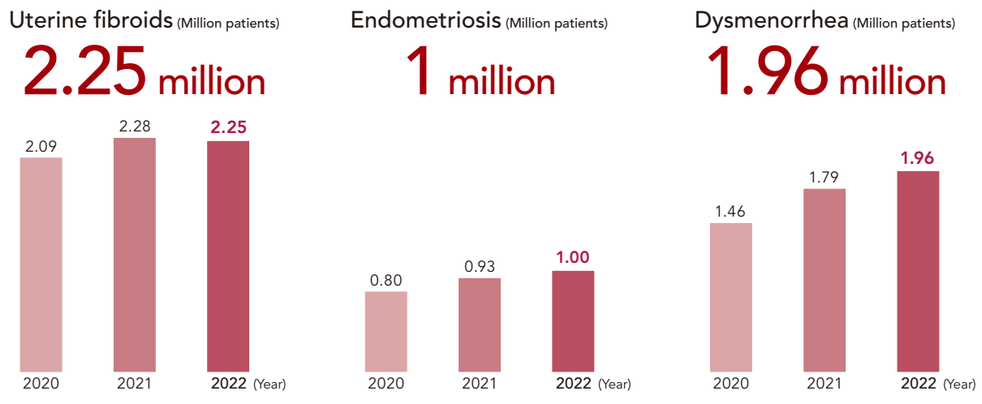
Since our founding in 1920 as a pioneer in hormone preparations, we have unerringly continued on our journey, while always keeping in mind our essential mission as a company that is directly linked to life and health. Backed by the drug discovery capabilities we have developed over our century-long history, we will adapt to the changing times and environment as we continue contributing to society by responding to diverse needs.

Importance of Female Healthcare and Social Issues

Conditions and diseases that only women have to deal with, such as uterine fibroids, endometriosis, and dysmenorrhea, affect a growing number of women worldwide. There are several reasons for this increase. One reason is that women these days experience many more menstrual cycles during their lifetime than in earlier times. With the advancement of women in society, there has been a trend toward marrying and giving birth later in life. In Japan, the average number of births during a woman's lifetime has more than halved, falling from a historical level of five to the current average of two. As a result, the number of menstrual cycles in a woman's lifetime has in turn risen dramatically, from 50 (many years ago) to 450, an increase of roughly nine times. Women who work have to cope with various conditions and disorders related to menstruation and are often unable to perform at their best. In Japan, this has been reported to result in an estimated labor loss of ¥491.1 billion. ASKA's approach is to look at prevention, testing and diagnosis, treatment, and prognosis as we work to help resolve these social issues.

Social Issues We Aim to Help Resolve

Female Diseases (Number of cases)



Source: JMDC Claims Database
(Expanded estimates from electronic receipt data, 12-month period from January to December each year)

Annual Labor Loss due to Women's Menstrual Symptoms

¥491.1 billion

Source: Tanaka E., Momoeda M., Osuga Y. et al. *Journal of Medical Economics* 2013;16 (11): 1255-1266

Patient Journey

Prevention



- Disseminating health information through Health Lab Mint* for Women's health
- Helping to improve health literacy
- Providing opportunities for women to make choices for a healthy life
- Providing oral contraceptives and emergency contraceptives to prevent unwanted pregnancies

Testing and diagnostics



- Unique high-sensitivity measurement technology using LC-MS/MS*
- Ultra-high-sensitive estrogen measurement
- Hair/nail stress hormone level test kit
- Support for early detection/treatment

* Liquid chromatography/tandem mass spectrometry

Treatment



- Providing a wide variety of medicines for women's life stages
- Stable supply of effective and safe pharmaceuticals
- Addressing unmet medical needs
- Helping to promote women's advancement

Prognosis



- Helping to improve women's quality of life
- Helping to improve health literacy
- Helping to extend healthy lifespans
- Solving health issues by promoting Femtech

History of Value Creation

Since our founding in 1920 as a pioneer in hormone preparations, we have unerringly continued on our journey, while always keeping in mind our essential mission as a company that is directly linked to life and health. In 2021, we transitioned to a holding company structure, and took a new step toward the next 100 years. We will continue to respond to the changing times and environment, and contribute to society as we evolve into a total healthcare company.

1920 – 1955
Took our first step as a pharmaceutical company

In 1920, Yasohachi Yamaguchi established Teikoku Hormone Research Institute. It began the research, development, manufacture and sales of hormone preparations based on the unique idea of creating useful medicines from animal organs. Although the company experienced hardships such as the Great Kanto Earthquake, and the loss of its head office and factory during the Second World War, it was rebuilt under a new organizational structure, and listed its shares on the Tokyo Stock Exchange in 1955.

Launched in 1921
Male gonadal hormone agent
SPERMATIN



Launched in 1922
Hypothyroidism agent
THYRADIN



Launched in 1926
Posterior pituitary hormone agent
ATONIN



1955 – 2005
Became a company that makes wide-ranging contributions to society

After the postwar reconstruction period, the company worked to modernize its management through organizational reforms, expansion of its sales and production systems, reorganization of its research functions, and reinforcement of its advertising activities. In addition to entering the field of veterinary pharmaceuticals, the company also strived to diversify its business and worked toward corporate growth in the midst of an era of rapid economic growth.

Launched in 1981
Benign prostatic hyperplasia and prostate cancer agent
PROSTAL



Launched in 1986
Gastritis and gastric ulcer agent
ALTAT



Launched in 1999
Low-dose oral contraceptive
ANGE



2005 – 2021
Formation of ASKA Pharmaceutical Co., Ltd.

In 2005, ASKA Pharmaceutical Co., Ltd. was established to develop and market new drugs, specializing in the three priority areas of internal medicine, obstetrics and gynecology (Ob/Gyn), and urology with the aim of becoming a competitive specialty pharma company. The company took on challenges for the next stage, such as strengthening efforts for generic drugs that meet the needs of the times.

Launched in 2011
Hyperlipidemic agent
LIPIDIL



Launched in 2014
Antihypertensive agent
CANDESARTAN "ASKA"



Launched in 2016
Hepatic encephalopathy agent
RIFXIMA



Launched in 2014
Endometriosis, uterine fibroids, and prostate cancer agent
LEUPRORELIN "ASKA"



Launched in 2016
Infertility agent
LUTEUM



Launched in 2018
Dysmenorrhea agent
FREWELL "ASKA"



Launched in 2019
Uterine fibroids and endometriosis agent
RELUMINA



Launched in 2021
Hair hormone level measurement kit
Dihydrotestosterone



Launched in 2021
Feline hyperthyroidism agent
THYLOBLOCK



2021 –
Aim for further growth

ASKA Pharmaceutical Holdings' Medium-Term Management Plan 2025 was launched in 2021. In conjunction with the shift to a holding company structure, the Company not only aims to build a flexible organization that is capable of swift decision-making, but also to achieve further sustainable growth for the entire Group by further strengthening its governance structure.

Launched in 2022
Canine hyperadrenocorticism agent
Trilostane tablet "ASKA"



Launched in 2022
Dysmenorrhea agent
DroEthi "ASKA"



Launched in 2023
Hair and nail stress hormone level test kit
Cortisol



Net sales (Millions of yen)

* Currently Act on Childcare Leave/Caregiver Leave

At a Glance

ASKA Pharmaceutical Holdings' business operations include a pharmaceuticals business, an animal health business, and a testing business. Rather than focusing solely on promoting each business individually, we are using alignment between businesses to drive synergy that will maximize revenue. Here we highlight our initiatives in female healthcare, a key focus area in the pharmaceutical business, which accounts for approximately 90% of the Group's net sales.

Net sales in FY2022

¥60,461 million

Pharmaceutical Business: Main Target Diseases

Internal Medicine
(Gastroenterology and Thyroid)

- Hepatic encephalopathy
- Hyperthyroidism
- Hypothyroidism

Urology

- Benign prostatic hyperplasia
- Prostate cancer

Obstetrics and Gynecology (Ob/Gyn)

- Uterine fibroids
- Endometriosis
- Dysmenorrhea
- Menstrual disorders
- Contraception
- Emergency contraception
- Infertility
- Imminent miscarriage/ premature birth
- Labor induction
- Menopause
- Iron deficiency anemia
- STD/Infection

Animal Health Business: Main Products

Livestock and Fisheries

- Pharmaceuticals for breeding
- Gastrointestinal pharmaceuticals
- Pharmaceuticals affecting metabolism
- Antibiotics
- Antibacterial pharmaceuticals
- Antiparasitic pharmaceuticals
- Feed additives
- Mixed feed
- Feed materials

Companion Animals

- Cardiovascular pharmaceuticals
- Pharmaceuticals affecting metabolism
- Antiparasitic pharmaceuticals
- Topical pharmaceuticals
- Dietary supplements
- Skincare

Testing Business: Main Services and Products

Microdetermination of Endogenous Hormones

- High sensitivity measurement using LC-MS/MS (Optimization of measurement conditions, separation and refinement techniques, derivatization)
- Multi-item simultaneous steroid hormone measurement
- Ultra-high-sensitive estrogen measurement

Measurements Using Non-Invasive Samples (Hair, nails, etc.)

- Hair hormone level measurement kit–DHT (androgenetic alopecia)
- Hair hormone level measurement kit–testosterone (male menopausal disorder)
- Hair stress hormone level testing and diagnostics kit–cortisol
- Nail stress hormone level testing and diagnostics kit–cortisol

ASKA Pharmaceutical—a Focus on Women's Healthcare

Ob/Gyn

Leading company

No. 1 domestic market share*

In the second half of FY2022, we achieved the highest sales in the Ob/Gyn field in Japan. We are promoting a variety of initiatives in addition to pharmaceuticals, including disseminating information on women's health.

* Company estimates

▶See page **24** for details.

Female Healthcare Research

100 years

Since our founding in 1920, we have used hormonal research to address female healthcare. We will continue creating a wide variety of drugs in line with the needs of the times so that we can continue contributing to women's health.

▶See pages **6-7** for details.

Share of Thyroid Products Market

95%

The continuous development of our business draws on our 100 years of experience and expertise in the thyroid area. We will strive to ensure quality and stable supply, continuing to contribute to society as a leading company in the thyroid area.

▶See page **27** for details.

R&D Expenses

¥4.2 billion

We are a pharmaceutical manufacturer that develops new drugs with a focus on the three priority areas of internal medicine, Ob/Gyn, and urology. We will work with companies in Japan and abroad, accelerating open innovation to provide innovative new drugs.

▶See pages **40-41** for details.

Uterine Fibroids and Endometriosis Agents (FY2023 Net Sales Forecast)

¥10.0 billion

RELUMINA, a uterine fibroids and endometriosis agent, is a growth driver. In the fifth year since its launch in 2019, it is expected to reach annual sales of ¥10.0 billion. We expect it to meet its medium-term management plan target ahead of schedule.

▶See page **27** for details.

Diversity & Inclusion

20.8%

Percentage of Female Manager Candidates

We believe that achieving sustainable growth and enhancing corporate value depend on respecting diverse values. We aim to create a workplace environment in which all employees, regardless of age or attributes, can play an active role.

▶See page **36** for details.

Value Creation Process

ASKA Pharmaceutical Holdings aims to become a total healthcare company with a strong foundation as a specialty pharma company through its pharmaceutical business, animal health business, and hormone testing business, based on ASKA's DNA, the source of its growth for over 100 years. Through this value creation cycle, we will contribute to the resolution of social issues in the field of healthcare.

Social Issues

Stable supply of effective and safe pharmaceuticals

Contributing to women's advancement in society

Addressing unmet medical needs

Animal health

Extending healthy lifespans

11 material issues

▶Pages 16-17

Contribution to women's health

Contribution to animal health, etc.

Input

Financial capital
Net sales: ¥60.4 billion
Operating profit margin: 8.4%
ROE: 8.2%

Manufactured capital
Capital expenditures: ¥1.2 billion
Production base: Iwaki Factory

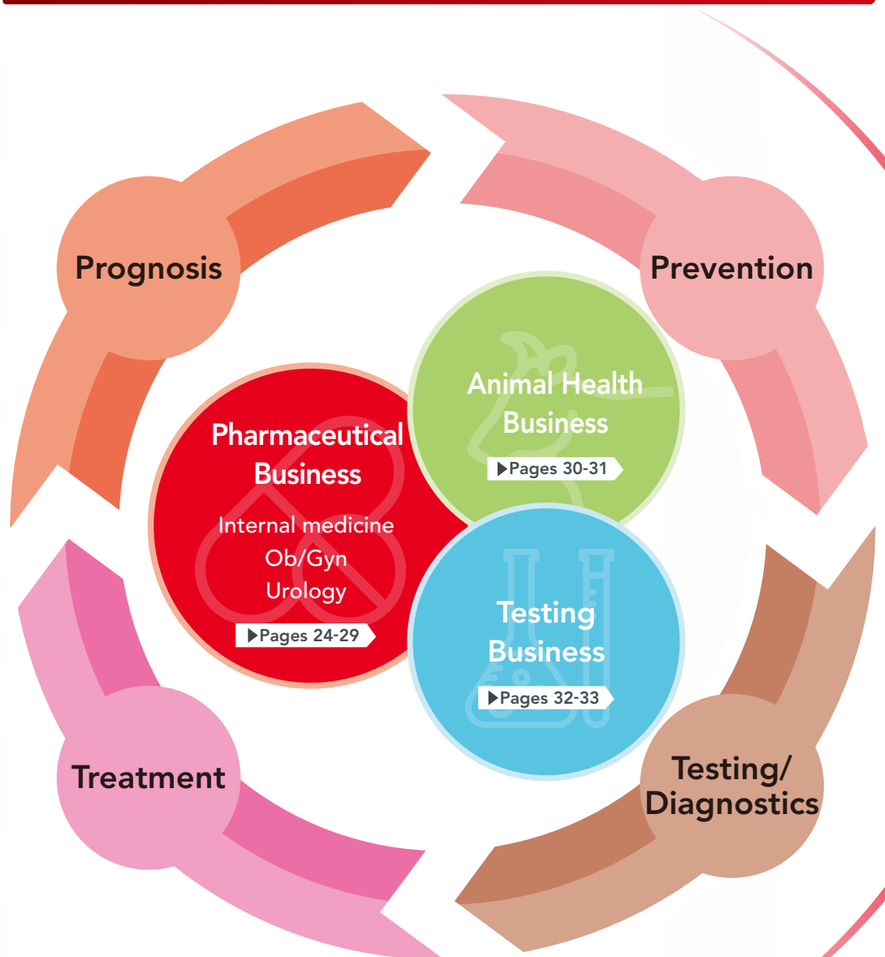
Intellectual capital
R&D expenses: ¥4.2 billion

Natural capital
CO_2 emissions: 10,780t-CO_2
Electricity usage: 10,702 thousand kWh
Water usage: 138.73 thousand km^3

Social capital
Main offices: 23 locations

Human capital
Number of employees: 747 (Consolidated)

Business Model



Output / Outcome

Economic Value

FY2025 targets
(Consolidated)
Net sales: ¥70.0 billion
Operating profit margin: 8%
ROE: 8%

Social Value

- Stable supply of high-quality pharmaceuticals
- Promotion of drug discovery through open innovation
- New initiatives and value provision for total healthcare
- Improving women's quality of life and promoting their advancement
- Coexistence between people and animals
- Improving health literacy
- Preventative medicine/Improvement of pre-symptomatic states

Vision

Total Healthcare Company with a Strong Foundation as a Specialty Pharma Company



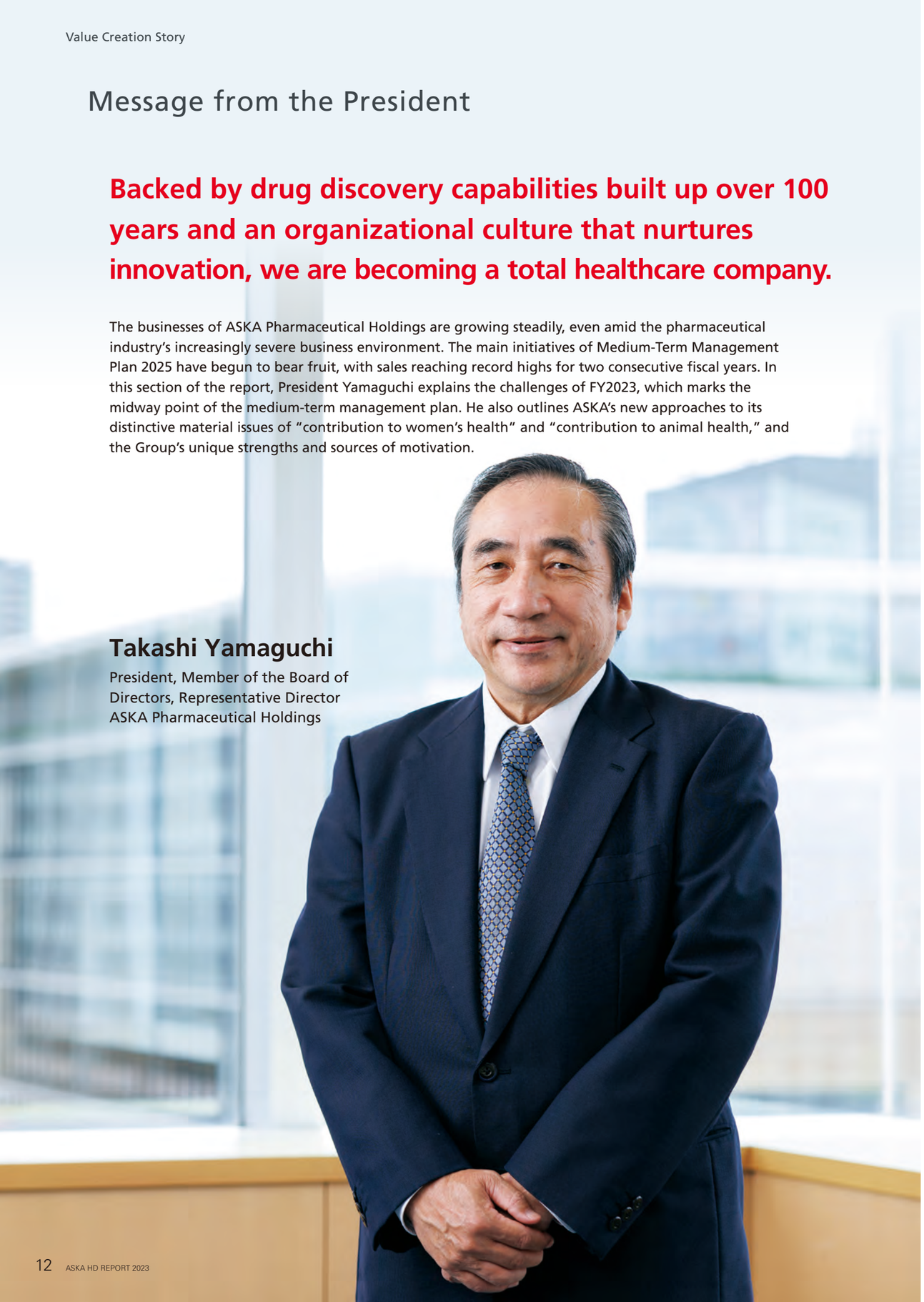
Thorough corporate governance and compliance/Sustainable ESG management

Corporate Philosophy: Contribute toward the improvement of people's health and progress in society through the development of innovative products

Message from the President

Backed by drug discovery capabilities built up over 100 years and an organizational culture that nurtures innovation, we are becoming a total healthcare company.

The businesses of ASKA Pharmaceutical Holdings are growing steadily, even amid the pharmaceutical industry's increasingly severe business environment. The main initiatives of Medium-Term Management Plan 2025 have begun to bear fruit, with sales reaching record highs for two consecutive fiscal years. In this section of the report, President Yamaguchi explains the challenges of FY2023, which marks the midway point of the medium-term management plan. He also outlines ASKA's new approaches to its distinctive material issues of "contribution to women's health" and "contribution to animal health," and the Group's unique strengths and sources of motivation.



Takashi Yamaguchi
President, Member of the Board of Directors, Representative Director
ASKA Pharmaceutical Holdings

Toward Sustainable Growth

— What is the focus for ASKA Pharmaceutical Holdings in terms of sustainable growth, and what do you see as your mission as a top member of management?

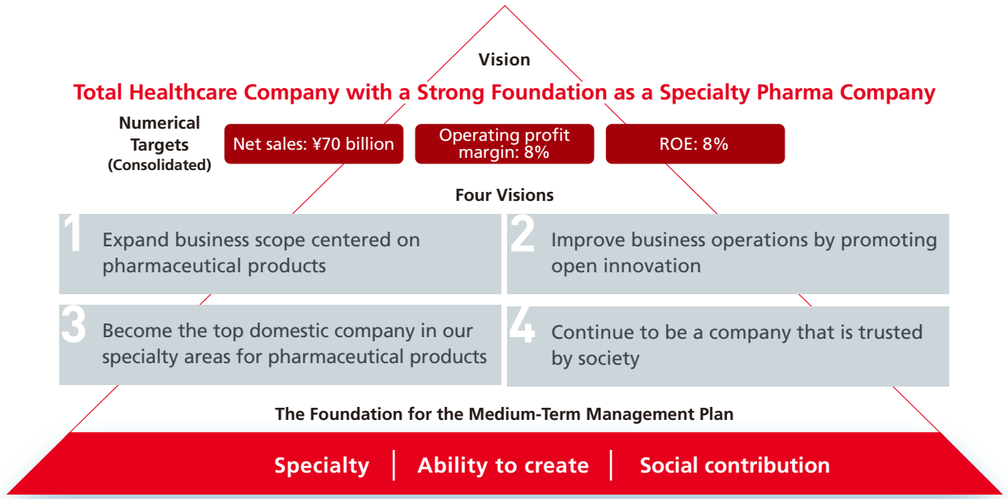
We are currently on track to achieve our vision for 2025 of becoming a total healthcare company with a strong foundation as a specialty pharma company. To achieve this vision, we are promoting seven strategies based on the three pillars of "specialty," "ability to create," and "social contribution." We recognize that a particularly important element in achieving sustainable growth is specialty. In the Group's core pharmaceutical business, we are focusing on the three priority areas of internal medicine (gastrointestinal and thyroid), Ob/Gyn, and urology. We recognize that continuous value creation through new drug development and provision of services that only we can offer, is a vital factor in achieving sustainable growth.

Sustainable growth will also depend on diversifying our revenue streams through collaboration with the animal health business, testing, and the diagnostics business. We must build a management structure that can respond to future risks and changes in the environment.

Our efforts will have limited results if the operating companies only work in isolation within the Group. Of the seven strategies that the Group is pursuing, this applies in particular to our efforts toward "enhance corporate value by strengthening initiatives in the specialty areas," "continuously create new drugs through advanced drug discovery," "overseas operations," and "provide new value to realize total healthcare." Collaborating not only with companies in the same industry but also those in other industries will therefore be key. We are actively promoting open innovation with this in mind.

I recognize that my mission is to lead the Group in enhancing quality, as a corporate group, while growing primarily the core business and other multiple pillars. A company's quality depends on its people. The other day, when I visited the Iwaki factory, one of the Group's production bases, I was struck by how confident the employees were in the way they spoke and acted. It was a moment when I felt that the talent we have is steadily growing. Furthermore, in 2022 the Group announced its intention to promote Femtech business initiatives. I am proud of how we have continued to contribute to women's healthcare by developing drugs and providing information in the Ob/Gyn area. That makes me confident in our ability to rise to this new challenge. In this business, we will investigate various options for addressing women's health issues, including the use of the latest technology and collaboration with other companies, as I mentioned above.

* Seven Strategies ▶See page **19** for details



Progress of the Medium-Term Management Plan

— Now that we have reached the midway point of Medium-Term Management Plan 2025, what results have been achieved so far and what challenges do you see ahead?



In FY2022, the second year of the medium-term management plan, performance remained strong, as it was in the previous year, driven mainly by new products. As a result, sales exceeded ¥60 billion, a record high. With regard to operating profit margin and ROE, we have already exceeded the targets we set for the final year of the current medium-term management plan, and we will continue pushing ourselves to achieve even higher levels.

Looking back over the past two years, we have worked to hone our efforts in the area of "specialty," which is the source of our value creation, and solidified our foundation as a holding company. The Group is currently balancing "offensive" approaches, represented by R&D investments to promote innovation and the development of new markets, and "defensive" approaches, such as risk management, governance systems, and the development of human resources who can earnestly pursue high-quality work. While maintaining this balance, we must continue to invest in management resources and accelerate collaboration with a view to realizing our growth strategy beyond 2025.

In terms of the offensive approach, our overseas operations will become even more important as a new pillar of growth. In our core pharmaceutical business, we plan to expand our presence by developing pharmaceutical products for international standards, mainly in the Southeast Asian market. In line with this plan, the new plant construction project, carried out with our equity method affiliate Ha Tay Pharmaceutical Joint Stock Company (Hataphar), a Vietnamese pharmaceutical company, was completed in August 2023. Preparations are currently underway at both companies toward the start of commercial production.

In the animal health business, we are working to expand our product lineup by applying our strengths in breeding, immunity, and nutrition, which we acquired in the livestock and fisheries field, to the companion animal field. In the testing and diagnostics business, we are expanding our test items and sample lineup based on trace analysis technology for endogenous hormones. For example, we believe that kits that can test stress levels from hair and nails may open up new markets, such as in company benefit plans.

In FY2023, the midway point of the medium-term management plan, we are continuing to work on achieving the quantitative and qualitative targets announced in May 2021, taking into account the issues I have mentioned and our progress on each initiative.

Growth Potential in the Ob/Gyn Market

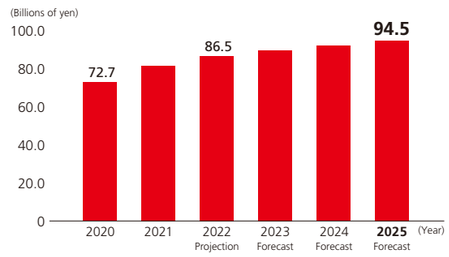
— What is the market potential for Ob/Gyn products, which is our greatest strength? Also, what new measures are we taking to contribute to women's health?

ASKA Pharmaceutical achieved the No. 1 share of sales in the Ob/Gyn field in Japan in the second half of FY2022, becoming the leading company in this area. Japan's pharmaceutical market is often seen as shrinking, as the country's population is declining. However, the Ob/Gyn market is expanding due to various environmental changes related to women's healthcare, such as women's advancement, changes in medical administration, and improvements in health literacy. Overseas, the Ob/Gyn market has also been growing, with pharmaceuticals used for treatment that are not widely available in Japan. We therefore see considerable market potential for Ob/Gyn products, with a lot of room for growth.

The concept of medical care has changed in recent years, expanding its scope to include prevention, testing and diagnosis, treatment, and prognosis. In each of those areas, many businesses targeting the needs of women's healthcare have newly entered the field. We aim to promote collaboration with such companies through the Femtech Business Promotion Unit we established in April 2023. In addition, during the same period, we established a corporate venture capital fund to secure strategic returns through investments in startups that offer potential synergies with our Group, such as those with a focus on addressing women's health issues.

We hope more investors come to know about our business, which is dedicated to addressing women's health issues. That is why we feel it necessary, for example, to hold briefings that are focused solely on the development pipeline; that is to say, the R&D status of new drug candidate compounds. There are also improvements to be made in terms of the dissemination of information on women's health, an initiative we have been focusing on for some time. In our workplace, sensitive topics such as menstruation are discussed as a matter of course. But, from our standpoint as a specialist and a leading company in the Ob/Gyn field, we need to disseminate information to a wider range of people with expressions that are easy to understand while at the same time becoming more conscious of our external stakeholders.

Ob/Gyn Market Size*



* FUJI KEIZAI CO., LTD. "Trend analysis and future forecast of the market related to obstetrics and gynecology, which is attracting attention in insurance coverage"
All rights reserved.

The Unique Organizational Culture of the ASKA Pharmaceutical Group

— The ASKA Group recognizes that the foundation to become a total healthcare company is human capital. What mindset and characteristics are shared by the human resources of the Group companies?

The answer can be found in the Group's origins. When we started researching hormone preparations 103 years ago as a venture involved in medical care, what mattered most were the ideas and motivation of our employees. Through daily contact with the medical front line, a passion to contribute to the world through unique ideas and drug discovery capabilities gradually grew among our employees. The sense of mission—that we are directly involved in the life and health of people and animals—is also a common awareness within the Group. In fact, even before the concepts of ESG or CSR existed, we had a sense of not only responsibility but also a dedication toward the mission that we should fulfill as a pharmaceutical company, and made that sense a natural part of the spirit of our corporate organization.

This spirit and this corporate climate of innovation have been passed down to the present day. We in the management team value the ideas and motivation that our employees have brought to the Company over time and strive to create a constant flow of ideas that will blossom into new businesses. In a recent message to our Company employees, I made the point that even if you aim for Mount Everest from the beginning, it will be difficult to reach the summit on the first try. But if you climb lower mountains again and again, racking up both successes and failures, you will eventually realize the main goal of reaching the summit of Mount Everest. In other words, trying something new is bound to have moments of failure. A positive failure always feeds into success. The Group today also has accumulated successes that have emerged from such challenges. As a result, we have become able to expand the scope of our business with a focus on pharmaceuticals and to develop our business in a way that enables us to target the entire healthcare market. We believe that, backed by the drug discovery capabilities we have built up over our century-long history, we have grown into a corporate group that can respond to the diverse demands of society. Going forward, we will continue to take on further challenges while evolving our relationships with stakeholders toward co-creation to build new value together.

Material Issues

Promotion of Sustainability

The ASKA Pharmaceutical Holdings Group pursues ESG management so that it can solve social issues through its business. In this, we are guided by the corporate philosophy, "Contribute toward the improvement of people's health and progress in society through the development of innovative products."

The Group has identified 11 material issues (most important issues). Of these, "contribution to women's health" and "contribution to animal health" are particularly relevant material issues for the Company and are being promoted by the entire Group. We will also work to address climate change by reducing CO_2 emissions through expanded use of solar power generation and the introduction of clean energy, and strengthen our human capital by developing and acquiring human resources capable of responding to new businesses and changes in the business and social environment, and by creating a working environment in which a diverse range of human resources, including women, career professionals, and seniors, can play an active role.

In April 2023, we established a new Sustainability Promotion Section in the Corporate Planning Department with the aim of further accelerating our efforts. We will continue to meet the expectations of our stakeholders by placing sustainability at the center of our management, striking a balance between maximizing the economic value of the Company and enhancing its social value.

Atsushi Maruo
Senior Managing Member of the Board of Directors,
Representative Director, in charge of Sustainability
ASKA Pharmaceutical Holdings

Basic Policy for Sustainability

The Company has established CSR guiding principles and works for the ongoing growth for the Group as a whole and to contribute to society.

1 Supplying High-Quality Pharmaceuticals
1. All employees conduct business with integrity guided by our corporate philosophy.
2. We provide a stable supply of high-quality pharmaceuticals with excellent efficacy and safety.

2 Ensuring Compliance
1. We are thoroughly committed to corporate ethics and to compliance with all laws and regulations.
2. We maintain fair relationships with stakeholders and conduct transactions that are fair, transparent, and based on free competition.
3. Regarding the protection of personal information, we manage the information in compliance with our privacy policy.

As a trusted company, we will increase profitability through sound business practices and fulfill our social responsibilities as a good corporate citizen.

3 Respecting Human Rights
1. We respect the human rights of all people affected by our business practices.
2. We respect the diversity of our employees and strive to foster a safe and comfortable corporate culture.

4 Contributing to Communities and Society
1. As a good corporate citizen, we communicate with the local community and broader society while striving to contribute to the world.

5 Preserving the Environment
1. We participate in the realization of a sustainable society through environmental preservation and by practicing environmental management.

Materiality Map

Mapping of Material Issues



Environmental

Environmental protection and continuous reduction of environmental impact

Social

Human resources development	Contribution to women's health
Employee engagement	Contribution to animal health
Creation of innovative products	Stable supply of high-quality products
Expanding access to healthcare	Promotion of proper use of products

Governance

Corporate governance	Secure compliance with laws and regulations, enforcement of compliance

Background to Identification of Material Issues

The Group aims to become a total healthcare company with a strong foundation as a specialty pharma company. To contribute to solving social issues and building a sustainable society, we established the ESG Committee in 2021 and identified 17 most important issues as our material issues. In 2023, we revised our material issues in response to the changing business and social environment. We recognize "contribution to women's health" and "contribution to animal health" as distinctive material issues for the Company. We will strive as a Group to solve social issues and enhance our corporate value by addressing these and other material issues.

Company-wide Action Plan and KPIs for Material Issues

KPIs	Material Issues	Company-wide Action Plan	KPIs
E	Environmental protection and continuous reduction of environmental impact	Environmental protection, continuous reduction of environmental impact, and promotion of environmental management	1. Reduction of CO_2 emissions: Reduction of 46% from FY2013 (FY2030) 2. Reduction of total waste 3. Improvement in recycling rates 4. Promotion of environmental measures 5. Environmentally conscious business operations 6. Reduction of the use of natural resources 7. Reduction of emissions of environmentally harmful substances (reduction of the impact of nitrogen on the environment by promoting low-protein feed)
S	Human resources development	Development of human resources to realize growth strategies	1. Number of in-house recruitment system and interdepartmental transfers (number of career challenges) 2. Number of elective training courses taken: Next-generation leader training Number of selective training courses taken: Training to promote the advancement of women (career development of female employees)/other selective training as a measure to support the autonomous learning of employees Expenditures per employee (for education) 3. Promote the implementation of internal and external hierarchical training/selective training (career development of female employees)
	Employee engagement	Creation of an environment that promotes understanding of the organization, sympathy, and motivation to take action, and achievement of work-life balance that respects the health and diversity of our employees	1. Optimization of working hours: Promotion of the use of annual paid leave as planned, guidance for promotion of the use of annual leave, provision of annual leave (taken hourly), etc. 2. Health management initiatives 3. Promotion of various working styles: telecommunicating, telework, flextime, short-time work, etc. 4. Implementation of regular stress checks and surveys for engagement 5. Promotion of women's advancement in active roles (FY2024 target): Percentage of female managers (15%) Percentage of female medical representatives (20%) 6. Promotion of active roles for diverse human resources 7. Measures to support development of the next generation: Maternity leave (utilization rate 100%)/Childcare leave for male employees (utilization rate 100%) 8. Support for medical representatives to take maternity leave and childcare leave (implementation of reintegration programs, social gatherings, etc.)
	Creation of innovative products	Expansion of pipeline through open innovation	1. Promotion of in-house research themes 2. Reinforcement of alliance activities
	Expanding access to healthcare	Contributions to specialty areas by taking advantage of our own strengths	1. Provision of comprehensive information on specialty areas (Ob/Gyn, thyroid) 2. Promotion of accurate information and raising disease awareness 3. Early identification of diseases through activities to promote testing and diagnostics 4. Early detection of disease through non-invasive measurement kit
	Contribution to women's health	Total support for women's health	1. Contribution to women's healthcare by providing products for each of women's life stages 2. New initiatives for women's healthcare 3. Promotion of the advancement of women through activities to raise awareness on health and diseases 4. Sexual education initiatives for younger generation 5. Activities to raise awareness among families and partners about women's health issues
	Contribution to animal health	Contribution to creation of a society where people and animals can coexist	1. Promotion of animal welfare 2. Development and provision of products useful for maintaining the health of companion animals 3. Development and provision of non-invasive measurement kit products using body hair 4. Promotion of biodiversity
	Stable supply of high-quality products	Ensuring product quality and stable procurement and supply	1. Reinforcement of supply chain management 2. Implementation of appropriate GMP audits 3. Implementation of appropriate GQP (ensuring that a quality assurance system is in place)
	Promotion of proper use of products	Ensuring safety and providing information on proper use	1. Implementation of appropriate clinical trials (GCP compliance) 2. Adequate implementation of GVP and RMP 3. Compliance with GVP and guidelines for activities for provision of sales information 4. Dissemination of materials and knowledge to promote proper use, and strengthening product education for medical representatives, etc. 5. Prompt provision of latest information through website
G	Corporate governance	Establishment of corporate system for continuous growth	1. Fostering corporate culture and climate that respect healthy business ethics 2. Ensuring real equality of shareholders 3. Social contribution activities that lead to solving social issues 4. Constructive dialogue with stakeholders 5. Appropriate disclosure and explanation of management strategy, performance, financial condition, capital policy, etc.
	Secure compliance with laws and regulations, enforcement of compliance	Thorough maintenance of compliance and fostering an organizational climate that emphasizes reliability	1. Compliance system mainly promoted by Group Compliance Promotion Committee 2. Continuous implementation of preventive measures against serious incidents

ASKA Pharmaceutical Holdings' Medium-Term Management Plan 2025

With the aim of becoming a total healthcare company, ASKA Pharmaceutical Holdings is implementing its Medium-Term Management Plan 2025, which ends in FY2025. To realize the four visions we have set, we are pursuing seven strategies based on the foundation of specialty, ability to create, and social contribution.

ASKA Pharmaceutical Holdings' Medium-Term Management Plan 2025

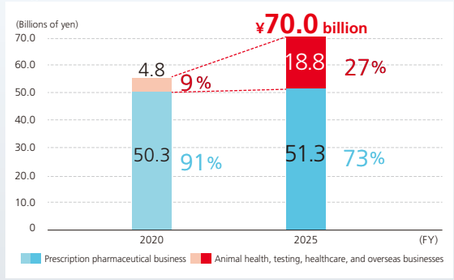
Four Visions

1. Expand business scope centered on pharmaceutical products
2. Improve business operations by promoting open innovation (from R&D to production and sales)
3. Become the top domestic company in our specialty areas for pharmaceutical products
4. Continue to be a company that is trusted by society

7 Strategies

Net sales: ¥70 billion
Operating profit margin: 8%
ROE: 8%

Targeted Net Sales



The Foundation for Formulating the Medium-Term Management Plan

Specialty | **Ability to create** | **Social contribution**

	FY2021 Actual	FY2022 Actual	FY2025 Targets
Net sales (Millions of yen)	56,607	60,461	70,000
Operating profit margin (%)	8.5	8.4	8.0
ROE (%)	8.8	8.2	8.0

Review of FY2022

In FY2022, the second year of ASKA Pharmaceutical Holdings' Medium-Term Management Plan 2025, economic activities continued to normalize. However, soaring energy and raw material prices and other cost increases meant the outlook remained uncertain. In the pharmaceutical industry, the business environment has become increasingly difficult due to factors such as NHI price revisions imposed each year since April 2021 to curb drug costs. However, despite these conditions, the Group was able to match the excellent performance it achieved in the previous fiscal year and has achieved record consolidated net sales of ¥60,461 million. This was achieved through growth in Ob/Gyn products in the pharmaceutical business and strong sales of feed additives in the animal health business. Despite higher R&D and sales promotion expenses from the normalization of sales activities, operating profit increased to ¥5,108 million due to an increase in gross profit. Ordinary profit was ¥5,232 million, after recording ¥433 million in non-operating income and ¥308 million in non-operating expenses. Although extraordinary income of ¥124 million was recorded from the sale of investment securities, profit attributable to owners of parent declined ¥51 million year on year to ¥4,238 million. This was partly because there was no extraordinary income from the sale of non-current assets that was booked in the previous fiscal year.

Note: Amounts are rounded down to the nearest million yen.

Seven Strategies: Achievements, Future Challenges and Initiatives

Seven Strategies	FY2022 Achievements	Future Challenges and Initiatives
1. Enhance Corporate Value by Strengthening Initiatives in the Specialty Areas ▶See pages **26-28** for details.	・Expanded the Company's share of the LEP formulation market based on the sole sales rights for DroEthi and achieved market penetration of RELUMINA to become the leading company in the Ob/Gyn area ・LF111 new drug application filed by Hyundai Pharm. Co., Ltd. (South Korea)	・Continue to grow the business by providing products that cater to a wide range of women's life stages ・Promote accurate understanding through awareness campaigns on often-overlooked diseases
2. Continuously Create New Drugs through Advanced Drug Discovery ▶See page **28** for details.	・Made progress toward the application preparation stage for L-105 (pediatric) and the completion of recruiting for LF111 Phase III clinical trials, among other development stage advancements. ・Concluded a collaborative research agreement with Epsilon Molecular Engineering, Inc., aiming to create novel VHH drugs in the Ob/Gyn area	・Expedite schedule for research and development themes ・Create new assets to meet unmet medical needs in priority areas
3. Overseas Operations ▶See page **29** for details.	・Supported operation of Hataphar's new plant following its completion	・Support Hataphar's new plant operation by enhancing collaboration
4. Provide New Value to Realize Total Healthcare ▶See pages **24-33** for details.	**(ASKA Pharmaceutical)** ・Started collaboration in the pharmaceutical peripheral area (Adoption of Femtech and other support service businesses, conclusion of consortium agreement with four companies, conclusion of joint information provision agreement on fetal monitors with Melody International Ltd.) **(ASKA Animal Health)** ・Took over and newly launched a total of three products, including feed additives and veterinary pharmaceuticals **(ASKA Pharma Medical)** ・Following registration as a clinical laboratory, started contracting to perform testing and diagnostics for medical institutions	**(ASKA Pharmaceutical)** ・Establish projects to support improvement of women's health issues (Femtech) **(ASKA Animal Health)** ・Expand companion animal product lineup and establish and develop an efficient sales structure **(ASKA Pharma Medical)** ・Expand lineup of hormone measurement kits for hair samples and develop measurement business for samples other than fixed hair samples
5. Improve Operational Efficiency, Cut Costs, and Reinforce Our Financial Base ▶See pages **24-29** for details.	・Continued cost reduction measures ・Reexamined product portfolio	・Promote autonomous digitalization of departments to improve operational efficiency ・Secure a stable financial base while improving capital efficiency
6. Foster an Organizational Culture That Emphasizes thorough Compliance and Accountability ▶See pages **46-51** for details.	・Continued reviews of quality management system ・Continued to implement compliance training	・Enhance employee awareness through ongoing education and training
7. Develop Human Resources to Realize Growth Strategies ▶See pages **34-39** for details.	・Expanded flexible work styles, including renovating head office and promoting paperless operations ・Continued health management initiatives to maintain our presence in White 500 Certified Health & Productivity Management Outstanding Organizations Recognition Program ・Expanded e-learning, selection, and enhanced opportunities for level-specific education and training	・Promote measures to achieve work-life balance and health management ・Build an organizational structure that embraces diversity and enables all employees to thrive

Financial and Capital Strategy



Achieving sustainable value enhancement through a balance of investing in future growth and improving capital efficiency

Atsushi Maruo
Senior Managing Member of the Board of Directors,
Representative Director
ASKA Pharmaceutical Holdings

Recognition of Changes in the Business Environment and Progress of Medium-Term Management Plan 2025

In FY2022, with the lifting of restrictions related to the COVID-19 pandemic, economic activities gradually normalized. However, the business environment remained challenging due to the economic impact of factors that increased costs such as the sharp rise in energy and raw material prices associated with geopolitical risks. Despite this situation, however, the Group's business maintained the same strength that it achieved in the previous fiscal year, thanks to the growth of new products and even greater efforts to reduce costs. As a result, we achieved record net sales of ¥60,461 million. We were also able to meet our profitability targets with operating profit of ¥5,108 million and an operating profit margin of 8.4%.

Furthermore, for ROE, which we emphasize as an indicator of capital efficiency, we have set a target 8.0% for the final year of the medium-term management plan. In FY2022, ROE was 8.2%, exceeding the target, as it had in the previous fiscal year. To consistently keep our ROE above 8.0%, we will need to continue with the implementation of the strategies of the medium-term management plan, increasing profitability while improving capital efficiency through appropriate capital allocation. The Group will maintain a balance of investing in growth and improving capital efficiency as we strive to enhance our corporate value.

Financial and Capital Strategy KPIs

		FY2022 Actual	FY2023 Forecast	FY2025 Targets
Profitability	Net sales (Millions of yen)	60,461	62,000	70,000
	Operating profit (Millions of yen)	5,108	5,400	5,600
	Operating profit margin (%)	8.4	8.7	8.0
	Profit attributable to owners of parent (Millions of yen)	4,238	4,400	—
	Earnings per share (EPS) (Yen)	150.08	155.81	—
Capital efficiency	Profit attributable to owners of parent/ Equity (ROE) (%)	8.2	—	8.0
Financial soundness	D/E ratio (Interest-bearing debt ratio) (%)	0.23	—	—
	Equity ratio (%)	62.6	—	—

Note: Amounts are rounded down to the nearest million yen.

Growth Investments

As the core of the Group is the pharmaceutical business, we recognize that R&D investment is a source of future earnings and is vital for increasing corporate value. In drug discovery research, we are promoting open innovation and utilizing external resources. In business development, we are strengthening our strategy of in-licensing drugs under development and enhancing our pipeline in specialty areas and fields of expertise. Aiming to become a total healthcare company, we will actively invest in promising business fields, not only in pharmaceutical products, while also pursuing capital alliances with other companies and M&A. In March 2023, we established a corporate venture capital fund, ASKA Innovation Investment Limited Partnership, jointly with Future Venture Capital Co., Ltd. This fund will enable us to accelerate collaboration with venture and start-up companies, creating new value as we work to solve women's health issues and other problems.

Furthermore, one of the Group's medium-term management plan strategies is to "Develop Human Resources to Realize Growth Strategies." To enhance our specialty and ability to create, we are working toward various goals such as developing and acquiring human resources who can respond to new businesses and changes in the environment, and creating a workplace environment where diverse human resources can play an active role. Achieving sustainable corporate value enhancement depends on linking management and human resources strategies. With this in mind, we view human resources, the most important of all management resources, as a form of capital, and work to maximize their capabilities through autonomous learning, which leads to value creation.

Assessment of Financial Soundness

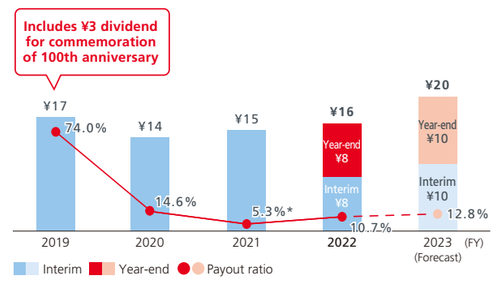
Regarding the consolidated financial position of the Group as of March 31, 2023, total assets were ¥87,138 million, while net assets totaled ¥54,533 million, resulting in the equity ratio of 62.58%. We view ensuring the stability of our financial base as an important management issue for the Group. On the other hand, from the viewpoint of capital efficiency, the Group judges appropriately whether or not to continue cross-shareholdings. We strive to reduce the holding of shares determined not to have sufficient meaning as appropriate. During FY2022, the Company sold its holdings in three companies. As a first step, we will strive to quickly bring the market value of our cross-shareholdings to below 20% of net assets. We will also continue working to balance equity and interest-bearing debt while ensuring a stable financial base and enhancing capital efficiency by thoroughly examining investment projects and properly controlling risks and costs.

Note: Amounts are rounded down to the nearest million yen.

Policy for Returns to Shareholders

The Group regards the return of profits to shareholders as an important management issue. We aim to return appropriate profits to our shareholders by achieving strong results and continuously improving our corporate value. Our basic policy regarding dividends is to maintain stable dividends while considering necessary management resources such as internal reserves for long-term business development and future funding needs. In the most recent fiscal year, FY2022, we raised our annual dividend by ¥1 per share to ¥16. For FY2023, in light of our business performance, we expect to pay an annual dividend of ¥20 per share (interim dividend and year-end dividend: ¥10 per share). On the other hand, we are also fully aware of the importance of ensuring that the return of profits is properly aligned with earnings. We also plan to consider the acquisition of treasury shares in a flexible manner in response to changes in the business environment. We will continue to meet the expectations of our shareholders by improving capital efficiency and strengthening our financial base to enhance corporate value sustainably.

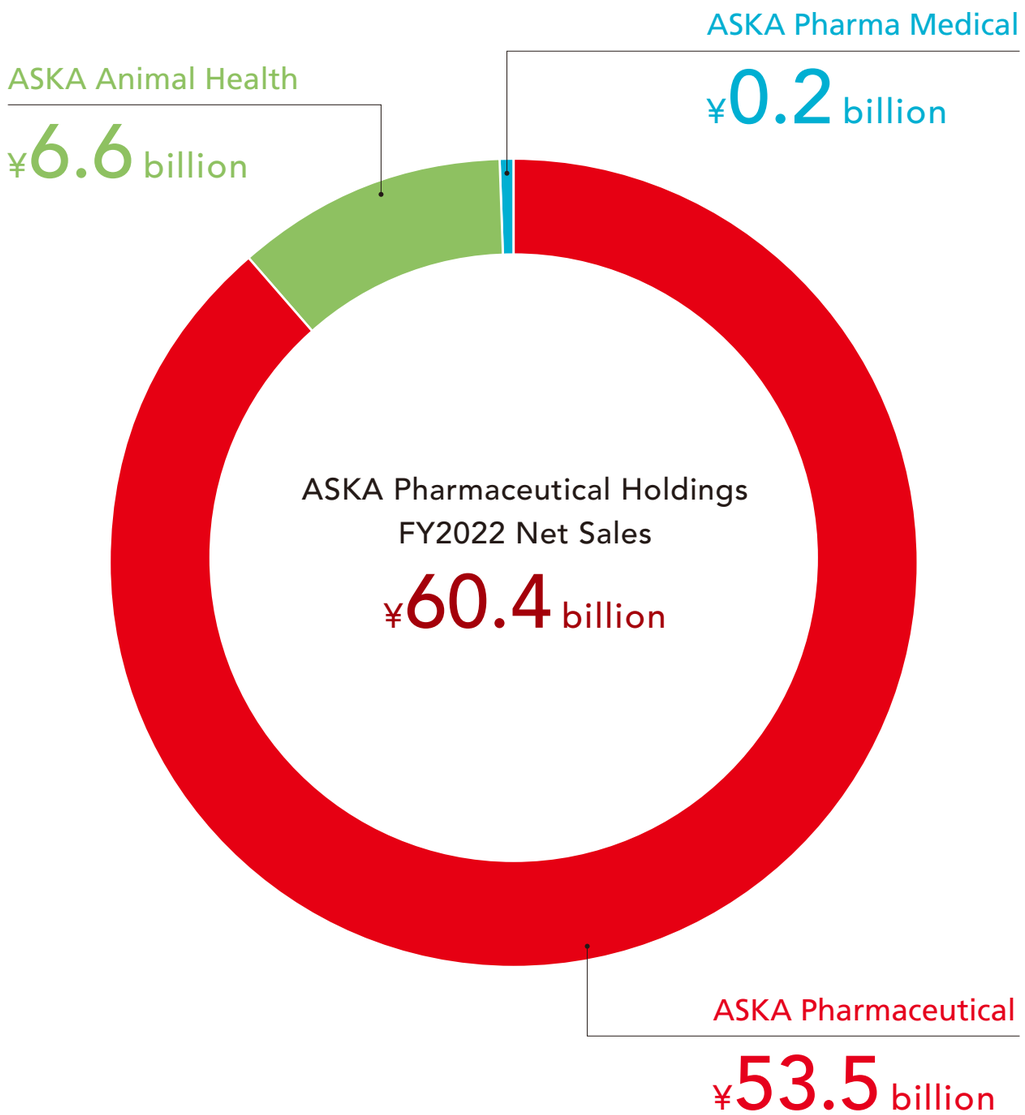
Dividends per Share



*The interim dividend for FY2021 is excluded from the calculation of the payout ratio as it is derived from other capital surplus.

Overview of ASKA Pharmaceutical Holdings

ASKA Pharmaceutical Holdings comprises three subsidiaries: ASKA Pharmaceutical Co., Ltd., which handles prescription pharmaceuticals; ASKA Animal Health Co., Ltd., which conducts animal health business; and ASKA Pharma Medical Co., Ltd., which is mainly focused on testing business. In addition to prescription pharmaceuticals, we are also working on research and development of veterinary pharmaceuticals using the hormone-related expertise we have cultivated since our founding. We are creating unique synergies, such as by applying pharmaceuticals that have originally been used for humans to animals. One of our strengths is in testing technologies that enable microdetermination. In each area, “hormones” are the foundation in conducting businesses.



We believe that our DNA, which has remained unchanged over the 100 years since our founding, is the source of the value that we provide as ASKA Pharmaceutical Holdings. To realize our corporate philosophy we continue to provide valuable products and services through our various business activities.

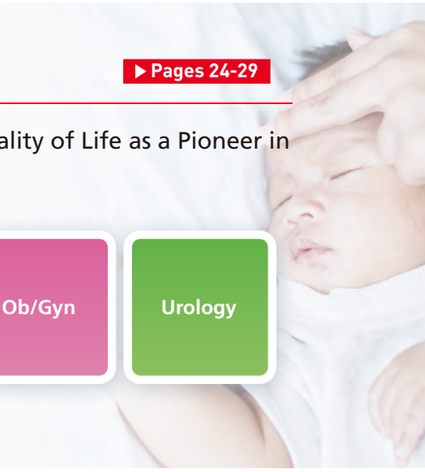
ASKA Pharmaceutical

▶ Pages 24-29

Contributing to the Improvement of People’s Health and Quality of Life as a Pioneer in Hormone Preparations

ASKA Pharmaceutical Co., Ltd., our main subsidiary, conducts business in three priority areas with a focus on pharmaceuticals, particularly hormone preparations. By staying attuned to women’s life stages and changing lifestyles, we remain a leading company in the Ob/Gyn field with a broad lineup of products including uterine fibroids and endometriosis agents. These products support women’s health as they lead active, healthy daily lives.

- Internal Medicine (Gastroenterology and Thyroid)
- Ob/Gyn
- Urology



ASKA Animal Health

▶ Pages 30-31

Contributing to the Creation of a Society Where People and Animals Can Coexist

ASKA Animal Health Co., Ltd. contributes to the operations of farmers and veterinary professionals by maintaining or improving the productivity of the livestock and fishery products that underpin Japan’s food self-sufficiency, and by conducting research, development, manufacturing, import, and sales of veterinary pharmaceuticals and other products that are useful for maintaining the health of dogs, cats, and other companion animals.

- Livestock and Fisheries
- Companion Animal Health



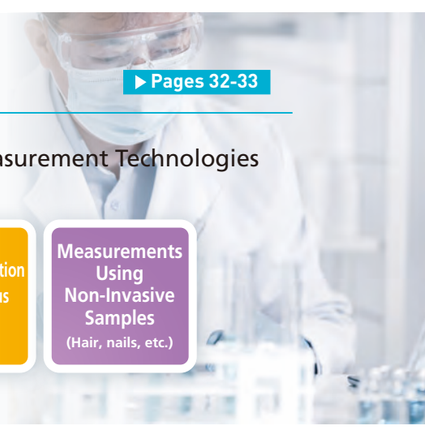
ASKA Pharma Medical

▶ Pages 32-33

Contributing to a Healthy Society through Cutting-Edge Measurement Technologies

ASKA Pharma Medical Co., Ltd. leverages its advanced technologies and extensive know-how to contribute to a wide range of fields including basic research, clinical research, and diagnostics, centered on measurement of steroid hormones and other bioactive substances (Testing business).

- Microdetermination of Endogenous Hormones
- Measurements Using Non-Invasive Samples (Hair, nails, etc.)



Business Conditions

ASKA Pharmaceutical

Creating new value as a leading company in female healthcare



Founded in 1920, ASKA Pharmaceutical began its business with the unique idea of developing hormone preparations from animal organs. Today, we concentrate management resources on the three priority areas of internal medicine, Ob/Gyn, and urology, and develop the pharmaceutical business with a focus on new drugs.

Our strengths lie in the trust and experience we have accumulated by conducting R&D with a focus on hormone-related areas, launching new products, ensuring quality and stable supply, and promoting dissemination of information on proper use.

In the Ob/Gyn area, in particular, we approach various issues according to women's life stages. We support women's health and lives with a wide variety of pharmaceuticals for dysmenorrhea, contraception, uterine fibroids and endometriosis, infertility, perinatal period disorders and menopause-related diseases, among other indications.

In the thyroid area, our domestic market share of pharmaceuticals for hypothyroidism and hyperthyroidism each exceeds 90%. We are fulfilling our mission of providing a stable supply of these products, which are indispensable in medical settings.

In the healthcare field, there has been growing public interest in Femtech, which is defined as the use of technology to address health issues specific to women, such as menstruation, pregnancy, childbirth, and menopause. There is increasing momentum toward creating an environment where everyone can work and live comfortably.

In light of this trend, in April 2023 we established the Femtech Business Promotion Unit, which is tasked with supporting women's health more broadly, beyond pharmaceuticals.

As women enter the workforce and their lifestyles change, we feel that now more than ever there is a need to address women's specific health issues.

As a leading company in female healthcare that responds to various needs, we will create innovative new drugs by accelerating open innovation through collaboration between industry, government, and academia in Japan and overseas. We will continue making efforts to raise awareness in various ways such as using the knowledge we have cultivated over the years to disseminate information. In doing so, we will create opportunities for women to make choices that lead to healthy and fulfilling lives.

While strengthening the core of our pharmaceutical business with a focus on new drugs, we aim to go beyond solely providing pharmaceuticals. We will take an integrated approach covering prevention, testing, diagnostics, treatment, and prognosis to become a total healthcare company while transforming into a competitive specialty pharma company.

Sohta Yamaguchi
President, Representative Director
ASKA Pharmaceutical

Strengths and Strategies

As a leading company in the Ob/Gyn area, ASKA Pharmaceutical is using its strengths in the fields of endocrinology and hormones to implement a range of strategies aimed at helping solve women's health issues.

Strengths

- Leading company in the Ob/Gyn area
- Leading company in the thyroid area
- Specializing in endocrine and hormone areas for over 100 years

Strategies

- Provide 21 pharmaceutical products that accommodate women's lifestyles
- Achieve penetration of agents for uterine fibroids, endometriosis, and dysmenorrhea
- Contribute to solving women's health issues through a variety of initiatives, including dissemination of information on women's health
- Contribute to raising awareness and treatment of thyroid-related diseases
- Maintain a stable supply of basic pharmaceutical products
- Conduct R&D with a focus on hormone-related areas, launch new products, ensure quality and stable supply, and promote dissemination of information on proper use
- Concentrate management resources on the three priority areas of internal medicine, Ob/Gyn, and urology, and develop the pharmaceutical business with a focus on new drugs
- Create innovative new drugs by accelerating open innovation through collaboration between industry, government, and academia in Japan and overseas
- Make efforts to raise awareness in various ways such as using the knowledge we have cultivated over the years to disseminate information

Main Products

• Internal Medicine

Hepatic encephalopathy agent
RIFXIMA
(rifaximin)



Hypothyroidism agent
THYRADIN
(levothyroxine)



Antihypertensive agent
CANDESARTAN "ASKA"
(candesartan)



• Ob/Gyn

Uterine fibroids and endometriosis agent
RELUMINA
(relugolix)



Dysmenorrhea agent
DroEthi "ASKA"
(drospirenone/ethinylestradiol)



Dysmenorrhea agent
FREWELL "ASKA"
(norethisterone/ethinylestradiol)



Infertility agent
LUTEUM
(progesterone)



Emergency contraceptive
NORLEVO
(levonorgestrel)



• Urology

Endometriosis, uterine fibroids, and prostate cancer agent
LEUPRORELIN "ASKA"
(leuprorelin)

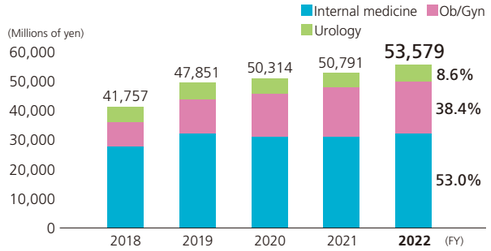


Business Conditions

Performance in FY2022

The pharmaceutical business, which focuses on the three priority areas of internal medicine, Ob/Gyn, and urology, remained strong overall despite the impact of NHI drug price revisions. Net sales increased to ¥53,579 million (up 5.5% year on year). By product, in the Ob/Gyn area, sales of RELUMINA (relugolix), a uterine fibroids and endometriosis agent, increased to ¥8,839 million (up 20.5% year on year), a significant increase following the previous year, and sales of FREWELL (norethisterone/ethinylestradiol, a dysmenorrhea agent), grew to ¥3,489 million (up 0.8% year on year) despite a price reduction of over 10% due to the NHI drug price revision in April 2022. Sales of DroEthi (launched in June 2022), a dysmenorrhea agent for which we acquired manufacturing and marketing approval as the only company, totaled ¥3,671 million. In addition, in the area of internal medicine, sales of our key product THYRADIN, a hypothyroidism agent, increased to ¥7,733 million (up 3.1% year on year). Sales of RIFXIMA, a hepatic encephalopathy agent for which we worked to establish clinical practice guidelines, rose to ¥5,397 million (up 11.2% year on year). In the urology field, sales of LEUPRORELIN, an endometriosis, uterine fibroids, and prostate cancer agent, decreased to ¥4,999 million (down 3.6% year on year). As a specialty pharma company focusing on the three areas of internal medicine, Ob/Gyn, and urology, we will continue to actively expand our development pipeline by further promoting drug discovery and alliances.

Net Sales in the Pharmaceutical Business



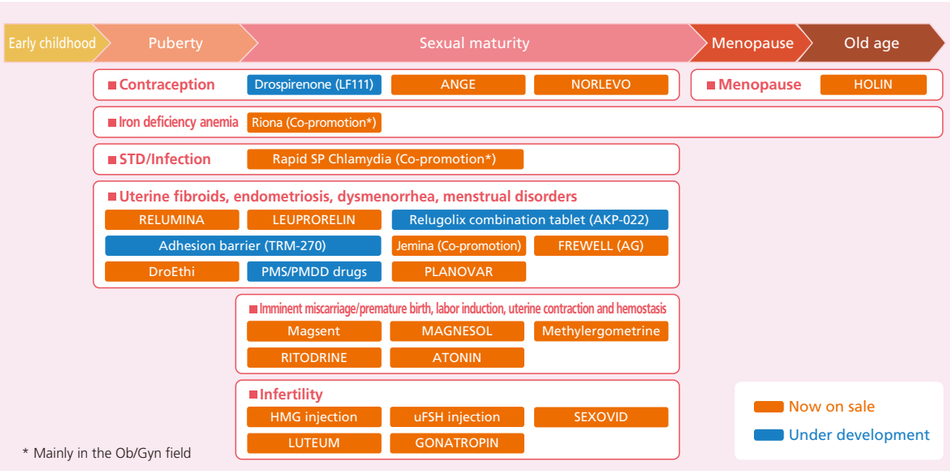
Note: Amounts are rounded down to the nearest million yen.

Major Initiatives

❶ Specialty Areas

We have established a specialty area system, which we introduced to conduct information provision activities focusing on the Ob/Gyn area and RIFXIMA. Under this system, we will continue to provide high-quality information and pursue efficient sales activities such as through webinars. We work to further enhance our presence in the Ob/Gyn area through the provision of information on products that contribute to business performance, mainly RELUMINA and DroEthi (launched in June 2022), as well as Jemina and Riona for which we are conducting co-promotion activities. In addition, with the revision of guidelines, RIFXIMA has established its status as a standard agent for hepatic encephalopathy. As a result, we will further promote the dissemination and penetration of the agent. In addition, THYRADIN, which holds a domestic market share of over 90%, is an indispensable pharmaceutical in the medical setting. As a leading company in thyroid disease-related medicines, we will maintain a stable supply system and continue to engage in activities to raise awareness of thyroid diseases.

Ob/Gyn Pharmaceuticals by Life Stage



* Mainly in the Ob/Gyn field

❷ Endometriosis Treatment

Promoting the penetration of RELUMINA as a treatment for endometriosis

We launched RELUMINA in 2019 as the first oral GnRH antagonist agent for the treatment of uterine fibroids in 20 years. Since then, the switch from the standard injectable formulation of comparable drugs with similar efficacy is progressing steadily. In December 2021, it received approval for an additional indication as an endometriosis agent. We are working to promote the penetration of RELUMINA as a treatment for endometriosis as well as for uterine fibroid treatment with the aim of providing a new option in pharmaceuticals for endometriosis. In FY2022, sales increased significantly to ¥8,839 million (up 20.5% year on year). By accelerating the penetration of RELUMINA for the treatment of uterine fibroids and endometriosis, we plan to significantly increase sales to ¥10,128 million (up 14.6% year on year) in FY2023. In this way, we expect to achieve our target of over ¥10 billion for the final year of the current medium-term management plan ahead of schedule.

Note: Amounts are rounded down to the nearest million yen.

❸ Dysmenorrhea Treatments

Achieved No.1 share in the LEP market by selling DroEthi as the company with sole sales rights

The dysmenorrhea market is rapidly expanding due to factors such as women's advancement in the workforce and increased health literacy. In this area, we have three products in our lineup: FREWELL (authorized generic) and Jemina (a co-promotion with Nobelpharma), and DroEthi (a generic drug) launched in June 2022 for which we have the sole sales rights. As such we provide a range of options for people suffering from dysmenorrhea. The combined market share of the three LEP* formulations (pharmaceuticals) is 42.7%, and we expect this to continue to grow in line with market expansion. In addition to provision of pharmaceutical products, we also operate Health Lab Mint* for Women's health as an initiative to support women's health. We continue striving to contribute to women's health through dissemination of a variety of information.

* Low-dose estrogen/progestin combination

❹ Thyroid Disease Treatments

Domestic thyroid pharmaceutical market share of 95% with THYRADIN, MERCAZOLE, etc.

Abnormal thyroid function can cause a variety of physical and mental symptoms. Thyroid disease is a common disorder among women and said to be related to menstrual disorders and infertility. Through a wide range of activities to raise disease awareness among medical professionals and the general public, we are working to be able to identify patients in need of treatment at an early stage. In addition to activities to provide information, lengthening the administration period by extending life expectancy has also contributed to sales growth of roughly 2-3% each year. We will work to ensure stable supply through daily production, stocking, and business continuity planning (BCP) measures so that we can continue to deliver pharmaceuticals to patients even in the event of an emergency. In doing so, we will fulfill our mission as a leading company in the thyroid area.

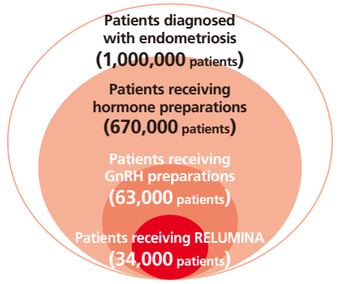
Note: Amounts are rounded down to the nearest million yen.

❺ Hepatic Encephalopathy Treatment

Contribution to unmet medical needs through RIFXIMA

Hepatic encephalopathy is a condition in which liver function is significantly reduced, which can give rise to psychoneurological symptoms such as loss of consciousness. It is a rare disease with fewer than 50,000 patients, and as such RIFXIMA is designated as an orphan drug. In addition, *the Clinical Practice Guidelines for Cirrhosis* strongly recommend RIFXIMA for treating hepatic encephalopathy. We are working to raise awareness of these guidelines with the aim of promoting the penetration of RIFXIMA. In June 2023, we additionally applied for dosage and administration approval for RIFXIMA as an agent for the treatment of hepatic encephalopathy in children. We will continue to address unmet medical needs so that we can contribute to society.

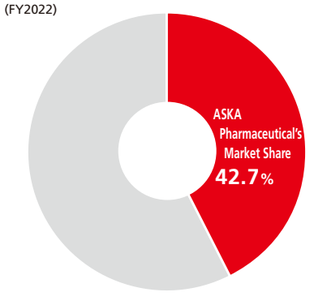
Reality of Treatment for Endometriosis



Source: Survey results by JMDC Inc. (March 2023)
Note: Estimation from electronic health insurance claims data

Product Share in the LEP Formulation Market

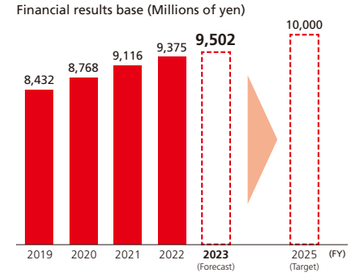
(FY2022)



Note: Estimated based on Encise data

Sales of Thyroid-Related Pharmaceuticals*

Financial results base (Millions of yen)



* THYRADIN, MERCAZOLE, PROPACIL

Business Conditions

6 Development Pipeline

In clinical development, four clinical trials are currently in progress. A Phase III trial is under way for LF111 (drospirenone), which is being developed for the indication of contraception. In September 2021, we started a domestic Phase I/II clinical trial for Relugolix (for which we have obtained exclusive development and sales rights in Japan from Takeda Pharmaceutical Company Limited) combination tablet (development code: AKP-022) for the treatment of uterine fibroids. In addition, after the completion of a Phase IIa clinical trial of AKP-009 (ludaterone acetate), which is being co-developed with Kyorin Pharmaceutical Co., Ltd., we conducted an additional Phase I clinical trial to confirm the maximum efficacy. We are carrying out another Phase I clinical trial to reconfirm the data based on the results. For TRM-270, which we are developing jointly with Toray Industries, Inc., we are currently conducting a Phase III clinical trial. In addition, a Phase II/III clinical trial for L-105 (rifaximin), for which we are seeking an additional dosage and administration approval for the treatment of hepatic encephalopathy (pediatric), has been completed and an application has been submitted to the regulatory authorities.

One theme we are pursuing in preparation for development is transnasal testosterone (AKP-017), for which we aim to begin clinical trials at an early date. In addition, we are pursuing several themes in the non-clinical setting through the acquisition of drug discovery seeds through open innovation in addition to our own technologies.

In terms of out-licensing and in-licensing activities during FY2022, in June 2022 ASKA Pharmaceutical signed a license agreement with Hyundai Pharm. Co., Ltd. concerning the development and commercialization rights in South Korea for the oral contraceptive drospirenone, which is currently under clinical trials in Japan.

In February 2023, we entered into a joint R&D agreement with Epsilon Molecular Engineering, Inc. (EME) for new drug creation of next-generation VHH antibodies in the Ob/Gyn area using EME's proprietary humanized VHH discovery platform "The Month." We will continue to expand our development pipeline by promoting drug discovery research activities.

R&D Status (As of August 2023)

Development code (generic name) / Indication		Research[1]	Non-clinical[1]	Phase I	Phase II	Phase III	Application	Approval
LF111 (drospirenone)	Contraception					Phase III ongoing		
(Option agreement)	PMS/PMDD[2] drugs under development at Renascience Inc.				Investigator-initiated Phase II ongoing			
AKP-022 (Relugolix combination tablet)	Uterine fibroids				Phase I/II ongoing			
Theme A	Ob/Gyn							
Theme B	Ob/Gyn							
TRM-270 (adhesion barrier)	Gastroenterology and Ob/Gyn					Phase III ongoing		
L-105 (rifaximin)	Hepatic encephalopathy (pediatric)						Filed	
Theme C	Internal medicine							
AKP-009 (ludaterone acetate)	Benign prostatic hyperplasia				Phase IIa completed[3]			
AKP-017 (transnasal testosterone)	Urology			Preparing development				
AKP-021 (mPGES-1 inhibitor agent)	Urology							

The reference to a cervical dysplasia agent has been deleted because a decision not to exercise the option was made.
1. Details of research are not disclosed because it is non-clinical. 2. PMS: Premenstrual syndrome/PMDD: premenstrual dysphoric disorder
3. After receiving the results of the additional Phase I clinical trial, we are again conducting a Phase I clinical trial to reconfirm the data.

Drug Discovery and Alliance Activities

Relugolix combination tablet (AKP-022), the successor product to RELUMINA as a treatment for uterine fibroids and endometriosis started domestic clinical trials

In July 2023, we started a domestic Phase I/II clinical trial of Relugolix combination tablet. By proposing the Relugolix combination tablet as a successor to RELUMINA, we expect to be able to offer a new option as an agent for the treatment of uterine fibroids (estimated number of patients in Japan: about 2 million). This formulation is a gonadotropin-releasing hormone (GnRH) receptor antagonist created by Takeda Pharmaceutical Company Limited. Treatment with Relugolix single tablet (RELUMINA) is effective due to its estrogen-lowering effects. However, since one side effect can be a decrease in bone mass, dosing for more than 6 months is generally avoided. Relugolix combination tablet contains estrogen to suppress the decrease of bone mass and progestin to suppress the growth of the endometrium caused by estrogen. We are developing it with the aim of enabling long-term treatment for more than 6 months.

7 Overseas Business Development

The International Business Division is working to develop our overseas business, particularly in Southeast Asia, a region where economic development is continuing. The new plant construction project (in compliance with PIC/S GMP Guidelines) with our strategic partner Hataphar, a Vietnamese pharmaceutical company, will be completed in August 2023. We are preparing to obtain PIC/S GMP certification by using the expertise the Group has accumulated through our domestic business. To achieve early operation and profitability of the new plant, we will actively carry out collaborative efforts between our two companies to further strengthen our framework for cooperation.

With regard to the marketing of our original health supplement in Jordan, in the Middle East, which we have been working on since 2021, we have submitted the export application to the relevant authorities in each country and are continuing activities to obtain approval and start sales at an early date.

Going forward, we will continue to boldly take on the challenge of expanding our overseas business to further improve our presence in the Southeast Asia region for the growth and development of the Company.



Illustration of the new plant in Vietnam

TOPICS

Establishment of the Femtech Business Promotion Unit

The term "Femtech," blending the words "female" and "technology," refers to products and services that use technology to solve various health issues that women face in their various life stages.

There are many focus areas within Femtech, including menstruation, pregnancy, infertility, childbirth, postpartum care, childcare, gynecological diseases, among other issues that women face, as well as items related to sexual wellness.

In Japan, although this domain has not yet been fully established, it has been attracting particular attention in recent years. In 2021, for example, the promotion of Femtech was specified for the first time in government documents such as the *Honebuto no Houshin* ("big-boned policies").

According to a research report (issued by the Ministry of Economy, Trade and Industry), into the effects (and related challenges) that changes in the way we work and live will have on the Japanese economy in the future, the economic effect of Femtech that facilitates women's participation in the workforce will be approximately ¥2 trillion/year as of 2025 (menstruation field: approx. ¥240.0 billion; pregnancy and infertility field: approx. ¥300.0-500.0 billion; menopausal field: approx. ¥1.3 trillion.)



Tomohito Nagao
Corporate Officer, Director of Femtech Business Promotion Unit
ASKA Pharmaceutical

For around a century since its establishment in 1920, ASKA Pharmaceutical has been devoted to supporting women's health, mainly by providing sex hormone agents. The Femtech Business Promotion Unit, which we newly established in April 2023, will use the knowledge and network cultivated in the Ob/Gyn field to offer options for solving women's health issues and concerns, which are becoming increasingly diverse and apparent.

Through our efforts in Femtech, we aim to broadly support women's health, to help as many women as possible improve their quality of life and play an active role in society, and to launch new businesses in this area.



Exhibited at the first Femtech Tokyo

Femtech Tokyo



Business Conditions

ASKA Animal Health

Aiming to be No. 1 in our area of expertise

ASKA Animal Health conducts its business based on the two pillars of veterinary pharmaceuticals and feed additives, in accordance with the corporate philosophy of "contributing to the creation of a society where people and animals can coexist by protecting animal health and food safety." In FY2022, in addition to a rise in COVID-19 cases due to the emergence of the Omicron strain, other events continued to affect social and economic activities, including rising energy costs due to Russia's invasion of Ukraine and soaring prices in international commodity markets. The above issues led to higher feed and material costs, directly impacting livestock, fisheries, and dairy industries in Japan. Furthermore, serious health-related livestock issues arose with sudden increases in the highly pathogenic avian influenza as well as classical swine fever, diseases that have been legally classified as highly contagious. To this end, as a company with a focus on veterinary pharmaceuticals, we must continue to work with relevant organizations to strengthen the livestock quarantine system. On the other hand, while we do expect to see higher demand for healthcare in the business environment related to companion animals due to increased longevity and the prevalence of testing and diagnostics, there are also concerns that dog ownership in Japan may not be much growth. Going forward, as well as the need to develop and provide advanced veterinary care, there will be an even greater need to create a society in which people and animals coexist in harmony. Amid these changes in the operating environment, we will continue to fully utilize our valuable products and industry-leading human resources to develop as a company that protects the health of animals and all those involved, including producers, veterinary professionals, and owners. In particular, we will continue to develop activities in FY2023 that will further our progress toward becoming number one in our area of expertise.

Fumiyoshi Yamaguchi
President, Representative Director
ASKA Animal Health

Main Products



Veterinary pharmaceuticals (PA[1])
PRID DELTA



Animal feed additives
L-isoleucine "ASKA"



Veterinary pharmaceuticals (CA[2])
TRILOSTANE TABLETS "ASKA"

1. PA: Production animal
2. CA: Companion animal

Strengths and Strategies

ASKA Animal Health is carrying out a range of strategies for contributing to animal health with a focus on veterinary pharmaceuticals such as PRID DELTA TRILOSTANE TABLETS "ASKA," and animal feed additives L-isoleucine "ASKA."

PRID DELTA ➡ Strength: Enables injection-free wave control during the estrus cycle of cows

PRID DELTA is an intravaginal progesterone agent that, in combination with estradiol benzoate, synchronizes the estrous cycles of cows. When inserted into the bovine vaginal tract, this agent causes the blood estradiol concentration to rise and then fall quickly, continuing to maintain a high level of progesterone concentration in blood. After the agent dissipates, progesterone levels rapidly decrease, which induces estrus. The 12-day vaginal implantation of this agent in cattle allows for injection-free wave control. This reduces the workload and costs for farmers, who face increasingly tough conditions amid factors such as the rising cost of feed. It also lessens the physical burden on cows. We are also carrying out activities through regular lectures and product webinars with the aim of educating veterinarians and farmers.

L-isoleucine "ASKA" ➡ Strength: Raises the sales volume of amino acids

L-isoleucine is an essential amino acid, and along with L-valine and L-leucine, it is also referred to as a branched-chain amino acid. It is often the case that feed for lactating pigs is deficient in this amino acid. Supplementation with other amino acids can improve reproductive performance, promoting the growth of piglets. This is especially true of first primiparous sows and multiparous breeds with large numbers of suckling piglets. We are working to promote penetration of this product in the market with the aim of increasing our overall sales volume of amino acids.

TRILOSTANE TABLETS "ASKA" ➡ Strength: A veterinary pharmaceutical that is gentle on dogs, providing peace of mind for humans

By inhibiting 3β-hydroxysteroid dehydrogenase, one of the enzymes involved in the biosynthesis of adrenal corticosteroid hormones, this tablet suppresses the synthesis of adrenal corticosteroid hormones in vivo, which improves various symptoms associated with hyperadrenocorticism (Cushing's syndrome). This new generic drug comes in three dosages, and as a small tablet that is easy to swallow for small dogs, which are popular in Japan. A film coating is applied to prevent veterinarians, veterinary nurses, and owners from absorbing the main ingredients through the skin or through inhalation. This safety feature is particularly important for women. Through collaboration both internally and externally, we are working proactively to raise awareness of this agent in the veterinary field.

TOPICS

Initiatives in the Areas of Livestock, Fisheries and Companion Animals

As part of our efforts in the areas of livestock and fisheries, we are carrying out various measures centered around our key product PRID DELTA with the aim of expanding our share in the breeding hormone preparation market. In March 2023, we held our PRID DELTA Webinar for the fourth time, receiving over 350 applications. We will continue holding webinars among other activities to provide information to our customers.

In the animal feed additives business, in addition to L-methionine, which is currently a leading driver of sales, we will work to increase amino acid sales by further promoting L-isoleucine, which was designated as a new animal feed additive by the Ministry of Agriculture, Forestry and Fisheries in FY2022. In the companion animal market, we will hold in-house training sessions that feature KOLs,* prepare informative materials, and further strengthen collaborations with other companies.

By doing this, we will further expand the market for new products, delivering product value broadly to the veterinary medical field. Although we have not disclosed our future development pipeline, we will continue using our accumulated strengths to expand our lineup of useful products, which support the health of animals.

* Key Opinion Leader (KOL): Doctors and professionals who have expertise and influence in the industry



The exhibit at the 14th West Japan Veterinary Forum (WJVF)

Business Conditions

ASKA Pharma Medical



We will contribute to the creation of a vibrant, healthy society through our unique technologies.

ASKA Pharma Medical specializes in the testing and diagnostics business based on the corporate philosophy of "contributing to the creation of a vibrant, healthy society through the latest measurement technologies." Utilizing the advanced technologies and abundant know-how we have cultivated to date, we will contribute to a wide range of fields, including basic research, clinical research, and diagnostics, with a focus on the measurement of steroid hormones and other bioactive substances.

Recently, with the rapid aging of society, extending healthy life expectancy has become an important issue. Preventive medicine, improving pre-symptomatic states, and self-medication are attracting attention as approaches to solving this issue. We believe that our proprietary high-sensitivity measurement technology can contribute significantly to the efficient implementation of these healthcare programs. In particular, the technologies that measure trace amounts from non-invasive, self-collectable samples, such as hair, saliva, and fingernails, can lower the hurdle to testing. This, we believe, can contribute to higher screening rates. At ASKA Pharma Medical, we are committed to using our strengths in high-sensitivity measurement technology to help create a vibrant, healthy society for the future.

Junichi Saito
President, Representative Director
ASKA Pharma Medical

Main Products

Nail stress hormone level test kit
Cortisol



Hair stress hormone level test kit
Cortisol



Hair hormone level measurement kit
Dihydrotestosterone



Hair hormone level measurement kit
Testosterone



Strengths and Strategies

ASKA Pharma Medical is using its highly sensitive measurement technology for endogenous hormones to develop business in areas such as Femtech and healthcare.

Strengths

- Unique high-sensitivity measurement technology using LC-MS/MS* (optimization of measurement conditions, separation and purification technology, and derivatization)
- Multi item simultaneous steroid hormone measurement
- Ultra-sensitive estrogen measurement
- Measurements using non-invasive samples

* Liquid chromatography-tandem mass spectrometry

Strategies

- Contract measurement of trace samples using high-sensitivity measurement technology (differentiation from other companies)
- Collaboration with related companies on high-sensitivity measurement technology
- Development of Femtech-related businesses using ultra-sensitive estrogen measurement technology
- Growth of the healthcare business through the development of a non-invasive measurement kit that enables self-collection of samples

TOPICS

Utilization of Highly Sensitive Measurement Technology for Endogenous Hormones

ASKA Pharma Medical is using its strengths in highly sensitive measurement technology for endogenous hormones to develop its healthcare business.

In the non-invasive testing business, which is based on high-sensitivity steroid hormone measurement technology, we launched the "Hair hormone level measurement kit—Dihydrotestosterone" in July 2021. The kit, which targets androgenetic alopecia, can measure hair hormone levels using a sample of only 1 mg of hair. In FY2023, we are looking to grow this business by expanding test items and increasing the types of samples that can be used (hair, saliva, and nails). In April 2023, we also launched the "Hair hormone measurement kit—Testosterone" that tests for male menopause. In July 2023, we launched the "Hair and nail stress hormone test kit—Cortisol" that tests for stress.

We are pursuing various initiatives for the future by applying proprietary technologies through open innovation. Among these, we are developing next-generation cancer screening tests through a business alliance with MiRTeL Co., Ltd. and collaborating with ASKA Pharmaceutical to participate in Femtech-related businesses.

Going forward, we will continue striving to serve the needs of all end users. Creating test kits in a wide range of fields, we will use open innovation to develop biomarkers that contribute to better healthcare for all members of society.



Measuring instrument LC-MS/MS

Human Resources

Basic Principles

A company must link its management strategy and human resources strategy to achieve sustainable value enhancement. As such, the Group is working to further reform its human resources strategy as it aims to become a total health care company with a strong foundation as a specialty pharma company.

Based on the belief that the Group's most important asset is its human resources, we regard our employees' skills and abilities as human capital. We aim to maximize this so that we can create value.

In terms of maximizing human resources, one of the seven strategies for laying the foundation for realizing Medium-Term Management Plan 2025 is to "Develop Human Resources to Realize Growth Strategies." To enhance each organization's specialty and ability to create, we are striving to develop and acquire human resources capable of responding to new businesses and changes in the business and social environment, and to create a working environment in which a diverse range of human resources, including women, career professionals, and seniors, can play an active role.

The Group strives to promote wellbeing by creating an environment that encourages a willingness to learn and respects diversity. We work to improve engagement by deepening mutual trust through dialogue between employees and management. We will continue carrying out various human resources measures aimed at nurturing employees who embrace change and personal growth autonomously. Our aim in doing so is to build an organizational culture that drives innovation by fostering diverse values and an entrepreneurial spirit.

Wellbeing

We believe that employees who feel happy in themselves can have a positive impact on their families and on society as a whole and can contribute to the creation of sustainable value. With this in mind, the Group is committed to creating a workplace environment that empowers employees to lead lives that are physically, mentally, and socially fulfilling.

Through various measures aimed at realizing the Group's organizational vision, we are creating an environment that responds to employees' willingness to learn, respects diverse values and encourages employees to embrace challenges, with the aim of realizing their wellbeing. In this way, we are fostering an organizational culture in which employees themselves seek change and grow.

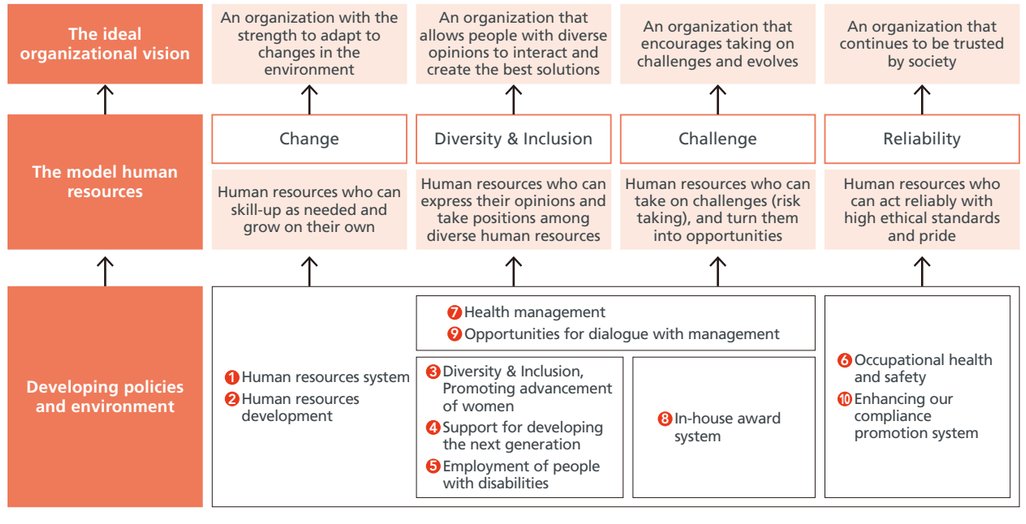
Employee Engagement

We believe that when employees can relate to our corporate philosophy, they will align also with our common vision and goals. Through their various roles, they will then independently develop initiatives that promote innovation. Based on this idea, the Group actively creates opportunities for communication with management, fosters awareness of diverse values and challenges, and improves the workplace environment and employee engagement.

We have set indicators for employee engagement, consisting of "vitality, enthusiasm, and immersion" in work, and for mental toughness, which focuses on the "ability to solve problems" when faced with difficulties.

Since FY2021, the Group has conducted an engagement survey of all employees, which we use as a vehicle for taking in direct feedback from employees. We aim to foster an organizational culture in which employees and management build relationships of mutual trust, working together to drive innovation.

• ASKA Pharmaceutical Holdings Human Resources Strategy and Measures



Developing Policies and Environment

❶ Human resources system

To realize the growth strategy set forth in the medium-term management plan that began in FY2021, ASKA Pharmaceutical, which plays a central role in the Group, introduced a human resources system in April 2021 aimed at maximizing human capital.

In this system, as a measure to strongly promote the achievement of the medium-term management plan, we have introduced role transition rules and role-based compensation (single rate) based on the clarification of roles to further evolve the existing role grading system. In addition, we established evaluation meetings to ensure evaluations are transparent and fair, and to develop human resources through feedback, while constantly optimizing the system.

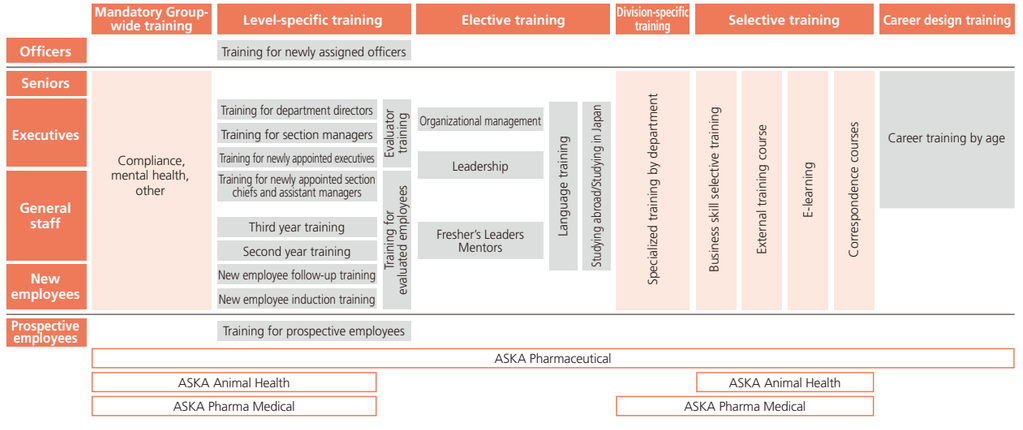
❷ Human resources development

In addition to our human resources system, which empowers all employees to maximize their individual abilities, we have put in place training programs linked to the system. These programs are designed to enable employees to learn anew and grow autonomously as the environment changes.

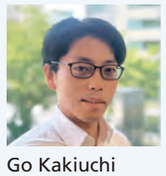
Specifically, in addition to mandatory Group-wide training and level-specific training, we offer a variety of other programs including elective training programs for developing the next generation of management leaders; career design training for female employees (selective training) to foster awareness of the promotion of women's advancement and to drive implementation; and talk sessions for promoting gender diversity. Furthermore, based on the idea of a "self-career dock system" (self-guided career development), the Group provides career design training for each age group (35, 45, and 55 years old). We also provide opportunities for consultations with external career consultants, thereby supporting independent career development. As such, we have also created an environment that supports all employees in their desire to learn. We offer selective training that employees can take voluntarily and an e-learning system that allows them to participate regardless of time and place. In this way, we promote an attitude of autonomous growth and a willingness to take on challenges in response to change.

Furthermore, ASKA Pharmaceutical helps employees advance their careers in their current posts and has also introduced inter-departmental job rotation and an in-house recruitment system to promote career change based on enabling employees to transfer to various other roles.

• Education and Training Structure of ASKA Pharmaceutical Holdings



VOICE



Go Kakiuchi
Section Manager
System Department
Group Business Management Division
ASKA Pharmaceutical Holdings

An environment that encourages a willingness to learn

Through initiatives such as the book summary app and the e-learning system provided to all employees, I feel that we have created an environment that responds to the desire to learn and has led to my own growth and the growth of those around me, as well as the formation of a new community. While continuing my own learning, I nurture my staff and encourage them to take on many challenges. In this way, I contribute to the realization of the Company's vision and goals.

❸ Diversity and Inclusion

The Group believes that it is important to respect diverse values in order to achieve sustainable growth and increase corporate value. By building a diverse organization that is not bound by attributes such as gender, age, nationality, or race, and fostering a corporate culture in which all employees can play an active role, we will be able to drive new innovations and achieve sustainable business growth.

Promoting advancement of women

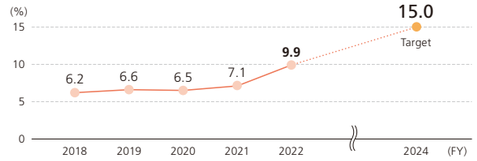
We set an index for the ratio of women in management positions (central roles in management), and we are developing female managers by expanding the range of job opportunities, creating a rewarding workplace, promoting diverse and flexible work styles, and enhancing training programs so that women can broadly demonstrate their abilities according to their own desires. ASKA Pharmaceutical has set a target of 15% for its percentage of female managers by the end of FY2024 and is working to foster a workplace environment where women can fully demonstrate their abilities and play an active role. As a result of these efforts, the percentage of female officers and female managers has been increasing year by year. The percentage of female managers was 9.9% as of the end of FY2022.

ASKA Pharmaceutical: Action Plan for Promoting the Advancement of Women

Plan period: Five years from April 1, 2020 to March 31, 2025

1. Set the target percentage of female managers at 15%
2. Implement specific initiatives to promote the health of women
3. Offer diverse and flexible work styles to enhance the work-life balance

• Percentage of Female Managers among Full-Time Employees of ASKA Pharmaceutical



• Percentage of Female Board Members (Members of the Board of Directors and Audit & Supervisory Board Members) of ASKA Pharmaceutical Holdings Co., Ltd.

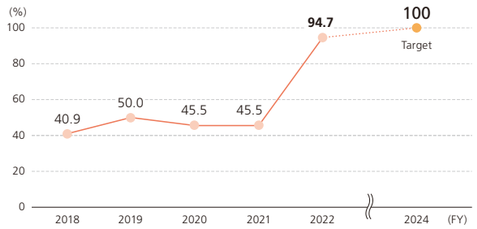
	June 2021	June 2022	June 2023
Percentage of women	10.0%	16.7%	16.7%

❹ Support for developing the next generation

The Group considers the creation of an environment in which the children of the next generation can be born and raised in good health to be one of the issues that society must address, and is promoting efforts to balance work and child rearing. 100% of our female employees have returned to work after taking childcare leave, and the Group has created an environment in which they can raise their children with peace of mind. For male employees, we have set a new target of 100% childcare leave utilization, which we are promoting throughout the Group. As a result, the rate had increased to 94.7% as of the end of FY2022. Going forward, we will also focus on in-house training, such as correcting assumptions about role sharing based on gender differences, in order to improve the number of days taken for childcare leave.

The entire Group supports employees who are raising children, and all employees participate in society's efforts to support the development of the next generation by deepening their understanding of gender bias correction.

• Male Childcare Leave Utilization Rate at ASKA Pharmaceutical



Note: Percentage of male employees whose spouses gave birth during the fiscal year who took childcare leave

❺ Employment of people with disabilities

The Group strives to create a workplace environment in which all people, regardless of whether or not they have disabilities, can work with vigor and enthusiasm. ASKA Pharmaceutical has set a target of 2.3% for the employment rate of persons with disabilities. By working together, we are striving to share new discoveries and knowledge and to foster a culture of mutual recognition.

We aim to be a group where all human resources can maximize their abilities and feel a sense of fulfillment as they work toward the realization of an inclusive society.

❻ Occupational safety and health

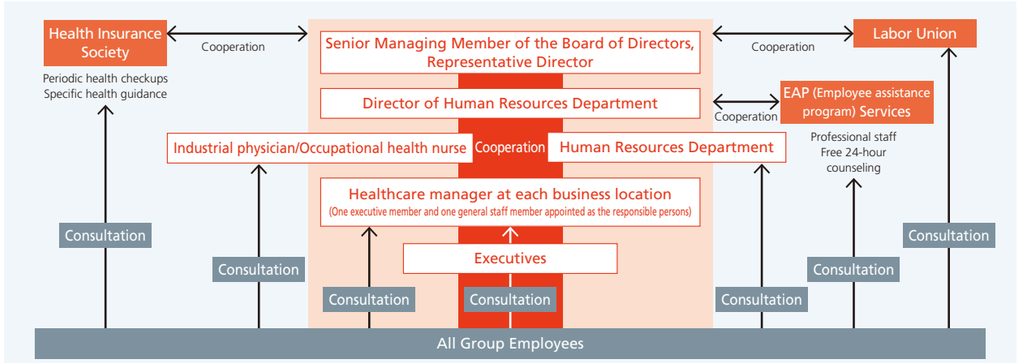
The Group is committed to occupational safety and health, placing the highest priority on workplace safety and physical and mental health. In response to these issues, ASKA Pharmaceutical has established a safety and health management system at the Shonan Research Center, Iwaki Factory, and at its head office and each of its sales offices, and holds regular Safety and Health Committee meetings. The Safety and Health Committee monitors long working hours, conducts workplace safety inspections and other safety and health-related risk checks, and implements corrective and preventive measures on a monthly basis. To prevent accidents and disasters, as well as to minimize damage should those events occur, each business location has established emergency response procedures and conducts periodic drills.

We continue to provide accurate information about safety and health for each employee to internalize and act upon as we work to create a workplace environment where employees can work comfortably and with peace of mind. In addition, various safety and health-related discussions held between labor and management are useful for improving the workplace environment and working style.

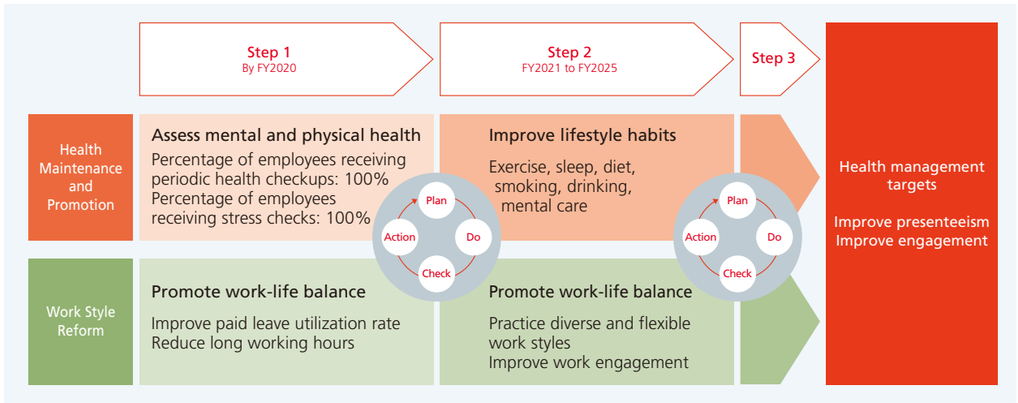
❼ Health management

The Group sees human resources as the driving force that advances our business activities based on our corporate philosophy. We consider the mental and physical health of all employees from a managerial perspective, aiming to maintain a balance between health management and work style reforms. In this way, we aim to further improve productivity and creativity and become a company that grows sustainably.

• Health Management Promotion Structure of ASKA Pharmaceutical Holdings



• Health Management Goals of ASKA Pharmaceutical Holdings



The Group has established and is working toward goals tailored to the health-management stage of each Group company. In particular, in terms of understanding employee's mental and physical health, which is the foundation of health management, we maintain a 100% regular health checkup rate and a 100% stress checkup rate for the entire Group.

ASKA Pharmaceutical is working to promote improvement in lifestyle habits and improvement in work-life balance based on respect for diverse values, and has set numerical targets for these efforts for the years up to FY2025.

We are also enhancing our social contribution activities through health-related initiatives by linking the identity that the Group has cultivated to date with health management. Through a continual process of evolving and deepening, we will promote health management from various angles so that employees, organizations, and society as a whole can share happiness that has the value of health.

A Work Style in Which Diverse Values are Respected

ASKA Pharmaceutical has introduced various systems to support the diverse work styles of employees. In 2019, it introduced a flex-time system for all offices except for discretionary workers and Iwaki factory workers. In 2020, it introduced a full-flex-time system with no core hours for even greater flexibility. Various other systems have been introduced, such as an hourly annual leave system, reduced schedules and time-differentiated work, work from home, and remote work, allowing employees to choose work styles that suit their diverse values. This high degree of flexibility improves employees' self-management ability and fosters a workplace culture in which they can grow and challenge themselves.

VOICE



Yusuke Suzuki
Section Manager
Clinical Development Department
Development Division
ASKA Pharmaceutical

Use of work-from-home system and full-flex-time system

I instruct my staff to work remotely or come to work, based on productivity and efficiency considerations and through discussion. In addition, employees are taking advantage of the full-flex-time system and voluntarily choosing their working hours.
I feel that these factors have helped foster an awareness of results and self-management skills, contributing to a higher level of engagement.

⑧ In-house award system

The Group has established a system (the Group Award System) aimed at fostering a sense of unity and improving motivation within Group companies. Various challenges and achievements, such as cultural and social contributions, are selected from throughout the Group, and the President of ASKA Pharmaceutical Holdings personally presents the awards. Each Group company also has its own award system aimed at increasing employee motivation. The president of each company personally presents awards to employees for their achievements, rewarding their initiative and ingenuity.

⑨ Opportunities for dialogue with management

The Group actively provides opportunities for dialogue between employees and management. ASKA Pharmaceutical aims to ensure that all people involved in the company, not just employees, respect each other's diverse values so that it can become an organization that creates optimal solutions and innovation. To this end, it provides the following opportunities for dialogue to improve employee engagement.

• Dialogue with Management in FY2022 (ASKA Pharmaceutical Co., Ltd.)

	Takashi Yamaguchi (Member of the Board of Directors, Representative Director, Chairman of the Board)	Atsushi Maruo (Member of the Board of Directors, Vice Chairman of the Board)	Sohta Yamaguchi (President, Member of the Board of Directors, Representative Director)	Overall
Number planned	3	6	8	9
Number held	7	17	74	98

• Details of Dialogue with Management in FY2022 (ASKA Pharmaceutical Co., Ltd.)

	Name	Target	Content	Number of times
Dialogue with employees	Town Hall Meetings	All employees	Held with the aim of instilling the management vision among employees. The President directly explains topics such as the Group's vision, progress on the medium-term management plan, and business execution policies to employees, and answers their questions.	13
	Roundtable Meetings	Employees ranging in age from their 20s to their 40s, selected from each division	Held with the aim of shortening the distance between employees and management and improving employee engagement. These meetings are an open forum for top management to hear the thoughts and opinions of employees and for employees to directly hear the thoughts and messages of top management. 	18
	1 : 1 Meetings with the President	Department directors, etc.	Held with the aim of sharing information and strengthening collaboration between the department directors and management. This is an important initiative for delivering management strategies to each organization in greater depth and ensuring its implementation. It also contributes to strengthening leadership and improving the performance of the entire organization.	Irregular
	Dialogue with management in selective training	Selected training participants	Held with the aim of cultivating the next generation of leaders who will be responsible for the future ASKA Pharmaceutical Holdings. By directly sharing the company's vision and expectations of each role, we aim to boost motivation and demonstrate leadership with a willingness to take on challenges.	1
Dialogue with the labor union	Workplace talk sessions	Labor union officers (all central committee members and central executive committee members belonging to each branch)	Held with the aim of promoting discussion and deliberation between labor and management on the theme of the working environment and work styles at each workplace (branch).	1
	Labor-management meetings	Labor union central executive	Held with the aim of improving working conditions and developing the company. These discussions cover working condition requirements, the working environment (safety and health aspects), and the company's management and productivity. They help build a good relationship between labor and management by promoting communication and deepening mutual understanding.	2

VOICE



Haruna Wakatsuki
Endocrine Business Unit
ASKA Pharmaceutical

Opportunities for dialogue with top management at roundtable meetings

Through the opportunity to communicate with top management at the roundtable meeting, I was impressed by their aspirations for the thyroid area. It reminded me of the company's special mission. I am proud when I realize that my role in the organization will lead to the proper treatment of many patients. I will continue to take pride in my daily work.

⑩ Group compliance promotion structure

We have established a department to promote and support compliance within each Group company and developed the necessary internal systems, and rules and regulations. The structure we have created facilitates the prompt handling of cases, the formulation of measures to prevent violations, and other measures. This means that officers and employees can engage in corporate activities with peace of mind.

To increase our employees' awareness of compliance, we are conducting compliance education for each job level while working to grasp the level of employee awareness through questionnaire surveys and to identify points for improvement.

In FY2022, drawing on the results of the compliance awareness survey, we worked for more thorough compliance by gaining a greater understanding of the current situation, identifying problems, and conducting training and problem solving based on actual conditions. The Group Compliance Promotion Committee has been established to supervise the Group's efforts toward recognizing and responding to risks that could have a significant impact on Group management and promoting a compliance system that thoroughly complies with laws and corporate ethics. ▶See page **50** for details.

R&D for Sustainable Growth

In this section, we deliver messages from the heads of three different divisions. These divisions focus on R&D that furthers growth at ASKA Pharmaceutical, the core of the ASKA Pharmaceutical Holdings Group.







Aiming to be an organization with the competitive strength to respond to change

The role of the Development Division is to ensure the efficient implementation and quality of clinical trials, and to obtain approval from the government as quickly as possible. In recent years, multiple clinical trials are in progress simultaneously, leading to stronger demands for greater efficiency while maintaining quality. Therefore, for us to grow into a competitive organization, each of us must raise our level of specialization.

Amid rapid changes in the environment, there are also signs of a change in trial methods as various digital technologies are adopted. In the field of Ob/Gyn, the Development Division has managed to advance to Phase III clinical trial for endometriosis by using ePro.* This system provides a digital record that ensures the reliability of data, enabling the quick delivery of pharmaceuticals to patients suffering from endometriosis.

Social attitudes to issues affecting women are changing, and as the division responsible for development in a leading company in the field of Ob/Gyn, we aim to develop innovative pharmaceuticals that will improve the health and quality of life of women.

* ePRO (electronic Patient-Reported Outcome): A system that enables monitoring of patient/subject information in real time

■ Overview of the Development Division and its initiatives

The Development Division comprises the Development Planning Department, which formulates clinical development strategies, and the Clinical Development Department, which conducts clinical trials in line with those strategies. These departments work together to assess the efficacy and safety of developed products with the goal of delivering effective pharmaceuticals to patients as quickly as possible.

We are developing a number of products that are in various stages of the pipeline. In the Ob/Gyn field in particular, a contraceptive that is expected to reduce the risk of thrombosis, an issue with existing contraceptives, has advanced to Phase III, the final stage, while an agent for uterine fibroids that can be administered long term will begin Phase I/II clinical trials. Going forward, we will continue to develop pharmaceutical products that contribute to the health of women.



Masaya Takanashi
Corporate Officer
Division Director,
Development Division
ASKA Pharmaceutical

Using flexible and new ideas to tackle the challenge of introducing products and optimizing value

Currently, there is an emphasis on health management that leads to improved productivity and corporate performance, while at the same time addressing important women's health issues and creating a society in which women can work comfortably. ASKA Pharmaceutical is committed to solving women's health issues by delivering effective pharmaceuticals, such as those for endometriosis and dysmenorrhea. Women's health issues vary significantly at each life stage—from childhood, puberty, and sexual maturity through to menopause. For this reason, women require comprehensive support in addition to measures targeting certain diseases.

Women's place in society is changing, and there is also a need to consider diversity and individual differences.

The mission of the Business Development Division is to contribute to the medium-to long-term growth strategy by optimizing the Company's portfolio and enhancing the value of its assets. In continuously delivering valuable products, whether they are developed in-house or by other companies, and to respond to diverse needs and changes, we strive to stay one step ahead each day, and will examine our challenges from multiple angles with a fresh and flexible mindset.

■ Overview of the Business Development Division and its initiatives

The Business Development Division comprises the Medical Affairs Department, the Business Development Department, and the Portfolio Management Department. It focuses on forging ASKA's future through initiatives such as (1) optimizing product value by building knowledge, (2) acquiring new products through licensing and alliance activities in Japan and overseas, and (3) optimizing the portfolio by strengthening the field of Ob/Gyn and planning strategies for new fields.

In March 2023, we established a corporate venture capital (CVC) fund. With this initiative, we will accelerate open innovation with start-ups and other companies and sow the seeds for commercialization, including in the peripheral area of prescription pharmaceuticals known as "around the pill," as we work to offer solutions to women's health issues.



Junko Komatsu
Corporate Officer
Division Director,
Business Development Division
ASKA Pharmaceutical

The challenge of cutting-edge drug discovery research through the promotion of open innovation

I was appointed as a Division Director of the Innovative Drug Discovery Division in July 2023. After working in drug discovery research at a major pharmaceutical company, I launched a drug discovery venture company and managed its research laboratory. I have also been involved in drug discovery through various roles, including working at university departments in industry-academia partnerships. I will fully apply my experience in drug discovery and use the network I have built up to create innovative products.

To realize ASKA Pharmaceutical's goal of "Contributing to women's health," the Innovative Drug Discovery Division focuses on discovering drugs for diseases specific to women, such as menstruation-related diseases, endometriosis, infertility, and menopausal disorders. By combining new technologies using open innovation with the experience in endocrine hormone research that we have accumulated over the years, we will drive major innovations. I will lead our researchers as a team as we conduct our drug discovery research so that we can create a society in which women can thrive.

■ Overview of the Innovative Drug Discovery Division and its initiatives

At Shonan Health Innovation Park, the Innovative Drug Discovery Division carries out research to create new drugs to treat diseases specific to women so that women can be healthy at each stage of their lives. For this reason, we strive to seek out opportunities to communicate with obstetricians and gynecologists so that we can understand the true unmet medical needs of patients. We also actively promote open innovation by engaging with other tenants at Shonan Health Innovation Park, as well as partners from industry, government, and academia. By integrating ideas and technologies obtained through these collaborations with our own technologies, we will create innovative new drugs through new perspectives.



Shuzo Watanabe
Division Director,
Innovative Drug Discovery Division
ASKA Pharmaceutical

Reliability Assurance

Message from the Division Director of the Quality & Safety Assurance Division

In Japan, women now account for approximately 45% of the workforce as more and more women have taken on greater and more fulfilling roles in society. In addition, as society enters an era of 100-year lifespans, the social environment that people find themselves in, especially women, is constantly changing. Supporting women's health is vital as they go through life events such as pregnancy, childbirth, and childcare, in addition to helping them continue to live and work with greater meaning regardless of their age. Each of our employees has a sense of personal pride, and as a company we strive to achieve our aim of ensuring proper manufacturing, reliable quality, and correct use of the Company's pharmaceutical products, so that all people, not just women, can lead vibrant and healthy lives.



Maiko Mori
Member of the Board of Directors, Executive Corporate Officer, Division Director of Quality & Safety Assurance Division
ASKA Pharmaceutical

Basic Principles

The Quality & Safety Assurance Division of ASKA Pharmaceutical is responsible for ensuring compliance with the Law on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices and other laws and ministerial ordinances, as well as the Good Quality Practice (GQP), and the Good Vigilance Practice (GVP) standards, ensuring the quality and safety of our pharmaceutical products, and supporting a stable supply. We carry out our responsibilities based on high ethical standards and a sense of mission so that medical professionals and patients can use our pharmaceuticals with confidence and peace of mind. Our basic policy is to ensure that our pharmaceuticals are manufactured correctly, and to provide information on the proper use of our pharmaceuticals, and as such, contribute to medical care.

Reliability Assurance Initiatives

Japan relies on other countries for many raw materials, including active ingredients. Now, more than ever, we need to strengthen our relationships with overseas manufacturing plants and partner companies so that we can continue to provide a stable supply of pharmaceuticals with the same quality and safety assurance levels that we have always done. ASKA Pharmaceutical complies with all laws and regulations and promotes the strengthening of quality systems, safety measures, and proper use of its products. At the same time, we maintain close collaboration between the three officers within the Marketing Authorization Holder of Medical Products and relevant divisions. The Quality & Safety Assurance Division undertakes various initiatives to keep up with the latest developments with the aim of achieving continued growth. As such, it is refining its expertise and information-gathering capabilities, improving its communication and problem-solving skills, as well as its ability to operate effectively in the English language with the aim of forming win-win relationships with overseas manufacturing plants and building and developing organizations and human resources trusted by all partner companies.

For details, please visit our website.
https://www.aska-pharma-hd.co.jp/english/csr/social/#anc6

Sales

Message from the Division Director of the Sales Division

The Sales Division covers all of Japan (six regional departments), employing approximately 200 medical representatives (MRs). It provides information to physicians and pharmacists who are at the forefront of medical care to ensure that ASKA Pharmaceutical products are used properly. In addition, the company's head office supports the activities of MRs by providing promotional strategies for each product and MR support information systems. Even when business activities were constrained during the COVID-19 pandemic, we made every effort to maximize product potential by utilizing a three-pronged approach that effectively fused digital and real-world activities. We are committed to building the best sales force that can meet medical needs by 'One Step Beyond' efforts from now on as well.



Yutaka Kaihori
Member of the Board of Directors, Executive Corporate Officer Division Director of Sales Division
ASKA Pharmaceutical

Pharmaceutical Information Provision Activities

Obstetricians, gynecologists and co-medical staff support women's health, which is vital for women's success. To deliver necessary information in a timely manner, ASKA Pharmaceutical is developing a hybrid approach that blends online and in-person interviews between MRs, academic staff, and the head office marketing department. We have been holding an increasing number of seminars co-sponsored by academic societies and lectures that are also held in a hybrid way. We are also working to create opportunities for online participation in various lectures across the country, for which medical professionals have shown strong appreciation. ASKA Pharmaceutical will continue working to deliver the information that obstetricians and gynecologists need, including information on the proper use of our products. In doing so, we will help bring about a society where women thrive.



Activities of Health Lab Mint+ for Women's health —— Knowing yourself, is protecting yourself

The key message of Health Lab Mint+ for Women's health is "Knowing yourself, is protecting yourself." The website "Health Lab Mint+ for Women's health" is a public service that provides women with accurate information about their bodies and health: https://www.aska-pharma.co.jp/mint/ (Japanese version only).



Disseminating Women's Health Information through the Mint+ Website

The Mint+ website is overseen by specialist physicians and other experts. It provides easy-to-understand explanations ranging from basic knowledge of women's bodies to changes in their physical condition accompanying hormonal changes at each life stage, and information on diseases specific to women. We also provide tips for women with a food-based approach to help them lead healthy everyday lives. We strive to pick up broadly on concerns that women have about their bodies that they tend to keep to themselves and on disorders or worries they cannot put into words. We work to provide information and refine our content in the hope that we can alleviate women's anxieties by conveying accurate information and to be a pillar of support for them to lead healthy lives.

Activities of the Project to Promote Women's Health Starting from Food



We are working to further develop activities to help more women lead healthy and fulfilling lives amid a growing interest in women's health issues and the increasing importance of food. In September 2021, we launched the Project to Promote Women's Health Starting from Food with ABC Cooking Studio Co., Ltd.'s ABC HEALTH LABO. As part of this project, we offer online seminars in which doctors and other experts explain women's health issues. These explanations are supported by nutritionists who present information on nutrition and give demonstration lessons for cooking with ingredients (nutrients) that help relieve certain symptoms. In FY2022, we held two seminars, on the topics of the thyroid and menstruation, respectively.

Exhibited at Femtech Tokyo

Together with ASKA Pharma Medical, we exhibited at the first Femtech Tokyo exhibition (Date: October 20-22, 2022, Venue: Tokyo Big Sight, Organizer: RX Japan Ltd.). The event showcased Femtech and Femcare products and services that can help resolve issues at the various life stages of women. For Mint+, we introduced activities that support women's health by disseminating accurate information about women's bodies and health.

Activities for the Younger Generation

Mint+ teens website

Mint+ teens, launched in August 2021, provides teenagers with information about changes in physical condition related to female hormones. The website includes videos that are set in a high school and feature the story of four students attending a special class taught by Teacher ASKA. The videos address real questions and concerns of high school girls, aiming to deepen their knowledge about their bodies and female hormones. The website is also enriched with illustrated content that provides easy-to-understand explanations related to physical care, questions, and concerns.

Launch of Mint+ teens Instagram account

In March 2023, we launched a Mint+ teens official Instagram account as a new point of contact with teenagers. The account shares information on the physical changes associated with hormonal changes, in line with teenagers' school life and events. We provide an accessible and trustworthy resource for high school girls by sharing accurate information to alleviate their anxiety.



Sponsored the Comprehensive Sexual Education Project

We sponsored the Comprehensive Sexuality Education Project, an initiative promoted by the Asahi Gakusei Shimbun Company and Dentsu Inc. aimed at creating opportunities for elementary and junior high school students and their parents to obtain accurate information about sex (sexual education). For Mint+, we held an online seminar for elementary school students and their parents that introduced the topic of menstruation. Dr. Kuniko Tsukada, Director of Atlas Ladies' Clinic, gave an easy-to-understand explanation of the changes in the bodies of boys and girls, the changes that occur until women have a baby, and how to safeguard one's own body.

Distribution of health and physical education supplementary materials for high school students

In 2023, we published health and physical education supplementary material for high school students entitled *High School Students "Now" – The Female Body: What You Should Know.* We distributed this to educational institutions nationwide as a sex-education resource to provide students with accurate information about menstruation and contraception.

Messages from Outside Directors

With a focus on the sustainable growth of ASKA Pharmaceutical Holdings, we present messages from three Outside Directors. They provide insights from their professional and objective perspectives, as well as their expectations for the future of the Group.



Working for women's well-being

Yasunori Yoshimura
Member of the Board of Directors, Outside Director
ASKA Pharmaceutical Holdings

People are born, grow up, mature, raise children, grow old, and their lives eventually come to an end. In recent years, women's roles in this lifecycle have undergone major changes. A growing number are choosing to build careers. And as more women enter higher education, they are delaying marriage and having children later in life. These trends, combined with the fact that a growing number of women remain single, have led to a decline in the birthrate. As the social landscape for women changes, so too does the nature of the health issues they face, and addressing those health issues is becoming increasingly important. In a society with an extremely low birthrate, and one with a declining working-age population, there are high expectations for women to play active roles. Companies need to provide environments and foster cultures in which women can work comfortably. As we are a flagship company for women's medicine in Japan, it is more important than ever that we consider the life and career plans of women and provide supportive working conditions. We must put the principles of healthcare into practice on our own so that we can improve productivity.

Providing opportunities for women to play an active role in the Company leads to innovation, revitalization of the organization through reforms in work styles, reduction in corporate risks through diversity, and improvement in corporate value. Diversity is vital not only in terms of fairness but also for promoting corporate growth and technological innovation. Recognizing this, we will fulfill our responsibility to incorporate the concept of "Co-creation" into our management perspective. This concept means generating things that contribute to the future by cooperating with a diverse group of stakeholders.

Contributing to women's health by learning from overseas Femtech projects

Minoru Awabayashi
Member of the Board of Directors, Outside Director
ASKA Pharmaceutical Holdings



A passive approach to growth is not an option for ASKA Pharmaceutical Holdings or many other Japanese companies in this era of declining birthrates and aging populations. "Vertical expansion" is limited to current products and the domestic market. A second, perhaps more effective strategy for growth is "Horizontal expansion." This would include adding new products and services to the existing customer base or expanding the sales channels of existing products in specialized fields to overseas markets.

One of ASKA Pharmaceutical Holdings' missions is to contribute to women's health and medical care using its long-standing relationships of trust and its network with obstetricians and gynecologists. To this end, it is also important to add new and outstanding products and services in this field. As an Outside Director with expertise in identifying and introducing new overseas businesses, I will help create a mechanism for gathering new business opportunity information. When the Company analyzes and judges the information gathered, it is my mission to offer business advice while leaving technical judgments to the experts.



Toward further sustainable growth

Yasuji Enokido
Member of the Board of Directors, Outside Director
ASKA Pharmaceutical Holdings

The two main focuses of ASKA Pharmaceutical Holdings are women's empowerment and animal welfare. By quickly identifying the trends of these two focuses, and allocating management resources appropriately, ASKA has continually achieved sound business growth. In the future, people's awareness of social issues will deepen further, and stakeholders will assess companies more strictly. With this in mind, I am committed to making sound business decisions while constantly raising and answering the simple questions, "Is this good or bad for society? Is it right or wrong?" The business environment is also changing dramatically as technology evolves. As industry and country boundaries continue to diminish, it is increasingly crucial to adopt a forward-thinking strategy. This entails focusing on monitoring technological trends like AI and quantum computing, while actively pursuing international expansion. I recognize that a key role of Outside Directors is to oversee the development and implementation of strategies from a broad perspective, and to develop human resources and organizations to achieve these goals. I am determined to fulfill my duties with this overarching perspective in mind.

Corporate Governance/Compliance/Risk Management

ASKA Pharmaceutical Holdings (the "Company") aims for sustainable growth and improvement of corporate value over the medium to long term for itself and its Group companies and is continuously working to build and strengthen the best and most effective corporate governance structure as the basis for achieving this aim.

Basic Principles

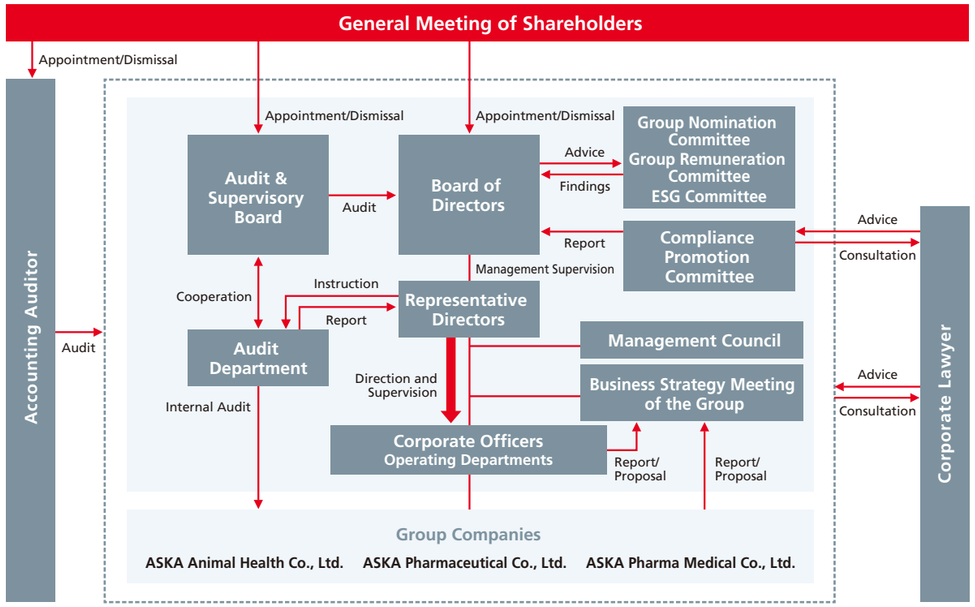
We always pursue and continually work to maintain the best corporate governance in line with the following basic principles.

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

The full text of the Basic Principles is available on the Company's website.
https://www.aska-pharma-hd.co.jp/english/invest/governance/#anc1

Corporate Governance Structure

Under the Company's corporate officer system, Corporate Officers execute business and members of the Board of Directors concentrate on management and supervision functions.



Board of Directors

The Board of Directors meets basically once a month and also holds special meetings as needed. It makes decisions on business execution policies and other important matters concerning business operations and supervises the execution of business operations.

Key Items Discussed by the Board of Directors

- Important management agreements
- Disposition of important Company property
- Personnel change
- Organizational revision
- Compensation for Board Members
- Accounts and budget, General Meeting of Shareholders
- Work rules and corporate regulations
- Projects related to Group companies

Management Council

Management Council meetings are held basically once a month to deliberate/make decisions on management-related issues, and to examine important issues including management policies and strategies.

Business Strategy Meeting of the Group

To ensure the appropriateness of business operations, the Company has established a supervisory department responsible for managing Group companies in an integrated manner. The Company also holds the Business Strategy Meeting of the Group four times a year to share information.

Group Nomination Committee and Group Remuneration Committee

The Group Nomination Committee and Group Remuneration Committee have been established as advisory committees independent from the Board of Directors in order to enhance the fairness and objectivity of the deliberation process regarding the nomination and compensation of Board Members.

Each committee is composed of representative directors, senior managing members of the Board of Directors or higher with special titles, and Outside Directors. The majority of committee members are Outside Directors, and the committee is chaired by an Outside Director to ensure independence.

Key Items Discussed by the Group Nomination Committee and Group Remuneration Committee

Group Nomination Committee:

- Discussion on the procedures for the election of directors
- Decision on the contents of the report to the Board of Directors

Group Remuneration Committee:

- Identifying issues and items to consider for remuneration for Board Members and exchanging opinions
- Discussion on the amount of remuneration for Board Members
- Decision on the contents of the report to the Board of Directors

Auditing Structure

We have adopted a company with an Audit & Supervisory Board structure in order to audit the execution of duties by members of the Board of Directors from a standpoint independent of the Board of Directors. The Audit & Supervisory Board, consisting of four members including two outside Audit & Supervisory Board members, meets once a month in principle to discuss and resolve important matters related to audits and to confirm matters to be discussed at Board of Directors meetings in advance.

For external audits, the Company has concluded an audit and quarterly review contract with Seiyo Audit Corporation as its accounting auditor.

For internal audits, we have established an Audit Department, which conducts audits of Group companies from a fair and independent standpoint. Furthermore, the Audit Department evaluates the status of internal control systems regarding financial reporting and its operation.

Outside Directors

We appoint at least two independent Outside Directors to the Board of Directors. They satisfy the Standards for the Independence of Outside Directors and provide guidance and advice to our management as appropriate utilizing their wealth of independent insight and knowledge.

Currently, we believe we have established an optimal governance structure with three independent Outside Directors as members of the Board of Directors.

ESG Committee

The ESG Committee has identified 11 material issues from the perspective of relevance to the Group's business and social contribution, and it has established a Company-wide action plan and KPIs for each of them. In particular, we believe that contribution to women's health and contribution to animal health are two material issues that are characteristic of our business and in which we can demonstrate our strengths and originality.

▶See pages **16-17** for details

In addition, we consider climate change issues to be one of the management issues that affect our business, and we disclose information on climate change in line with TCFD recommendations.

As a company involved in life-related issues, and as a member of society and the community, the Group broadly contributes to society by promoting ESG (environmental, social, and governance) initiatives, thereby contributing to the achievement of the SDGs (sustainable development goals).

Evaluations of the Effectiveness of the Board of Directors

To grasp the current status of and make further improvement in the effectiveness of the Board of Directors, we conduct questionnaires of all directors and all Audit & Supervisory Board members annually. After evaluating and analyzing the results of the questionnaire, we confirm that the Board of Directors of the Company is functioning properly and that the effectiveness of the entire Board of Directors has been ensured.

Based on the results of this evaluation, we will further enhance the functions of the Board of Directors and strive to improve the effectiveness of the Board of Directors in the future.

Implementation Guidelines (FY2022)

● Target group

Board Members (All eight Members of the Board of Directors and all four Audit & Supervisory Board members)

● Evaluation method

1. Conduct a questionnaire survey of target group (five-rating scores and free form answers; anonymous)
2. Analyze contents of answers
3. Provide feedback to the Board of Directors
4. Work to further enhance functions of the Board of Directors

● Main items of the survey

- Composition of the Board of Directors
- Operation of the Board of Directors
- Contents of deliberations at the Board of Directors
- System for supporting the Board of Directors

Skill Matrix

	Name	Years of service	Inside/ Outside	Gender	Experience, knowledge, and expertise[1]							Responsibilities in the Company and important concurrent positions	Meeting body attended and attendance status[2]					
					Corporate management	R&D / Intellectual property	Sales / Marketing	Medical / Pharmacy expertise	Finance / Accounting	Legal / Risk management	Sustainability / ESG		Board of Directors	Audit & Supervisory Board	Group Nomination Committee	Group Remuneration Committee	ESG Committee	Group Compliance Promotion Committee
Members of the Board of Directors	Takashi Yamaguchi	2 years and 3 months	Inside	Male	●	●		●				Responsible for the entire Group management Member of the Board of Directors, Representative Director, Chairman of the Board of ASKA Pharmaceutical Co., Ltd.	◎ 100% (16/16)		100% (1/1)	100% (1/1)		
	Atsushi Maruo	2 years and 3 months	Inside	Male	●				●		●	Member of the Board of Directors, Vice Chairman of the Board of ASKA Pharmaceutical Co., Ltd.	94% (15/16)				◎ 100% (2/2)	◎ 100% (1/1)
	Sohta Yamaguchi	2 years and 3 months	Inside	Male	●	●				●		President, Member of the Board of Directors, Representative Director of ASKA Pharmaceutical Co., Ltd.	100% (16/16)		100% (1/1)	100% (1/1)	50% (½)	
	Maiko Mori	1 year	Inside	Female		●		●		●		Member of the Board of Directors, Executive Corporate Officer, Division Director of Quality & Safety Assurance Division of ASKA Pharmaceutical Co., Ltd.	100% (11/11)					100% (1/1)
	Fumiyoshi Yamaguchi	1 year	Inside	Male	●		●				●	President, Member of the Board of Directors, Representative Director of ASKA Animal Health Co., Ltd.	100% (11/11)				100% (2/2)	100% (1/1)
	Yasunori Yoshimura	2 years and 3 months	Outside	Male		●		●			●	Representative Director of YOSHIMURA BIOETHIC INSTITUTE Outside Board Member (Audit & Supervisory Committee Member) of Pan Pacific International Holdings Corporation Professor Emeritus of Keio University Vice President of Fukushima Medical University	100% (16/16)		◎ 100% (1/1)	◎ 100% (1/1)		
	Minoru Awabayashi	**Newly appointed**	Outside	Male	●		●			●		Senior Vice President of Takenaka Partners Corp.	—[3]	—	—	—	—	—
	Yasuji Enokido	**Newly appointed**	Outside	Male	●		●			●		CEO of So-En Corporation	—[3]	—	—	—	—	—
Audit & Supervisory Board Members	Ikuo Kumano	2 years	Inside	Male			●		●		●	Audit & Supervisory Board Member of ASKA Animal Health Co., Ltd.	100% (16/16)	◎ 100% (19/19)				
	Yuichiro Fukui	2 years	Inside	Male	●		●		●			Audit & Supervisory Board Member of ASKA Pharmaceutical Co., Ltd.	100% (16/16)	100% (19/19)				
	Takao Kimura	2 years and 3 months	Outside	Male		●		●		●		Representative Partner of TK Pharma Partners LLC.	100% (16/16)	100% (19/19)	100% (1/1)	100% (1/1)		
	Keiko Fukuchi	2 years and 3 months	Outside	Female					●	●	●	Representative of Fukuchi Keiko Tax Accountant Office Outside Director (Audit and Supervisory Committee Member) of KAWADA TECHNOLOGIES, INC. Outside Auditor of KAWADA INDUSTRIES, INC.	100% (16/16)	100% (19/19)	100% (1/1)	100% (1/1)		

Notes: 1. Indicates up to three skills in which the members of the Board of Directors and Audit & Supervisory Board members possess particularly high expertise and which are expected of members of the Board of Directors and Audit & Supervisory Board members.
2. ◎ indicates the chairman for each committee.
3. Number of meetings attended in FY2022 are not shown as they are newly appointed directors.

Reasons for Selection of Skills

Skill items	Reasons for selection of skills
Corporate management	Amid major changes and mounting uncertainty in the business environment, we must formulate and promote a medium- to long-term sustainable growth strategy that will enable us to realize the Group's goal of becoming a total healthcare company with a strong foundation as a specialty pharma company. For this, we need directors with extensive knowledge, experience, and a track record of achievements in not only the medical and pharmaceutical industries but also in general corporate management.
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 a track record of achievements in the fields of R&D and intellectual property to promote these activities.
Sales / Marketing	The business environments for medical care and animal health are rapidly changing. Against this background, we must continue providing information on the proper use of drugs and products by using digital-driven sales and marketing strategies. For this, we need directors who have strong knowledge, experience, and a track record of achievements in sales and marketing.
Medical / Pharmacy expertise	In order to realize the Group's goal of becoming a total healthcare company, we need directors who have strong knowledge, experience, and a track record of 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.
Finance / Accounting	In addition to accurate financial reporting, we need directors who have strong knowledge, experience, and a track record of 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 a track record of achievements in legal and risk management.
Sustainability / ESG	The Group is committed to sustainable management, aiming to enhance corporate value not only by maximizing our economic value but also by increasing our social value. To achieve this, we need directors who have strong knowledge, experience, and a track record of achievements in the sustainability and ESG fields.

Compensation for Board Members

Policies on Determining the Details of Compensation, etc. for Each Individual Member of the Board of Directors

The Group Remuneration Committee deliberates on the remuneration for members of the Board of Directors while ensuring transparency, fairness, and objectivity. Design of the remuneration system and the specific amount of remuneration are determined by the Board of Directors.

Remuneration for members of the Board of Directors excluding Outside Directors of the Board of Directors, shall be designed to contribute to continued increases in corporate value. Specifically, it shall consist of base salary as well as a performance-based bonus serving as short-term incentive, and a share compensation system serving as medium- to long-term incentive. In order to ensure supervision of management that is fully functional from an independent stance, remuneration for Outside Directors shall consist of base salary only, without short-term or medium- to long-term incentive.

Base salary

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

Performance-based bonus

Performance-based bonus for members of the Board of Directors (excluding 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, the incentive provided shall be calculated by incorporating the performance-based bonus into the bonuses provided to them as employees.

Restricted share compensation

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

Policy on Determining the Proportion of Each Type of Remuneration, etc.

Based on the belief that it is important for management to work with a medium- to long-term perspective, the proportion of base salary, performance-based bonus, and restricted share compensation shall be configured with emphasis on the level and stability of basic remuneration (base salary) with additional consideration of 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 Outside Directors) is not fixed because the amount of remuneration is determined according to business performance in each fiscal year. However, the proportion of base salary, performance-based bonus, and restricted share compensation fits roughly in the following scope:

Base salary: 55-70%, Performance-based bonus: 15-30%, Restricted share compensation: 10-15%

Total Amount of Compensation, etc. by Board Member Classification, Total Amount by Type of Compensation, etc., and the Number of Target Board Members in FY2022

Classification	Total amount of compensation, etc. (Millions of yen)	Total amount by type of compensation, etc. (Millions of yen)			Number of target Board Members (Persons)
		Base salary	Performance- based bonus	(Persons) Restricted share compensation	
Members of the Board of Directors (Outside Directors)	30 (30)	30 (30)	— (—)	— (—)	3 (3)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	50 (13)	50 (13)	— (—)	— (—)	4 (2)
Total (Outside Board Members)	81 (44)	81 (44)	— (—)	— (—)	7 (5)

Notes:

1. The amount of compensation or the like for members of the Board of Directors does not include the portion of employees' salary paid to members of the Board of Directors who also serve as employees of the Company.
2. The number of target Board Members is the number of Board Members paid remuneration by the Company. In addition to the above, the total amount of compensation, etc. received by five members of the Board of Directors of the Company from Group companies (ASKA Pharmaceutical Co., Ltd. and ASKA Animal Health Co., Ltd.) was ¥282 million.
3. The performance index for performance-based remuneration, etc. is operating profit, which was ¥5,108 million for FY2022. This index was chosen because it is an important indicator of achievement of management goals. Therefore, it was determined to be an appropriate index for performance-based remuneration.
4. Non-monetary remuneration, etc. is in the form of Company shares.
5. Based on the resolution of the Extraordinary General Meeting of Shareholders held on June 24, 2021, the upper limit on compensation for members of the Board of Directors was set at ¥500 million per year (including ¥70 million for Outside Directors and excluding the portion of employee salary paid to 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 six (including three Outside Directors). Separate from this compensation, the upper limit on restricted share compensation was set at ¥100 million 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 three (excluding Outside Directors).
6. Based on the resolution of the Extraordinary General Meeting of Shareholders held on June 24, 2021, the upper limit on compensation for Audit & Supervisory Board members was set at ¥150 million per year. The number of Audit & Supervisory Board members at the end of the Extraordinary General Meeting of Shareholders was four.

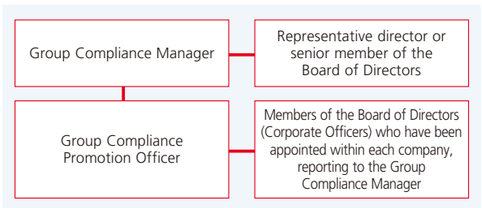
Compliance

Basic Principles

We have established a department to promote and support compliance within each Group company and developed the necessary internal systems, and rules and regulations. The structure we have created facilitates the prompt handling of cases, the formulation of measures to prevent violations and other measures. This means that Board Members and employees can engage in corporate activities with peace of mind.

To increase awareness of compliance of employees of the Group, we are conducting compliance education for each job level while working to grasp the level of employee awareness through questionnaire surveys and to identify points for improvement. In FY2022, we worked to further ensure compliance by conducting training and problem solving based on actual situations upon our understanding of the current situation and by identifying problems from the results of the compliance awareness survey. The Group Compliance Promotion Committee has been established to supervise the Group's efforts toward recognizing and responding to risks that could have a significant impact on Group management and promoting a compliance system that thoroughly complies with laws and corporate ethics.

• Group Compliance Promotion Structure



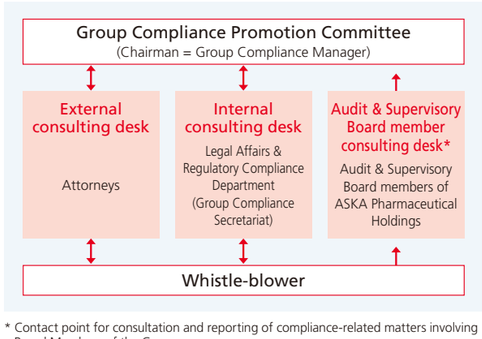
Whistle-blower System

As a system to reflect the voices of employees in compliance practice, we have established a whistle-blower office (the ASKA Pharmaceutical Holdings' compliance consulting desk), and have promoted awareness of the desk through education and training programs.

In addition to the existing internal and external contact points, we also established a new contact point staffed by ASKA Pharmaceutical Holdings' Audit & Supervisory Board members (Audit & Supervisory Board member consulting desk) for consultation and reporting of compliance-related matters involving Board Members of the Group, in connection with the enforcement of the revised Whistleblower Protection Act on June 1, 2022. This contact point, which is independent from senior management, is intended to lower the psychological hurdle for Board Members and employees for consultation and reporting of compliance-related matters involving senior management, and to ensure that investigations and corrective measures are carried out in a timely and appropriate manner. Reporting can be also done anonymously, and all cases are handled appropriately. In addition, we have enhanced the whistle-blower system by securing two people to be in charge of the external contact point (corporate lawyer's office).

In accordance with the spirit of the Whistleblower Protection Act, we operate this system to protect whistle-blowers as well as to ensure that compliance-related matters are reported, investigated, and corrected in a timely and appropriate manner.

• ASKA Pharmaceutical Holdings
Structure of the Compliance Consulting Desks



* Contact point for consultation and reporting of compliance-related matters involving Board Members of the Group

Code of Practice

As a responsible life-related company that handles pharmaceuticals, ASKA Pharmaceutical recognizes the need to ensure a high level of ethics and transparency in its corporate activities. Based on this recognition, in FY2013 we established the ASKA Pharmaceutical Code of Practice as a code of conduct for all Board Members and employees and their interactions with researchers, medical professionals, patient groups, etc., and we are implementing corporate activities that can be understood by society by ensuring that all Board Members and employees are fully aware of the code.

Intellectual Property

Intellectual property rights include patent rights, utility model rights, design rights, and trademark rights, which protect creations through intellectual creative activities. We respect the rights of third parties and cooperate with relevant departments to formalize and protect intellectual property rights throughout the Company. In addition to protecting rights related to newly developed products, we maximize value by utilizing intellectual property rights to extend the lifecycle of existing products, including new dosage formulations.

Moreover, we are promoting the globalization of our intellectual property activities, and have established a system that enables us to collect and utilize intellectual property information overseas, and are working to strengthen cooperation with our partner companies in terms of intellectual property. With the growing importance of intellectual property, we will further contribute to our business growth through these efforts.

Initiatives of the Group in Industry-related Norms (Transparency Guidelines, Guidelines for Sales Information Provision Activities, etc.)

With the recognition that ASKA's corporate activities related to prescription pharmaceuticals are conducted under the public medical insurance system, we are fulfilling our accountability to society by ensuring transparency in the provision of funds to medical professionals, medical institutions, patient groups, and others. In accordance with the Transparency Guideline for the Relationship between Corporate Activities and Medical Institutions and the Transparency Guideline for the Relationship between Corporate Activities and Patient Groups, in FY2023 we will continue with disclosure of information on FY2022's provision of funds to medical professionals, medical institutions, and patient organizations.

In addition, the Guidelines for Provision of Sales Information on Prescription Drugs (the "Guidelines") were established by the Ministry of Health, Labour and Welfare to promote the proper use of prescription pharmaceuticals. They are aimed at preventing inappropriate promotional activities (such as recommending off-label use, slandering other companies, and providing misleading information on efficacy and safety). In addition, from 2019 the Guidelines made it the responsibility of management to establish the internal systems necessary for appropriate sales information provision activities and to educate employees. In FY2022, the department supervising sales information provision activities, as the lead department, reviewed materials used by medical representatives (MRs) to ensure that they are properly prepared, and also checked the promotional activities of MRs and others, and with regard to the behaviors that could have been taken as a violation of the Guidelines, the information was shared with the parties concerned as well as the relevant promotion department to raise awareness and prevent violations. In addition, we continuously remind MRs and others of the importance of compliance with the Guidelines and other industry-related norms during training sessions.

As a life-related company, we will continue to work to further improve our ethics, transparency, and credibility while conducting activities to deepen the understanding of medical institutions and medical professionals.

Risk Management

Basic Policy

In order to deal with risks that may affect the business activities of the Group, we have established the Group Business Risk Management Rules and are implementing a risk management system with classifications based on characteristics and risks. Each department prepares and operates procedure manuals and systematically works to resolve issues through annual risk assessments and the formulation, implementation, and evaluation of countermeasures based on the results of those assessments.

Business Continuity Plan (BCP)

In order to ensure a stable supply of pharmaceuticals and other products, we have formulated two types of BCP, one for natural disasters such as large-scale earthquakes and tsunamis, and the other for the spread of infectious diseases such as the novel influenza, and are working to establish a system that will enable us to quickly restore our business activities. Going forward, we will continue to enhance our preparedness for anticipated risks, conduct employee awareness activities, and further improve our crisis management system.

Board Members and Corporate Officers (As of June 28, 2023)



President, Member of the Board of Directors, Representative Director

Takashi Yamaguchi 1

Apr. 1978 Joined Teikoku Hormone Mfg. Co., Ltd. (currently ASKA Pharmaceutical Co., Ltd.)
Jun. 1991 President, Member of the Board of Directors, Representative Director of Teikoku Hormone Mfg. Co., Ltd.
Apr. 2021 President, Member of the Board of Directors, Representative Director of the Company (to Present)
Jun. 2021 Member of the Board of Directors, Representative Director, Chairman of the Board of ASKA Pharmaceutical Co., Ltd. (to Present)

Member of the Board of Directors, Executive Corporate Officer

Maiko Mori 4

Apr. 1987 Joined Teikoku Hormone Mfg. Co., Ltd. (currently ASKA Pharmaceutical Co., Ltd.)
Apr. 2020 Division Director of Quality & Safety Assurance Division of ASKA Pharmaceutical Co., Ltd.
Jun. 2022 Member of the Board of Directors, Executive Corporate Officer, Division Director of Quality & Safety Assurance Division of ASKA Pharmaceutical Co., Ltd. (to Present)
Member of the Board of Directors, Executive Corporate Officer of the Company (to Present)

Member of the Board of Directors (Outside Director)

Yasunori Yoshimura 6

Apr. 2007 Chairperson of Japan Society of Obstetrics and Gynecology
Oct. 2012 Representative Director of YOSHIMURA BIOETHIC INSTITUTE (to Present)
Apr. 2014 Professor Emeritus of Keio University (to Present)
Apr. 2021 Member of the Board of Directors, Outside Director of the Company (to Present)

Senior Managing Member of the Board of Directors, Representative Director

Atsushi Maruo 2

Apr. 1981 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)
Apr. 2009 Tohoku Region Manager and Sendai Branch Manager of The Mitsubishi Bank, Ltd.
Oct. 2010 Corporate Officer of ASKA Pharmaceutical Co., Ltd.
Jun. 2021 Member of the Board of Directors, Vice Chairman of the Board of ASKA Pharmaceutical Co., Ltd. (to Present)
Apr. 2023 Senior Managing Member of the Board of Directors, Representative Director of the Company, In charge of Sustainability (to Present)

Member of the Board of Directors, Executive Corporate Officer

Fumiyoshi Yamaguchi 5

Jul. 2011 Joined ASKA Pharmaceutical Co., Ltd.
Jun. 2020 Corporate Officer of ASKA Pharmaceutical Co., Ltd. Member of the Board of Directors of ASKA Animal Health Co., Ltd.
Jan. 2021 President, Member of the Board of Directors, Representative Director of ASKA Animal Health Co., Ltd. (to Present)
Jun. 2022 Member of the Board of Directors, Executive Corporate Officer of the Company (to Present)

Member of the Board of Directors (Outside Director)

Minoru Awabayashi 7

Jul. 1983 Established Pacific Marketing Partners, Inc., Managing Director
Apr. 2005 Representative Director of Nihon Omniglow, K.K.
Apr. 2016 Senior Vice President of Takenaka Partners Corp.
Jun. 2023 Member of the Board of Directors, Outside Director of the Company (to Present)

Senior Managing Member of the Board of Directors, Representative Director

Sohta Yamaguchi 3

Apr. 2008 Joined Hitachi, Ltd.
May 2011 Registered as a patent attorney
Feb. 2016 Joined ASKA Pharmaceutical Co., Ltd.
Jun. 2021 Senior Managing Member of the Board of Directors, Representative Director of the Company (to Present)
President, Member of the Board of Directors, Representative Director of ASKA Pharmaceutical Co., Ltd. (to Present)

Member of the Board of Directors (Outside Director)

Yasuji Enokido 8

Apr. 2013 Officer of Panasonic Corporation
Apr. 2015 Managing Officer of Panasonic Corporation President of AVC Networks Company
Apr. 2016 Representative Director, Senior Managing Director of Panasonic Corporation
Nov. 2017 CEO of So-En Corporation (to Present)
Jun. 2023 Member of the Board of Directors, Outside Director of the Company (to Present)

Audit & Supervisory Board Member

Ikuo Kumano 9

Apr. 1982 Joined Teikoku Hormone Mfg. Co., Ltd. (currently ASKA Pharmaceutical Co., Ltd.)
Jun. 2018 Member of the Board of Directors, Executive Corporate Officer, In charge of Production, Division Director of Administrative Division of ASKA Pharmaceutical Co., Ltd.
Jun. 2021 Audit & Supervisory Board Member of the Company (to Present)
Audit & Supervisory Board Member of ASKA Animal Health Co., Ltd. (to Present)

Outside Audit & Supervisory Board Member

Takao Kimura 11

Jul. 2000 President and Representative Director of Nycomed Amersham PLC
Apr. 2010 Executive Officer, Supervising Manager of Business Development Division in Asia-Pacific Region of sanofi-aventis K.K. (currently Sanofi K.K.)
Feb. 2016 Representative Partner of TK Pharma Partners LLC. (to Present)
Apr. 2021 Outside Audit & Supervisory Board Member of the Company (to Present)

Audit & Supervisory Board Member

Yuichiro Fukui 10

Apr. 1984 Joined Takeda Pharmaceutical Company Limited
Apr. 2009 Director of Eastern Japan Sales Unit of Pharmaceutical Marketing Division of Takeda Pharmaceutical Company Limited
Jun. 2015 Executive Corporate Officer of ASKA Pharmaceutical Co., Ltd.
Jun. 2021 Audit & Supervisory Board Member of the Company (to Present)
Audit & Supervisory Board Member of ASKA Pharmaceutical Co., Ltd. (to Present)

Outside Audit & Supervisory Board Member

Keiko Fukuchi 12

Jul. 2013 Director (Mutual Agreement Procedures), International Operations Division, Commissioner's Secretariat of National Tax Agency
Mar. 2018 Regional Commissioner of Kanazawa Regional Taxation Bureau
Aug. 2019 Registered as a tax accountant. Representative of Fukuchi Keiko Tax Accountant Office (to Present)
Apr. 2021 Outside Audit & Supervisory Board Member of the Company (to Present)

Corporate Officers

Kiyohiko Tamura
Executive Corporate Officer
Division Director, Group Business Management Division

Kunihiro Gunji
Corporate Officer
In charge of Audit and Legal Affairs & Regulatory Compliance

Junichi Saito
Corporate Officer
President, Member of the Board of Directors, Representative Director of ASKA Pharma Medical Co., Ltd.

For details, please visit our website.
https://www.aska-pharma-hd.co.jp/english/company/official.html

Environment

Basic Principles

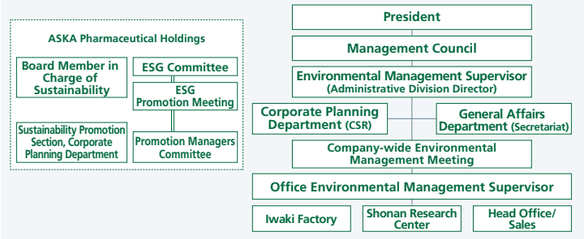
The Group considers initiatives to deal with environmental problems to be its natural mission in line with its corporate philosophy, as a corporate entity that contributes to society and earns its trust. Our environmental policies are based on protecting the environment and continuously reducing the environmental impact of all our business activities.

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

Environmental Management Structure

To effectively practice environmental management, ASKA Pharmaceutical also regularly holds the Company-wide Environmental Management Meeting. Discussion at FY2023 meeting covered the FY2022 results under the medium-term environmental plan and the goals for FY2023. We believe that information sharing and exchange of opinions among the attendees help to promote environmental measures throughout the Company.

• Company-wide Environmental Management Structure

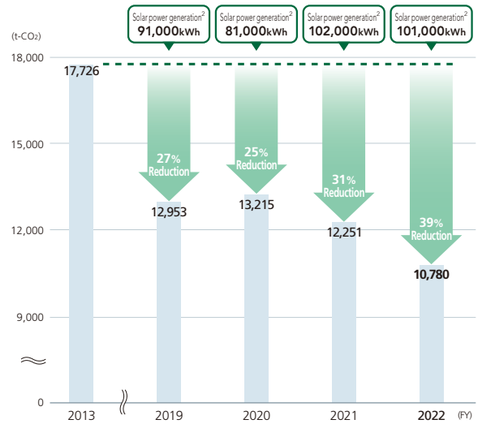


(As of July 1, 2023)

Working toward a Carbon-Neutral Society

The Group considers climate change to be one of the most important issues for global environmental conservation, and is working to reduce its greenhouse gas emissions. ASKA Pharmaceutical is promoting the deployment of eco-friendly commercial vehicles and is using hybrid vehicles in all cases except for 4WD vehicles in cold regions. We renovated our head office building to promote the efficient use of space and paperless operations. The Shonan Research Center uses 100% renewable energy-derived, non-FIT, non-fossil certificate electricity for the electricity it purchases. It also has high-efficiency in-house power generation equipment onsite and a solar power-derived energy supply. At the Iwaki Factory, we have worked to improve the operational efficiency of the cogeneration (combined heat and power) system and the manufacturing process. Future initiatives include plans to purchase CO_2-free electricity and introduce solar power generation under the PPA[1] method. In FY2022, ASKA Pharmaceutical's company-wide energy consumption was equivalent to 6,128 kl of crude oil, and CO_2 emissions were 10,780 t-CO_2. With respect to our medium-term target of a 46% reduction in CO_2 emissions by FY2030 compared to FY2013, we have achieved a 39% reduction so far.

• CO_2 Emissions Volume



1. PPA: Power Purchase Agreement
   A system that enables companies that own and manage solar power generation equipment (the PPA provider) to install that equipment at sites or roofs provided by facility owners, and those owners (electricity users) purchase the power generated by the solar power generation equipment at a discount.
2. ASKA Pharmaceutical Iwaki Factory

Switching to CO_2-Free Electricity

As mentioned above, as part of the Group's effort to reduce greenhouse gas emissions, we have set a specific target of reducing CO_2 emissions by 46% by FY2030 compared to FY2013, with the aim of having the Group become carbon-neutral by 2050. As one of the measures to achieve this goal, we introduced CO_2-free electricity at the Iwaki Factory in April 2023 to make up a portion of its power supply. The facilities account for about 80% of our energy consumption. We expect this move to reduce the Company's annual CO_2 emissions by approximately 530 tons. The switch will be made in stages, accounting for a total reduction of approximately 2,200 tons of CO_2 emissions. In addition, from the viewpoint of cost reduction, we have decided to install a solar power generation system (under the PPA[1] method), which we expect will reduce CO_2 emissions by approximately 440 tons per year. Construction has begun and preparations are underway to begin supplying electricity in the spring of 2024.

Disclosures Based on TCFD Recommendations

The Group considers the issue of climate change to be a management issue that affects its business, and is committed to climate change measures. From this perspective, we have been disclosing climate change-related information since June 2022 in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations established by the Financial Stability Board (FSB) in 2022 at the request of the G20. Through the implementation of scenario analysis and identification of risks and opportunities based on the TCFD framework, the Group is developing measures to address the risks and opportunities associated with climate change and is working to improve the resilience of its business in the face of climate change.

Transition Risks	Policies	Risk of unexpected pandemics due to climate change, as well as drug price reductions that exceed expectations due to the financial pressures on the healthcare system caused by an aging society with a declining birthrate
	Market	Risk that climate change will cause a rise in raw material prices, which will lead to a rise in the cost of living for patients, thereby discouraging them from seeing a doctor
	Reputation	Increase of stakeholder concerns due to delays in climate change action
Physical Risks	Chronic	Risk of increase in operating expenses, such as increase in manufacturing costs due to climate change
	Acute	Risk of supply chain disruptions due to disasters caused by extreme weather events
Opportunities		・Strengthening competitiveness against climate change-related increases in disease and changes in consumer preferences leads to greater demand for products ・Proactive initiatives to address climate change risks, enhance operational sustainability and stakeholder evaluation, leading to opportunities for share price appreciation

Note: Items other than strategy can be seen on our website.
https://www.aska-pharma-hd.co.jp/english/csr/tcfd.html

Establishment of a Recycling-oriented Society

As part of our efforts to build a recycling-oriented society aimed at more efficient resource use, minimizing waste as much as possible is an important issue for maintaining business continuity. We have set the reduction of waste as a target in our medium-term environmental plan and are actively working on resource saving and waste reduction measures. Of the 193 tons of waste generated by ASKA Pharmaceutical's factory and research center in FY2022, 111 tons were ultimately recycled, which is 58% of the total amount of waste generated. In addition, 70 tons were consigned to final disposal, or 36% of the total amount of waste generated.

Total Waste/Amount Recycled/Amount for Final Disposal/Recycling Rate (Factory and Research Center)

	FY2020	FY2021	**FY2022**
Total waste (t)	144	174	**193**
Amount recycled (t)	94	101	**111**
Amount for final disposal (t)	43	65	**70**
Recycling rate (%)	66	58	**58**

FY2021: Waste volume increased mainly due to the digitization of package inserts, partial discontinuation of manufacturing processes, and product recalls.

Management of Air and Water Resources

To prevent air pollution, the Group is working to reduce emissions of hazardous substances. We measure and report the concentrations of NOx, SOx, soot and dust at our business locations twice a year, and all of these concentrations are below the standard values. In addition, water resources used at our business locations are discharged into rivers and sewers after appropriate treatment and water quality control in accordance with regulations. At the ASKA Pharmaceutical Iwaki Factory, we conduct daily water quality monitoring, weekly water quality analysis, reporting to the Iwaki City Environmental Monitoring Center, and on-site inspection (once a year), all of which meet the standard values. We will continue to strive to reduce emissions of hazardous substances through appropriate management of air and water resources.

Management of Chemical Substances

The Group handles a wide variety of chemical substances and is committed to thorough management of these substances, which includes their safe use and storage. We have also established a system for the proper management of chemical substances at each of our business locations, and review the rules and regulations for this system as necessary. We will continue to reduce emissions and transfers of chemical substances subject to the Pollutant Release and Transfer Register (PRTR)* system and promote appropriate management of chemical substances by considering the use of alternative, safer chemical substances.

* A system for collecting and disseminating information about releases and transfers of chemical substances

Biodiversity

The Group recognizes that the environmental impact associated with our business activities affects biodiversity. We strive to reduce this impact in various ways, including through resource conservation and climate change countermeasures, in order to maintain and conserve biodiversity.

We will also develop our veterinary pharmaceuticals and animal feed additives businesses so that we can contribute to the creation of a society where people and animals can coexist in harmony.

11-Year Summary of Consolidated Financial Results

	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012
Consolidated Financial Results (Millions of yen)											
Net sales	**60,461**	56,607	55,181	52,542	46,706	48,944	48,527	43,215	42,907	39,501	40,963
Cost of sales	**31,876**	30,255	29,798	28,525	27,814	30,059	29,614	26,072	25,717	22,431	23,047
Selling, general and administrative expenses	**23,476**	21,556	21,773	22,509	17,107	16,060	17,119	15,861[3]	15,767	16,353	16,847
Operating profit	**5,108**	4,795	3,609	1,507	1,782	2,824	1,793	1,283[4]	1,425	716	1,061
Ordinary profit	**5,232**	4,880	3,092	1,715	1,980	3,073	2,002	1,522	1,722	1,031	1,336
Profit attributable to owners of parent	**4,238**	4,290	2,713	649	1,744	2,388	2,944	701	1,193	495	1,114
R&D expenses	**4,227**	3,598	4,709	4,913	4,493	4,055	4,970	4,174	4,025	4,144	4,269
Capital expenditures (Property, plant and equipment and software (transfer basis))	**1,256**	657	765	2,040	2,994	1,443	772	2,279	2,285	2,047	937
Depreciation	**3,127**	2,885	3,305	3,669	2,491	2,324	2,447	1,969	1,709	2,355	2,353
Consolidated Financial Position (Millions of yen)											
Total assets	**87,138**	83,297	82,582	80,239	82,194	66,235	66,126	57,478	58,933	51,269	51,770
Net assets	**54,533**	48,892	44,510	41,573	43,456	42,559	39,511	35,961	36,577	33,941	33,350
Interest-bearing debt	**12,623**	14,046	16,395	16,419	16,468	2,950	3,700	5,708	1,366	1,557	1,782
Consolidated Cash Flows (Millions of yen)											
Cash flows from operating activities	**3,351**	2,842	6,541	(492)	2,504	76	12,063	(1,349)	5,710	2,616	3,869
Cash flows from investing activities	**(1,126)**	6,743	(2,866)	(2,927)	(14,780)	(3,348)	(378)	(6,776)	(1,897)	(2,301)	(1,484)
Cash flows from financing activities	**(1,820)**	(2,996)	(455)	(392)	13,036	(1,142)	(2,384)	4,013	(557)	(574)	124
Cash and cash equivalents at end of period	**17,505**	17,103	10,514	7,294	11,107	10,346	14,761	5,462	9,574	6,318	6,578
Per-share Data (Yen)											
Earnings per share	**150.08**	151.22	95.72	22.96	61.81	84.80	105.39	25.15	42.89	17.85	40.27
Net assets per share	**1,928.14**	1,734.80	1,568.89	1,467.58	1,538.75	1,509.70	1,413.51	1,287.76	1,313.20	1,219.32	1,202.59
Dividends per share	**16**	15	14	17[2]	14	14	14	14	14	14	14
Financial Ratios (%)											
Cost of sales ratio	**52.7**	53.4	54.0	54.3	59.6	61.4	61.0	60.3	59.9	56.8	56.3
Selling, general and administrative expenses ratio	**38.8**	38.1	39.5	42.8	36.6	32.8	35.3	36.7	36.7	41.4	41.1
Operating profit margin	**8.4**	8.5	6.5	2.9	3.8	5.8	3.7	3.0	3.3	1.8	2.6
Equity ratio	**62.6**	58.7	53.9	51.8	52.9	64.3	59.8	62.6	62.1	66.1	64.4
Profit attributable to owners of parent / Equity (ROE)	**8.2**	8.8	6.3	1.5	4.1	5.8	7.8	1.9	3.4	1.5	3.4
Ordinary profit / Total assets (ROA)	**6.1**	5.9	3.8	2.1	2.7	4.6	3.2	2.6	3.1	2.0	2.6
Dividend payout ratio	**10.7**	5.3[1]	14.6	74.0	22.7	16.5	13.3	55.7	32.6	78.4	34.8
Non-financial Information											
Number of employees	**747**	777	800	807	842	856	862	872	862	886	897
Number of issued shares (Thousands)	**30,563**	30,563	30,563	30,563	30,563	30,563	30,563	30,563	30,563	30,563	30,563

Notes:
Figures up to FY2020 are the figures announced by ASKA Pharmaceutical Co., Ltd.
1. Interim dividends are dividends from other capital surplus and are excluded from the dividend payout ratio.
2. 100th anniversary commemorative dividend of ¥3 per share.
3. Due to a change in presentation, Selling, general and administrative expenses for FY2015 were adjusted from ¥15,978 million to ¥15,861 million.
4. Due to a change in presentation, Operating profit for FY2015 was adjusted from ¥1,166 million to ¥1,283 million.

Stakeholder Communication

Stakeholders	Dialogue Engagement in FY2022
Shareholders and investors	● IR Meetings with analysts and institutional investors: 78 times; total of 98 participants ● Financial results presentation and IR events: 3 times; total of 102 participants ● Briefings for individual investors: 1 time; total of 865 participants ● General Meeting of Shareholders, attendance at venue: 37 people
Medical professionals	● Lectures for medical professionals: 63 times; total of 33,895 participants * Including online participants
Veterinary medical professionals and farmers	● Seminars for veterinary medical professionals and farmers: 2 times; total of 700 participants
Local community	● Provision of information on female healthcare through Mint+ and Mint+ teens ▶See page **43** for details. ● Seminars for general public (patients): 4 times; total of 740 participants
Employees	● Dialogue with management: 98 times ▶See page **38** for details.

The Group engages with a wide range of stakeholders including shareholders and investors, medical professionals, veterinary medical professionals, farmers, partners, local communities, patients and their families, and employees.

Our corporate communication activities are guided by the basic principles of transparency, fairness, and continuity as we work to deepen mutual understanding with stakeholders and earn the trust of society.

Investor Relations website (For Our Shareholders and Investors)
https://www.aska-pharma-hd.co.jp/english/invest/



Health Lab Mint+ for Women's health (Japanese version only)
https://www.aska-pharma.co.jp/mint/



External Evaluation Related to ESG

FTSE Blossom Japan Index

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

S&P/JPX Carbon Efficient Index

Editorial Postscript

Thank you for reading *ASKA HD Report 2023*. In this report, we focused on the distinctive material issues of ASKA Pharmaceutical Holdings, namely contribution to women's health and contribution to animal health, presenting the messages and business strategies of the Group's presidents and division heads. We also outlined the Group's commitment to sustainable corporate value enhancement. This report greatly expanded our coverage of the Group's human resources strategy, which is the foundation of the Group's growth. We hope that this report has helped you better understand the Group's efforts. We will continue to value opportunities for engaging with our stakeholders as we strive to enhance our information disclosure.

Corporate Communication Section
Corporate Planning Department
ASKA Pharmaceutical Holdings

Company Information/Shareholder Information (As of March 31, 2023)

Company Information

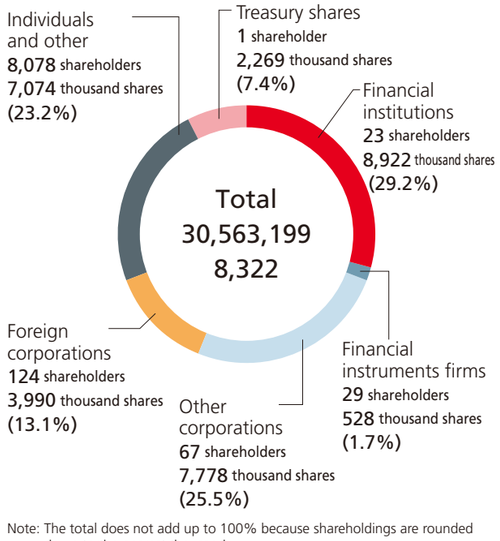
Company name	ASKA Pharmaceutical Holdings Co., Ltd.
Founded	April 1, 2021
Capital	¥1,197.9 million
Number of employees	747 (Consolidated)
Representative	Takashi Yamaguchi President, Member of the Board of Directors, Representative Director
Address	5-1 Shibaura 2-chome, Minato-ku, Tokyo 108-8532
Businesses	Business management of Group companies and related operations
Group Companies	ASKA Pharmaceutical Co., Ltd. ASKA Animal Health Co., Ltd. ASKA Pharma Medical Co., Ltd.
Equity-Method Affiliates	Ha Tay Pharmaceutical Joint Stock Company (Vietnam) Japan Glass Industry Co., Ltd. One other company

Shareholder Information

• Status of Shares

Shares Issued	Number of Shareholders
30,563,199	8,322

• Distribution of Shares



Note: The total does not add up to 100% because shareholdings are rounded down to the nearest thousand.

• Top 10 Shareholders

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

Notes:
1. The Company holds 2,269,161 shares as treasury shares, which are not included in the list of major shareholders.
2. Shareholding ratio is based on the number of shares less treasury shares (2,269,161 shares).
3. Treasury shares (2,269,161 shares) do not include 8,900 shares held by The Master Trust Bank of Japan (Employee shareholding ESOP Trust Account No. 76,361).