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## **Matters Subject to Measures for Electronic Provision of the Notice of the 4th Annual General Meeting of Shareholders**

### **Systems for Ensuring Appropriate Business Operations Summary of Operational Status of Systems for Ensuring**

#### **Appropriate Business Operations**

#### **Notes to Consolidated Financial Statements**

#### **Notes to Non-consolidated Financial Statements**

**(From April 1, 2024 to March 31, 2025)**

## **ASKA Pharmaceutical Holdings Co., Ltd.**

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

## **Systems for Ensuring Appropriate Business Operations**

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

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

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

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

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

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

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

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

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

- (5) **System for ensuring that employees of the Company perform their duties in accordance with laws, regulations and the Articles of Incorporation**
- The Company has formulated a compliance program and has ensured that employees are fully aware of the need to comply with relevant laws, regulations and the Articles of Incorporation by providing education programs and measuring the level of penetration at regular intervals.
  - The Company employs a whistle-blower system as a consulting desk for compliance matters.
- (6) **Systems listed below and other systems for ensuring appropriate business operations of the corporate group consisting of the Company and its subsidiaries**
- a) System for reporting to the Company on matters concerning the execution of duties by Members of the Board of Directors of the subsidiaries of the Company and other persons with similar authority
    - The Company has managed subsidiaries in an integrated manner through establishing supervisory department in each subsidiary, and also has held the Business Strategy Meeting of the Group four times a year to share information.
  - b) Rules and other systems for managing risks of loss with respect to any subsidiary of the Company
    - Each subsidiary strengthens systems associated with risk management under the leadership of the supervisory department of the Company.
  - c) System for ensuring that the duties of Members of the Board of Directors, etc., of any subsidiary of the Company are efficiently performed
    - Each subsidiary strengthens the systems to ensure efficient execution of duties under the leadership of the supervisory department of the Company.
    - The Company provides its subsidiaries with appropriate supports to facilitate their business execution.
  - d) System for ensuring that Members of the Board of Directors and employees of any subsidiary perform their duties in accordance with laws, regulations and the Articles of Incorporation of said subsidiary
    - The internal audit division of the Company audits the above in accordance with its internal audit rules.
    - The Company shares its whistle-blower system with its subsidiaries.
    - The Company makes efforts to implement internal control systems necessary to ensure appropriate financial reporting to secure reliability of its financial reporting.
- (7) **Matters regarding the employees appointed to support Audit & Supervisory Board Members of the Company, independence of the said employees from Members of the Board of Directors, and ensuring the effectiveness of instructions to the said employees by Audit & Supervisory Board Members**
- The Company appoints employees dedicated to supporting Audit & Supervisory Board Members if so requested by Audit & Supervisory Board Members.
  - Appointment and transfer of the employees to support Audit & Supervisory Board Members shall be consulted with Audit & Supervisory Board Members in advance to obtain their accord.
  - The authority to give orders and instructions to the said employees belongs to respective Audit & Supervisory Board Members; and Audit & Supervisory Board Members are responsible for their performance evaluation.
- (8) **Systems listed below and other system for reporting to Audit & Supervisory Board Members of the Company**
- a) System for reporting to Audit & Supervisory Board Members of the Company by Members of the Board of Directors and employees of the Company
    - Members of the Board of Directors shall report, without delay, to the Board of Directors and the Audit & Supervisory Board if they recognize a fact that seriously violates any laws, regulations,

the Articles of Incorporation and/or business behavior standards; a considerably improper fact that could be such a violating fact; or a fact that could potentially cause significant damage to the Company, in connection with the execution of their duties.

- The Company reinforces the system to report to Audit & Supervisory Board Members by making effective use of its whistle-blower system.
- b) System for reporting to Audit & Supervisory Board Members of the Company by Members of the Board of Directors and employees of any subsidiary of the Company or those who have received reports from Members of the Board of Directors and employees of any subsidiary of the Company
- Audit & Supervisory Board Members of subsidiaries of the Company periodically meet Audit & Supervisory Board Members of the Company to exchange information and opinions.
  - Each of the subsidiaries reports to its Audit & Supervisory Board Members on matters, etc. discussed at the Business Strategy Meetings of the Group.
  - Subsidiaries also reinforce their system to report to Audit & Supervisory Board Members by making use of the whistle-blower system of the Company.
- (9) **System for ensuring that anyone who has reported to an Audit & Supervisory Board Member does not suffer from detrimental treatment for the reason of having made said report**
- The Company keeps confidential what has been reported through the whistle-blower system and prohibits detrimental treatment of the whistle-blowers.
- (10) **Matters related to policies on prepayment or redemption procedures for expenses arising from execution of duties by Audit & Supervisory Board Members, or on treatment of other expenses and obligations arising from execution of duties by Audit & Supervisory Board Member.**
- The Company pays in full the expenses necessary to execute duties of Audit & Supervisory Board Members upon request from Audit & Supervisory Board Members.
- (11) **Other system ensuring effective audits by Audit & Supervisory Board Members of the Company**
- President has as many meetings as possible, in addition to regular meetings, to exchange opinions on management of the Company and understand each other, besides reporting on business operations.
  - President, Audit & Supervisory Board Members and the accounting auditor collaborate in enhancing its internal audit division to support effective auditing.

## **Summary of Operational Status of Systems for Ensuring Appropriate Business Operations**

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

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

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

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

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

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

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

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

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

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

Also in the current fiscal year, the Company actively provided continual employee education through e-learning and training for each position as needed. The Company has strived for further thorough implementation of compliance by holding an opinion poll on compliance, surveying each Group division based on those results, and conducting training and problem-solving according to actual conditions after eliciting an understanding of the present situation and problems.

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

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

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

The supervisory departments of subsidiaries have held a Business Strategy Meeting of the Group

each quarter to exchange information. In addition, the departments in charge have gathered information on subsidiaries' important items for approval, etc. and adopted a structure at the Company to manage this as needed.

- b) Rules and other systems for managing risks of loss with respect to any subsidiary of the Company  
Each subsidiary has mitigated risks by undergoing a screening by the legal department of the Company prior to signing a new contract; and the supervisory department of each subsidiary assesses the contents of a contract through hearings with the subsidiary.
- c) System for ensuring that the duties of Members of the Board of Directors, etc., of any subsidiary of the Company are efficiently performed

Each subsidiary shares risks and points to be improved with the Company through a variety of forms, such as meetings with the Company on the Group's business strategies, to obtain support from the Company in addressing issues. The supervisory departments of subsidiaries also share information with each other, as needed, to obtain support from related departments/divisions in addressing challenges/issues.

- d) System for ensuring that Members of the Board of Directors and employees of any subsidiary perform their duties in accordance with laws, regulations and the Articles of Incorporation of said subsidiary

The internal audit division has conducted an internal audit on subsidiaries based on internal audit rules.

The rules related to compliance provides that the Company's whistle-blower desks are available also to executives and employees of the subsidiaries, and thus, the Company has put in place a system whereby executives and employees of the subsidiaries can also consult with the desks on compliance matters. A department responsible for evaluating internal control has conducted an assessment based on a basic plan for implementing internal control for financial reporting and assessing the status of operation.

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

Currently no such employees are appointed.

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

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

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

- b) System for reporting to Audit & Supervisory Board Members of the Company by Members of the Board of Directors and employees of any subsidiary of the Company or those who have received reports from Members of the Board of Directors and employees of any subsidiary of the Company  
At present, Audit & Supervisory Board Members of the Company concurrently serve as Audit & Supervisory Board Members of its subsidiaries. The supervisory department of each subsidiary of the Company report to Audit & Supervisory Board Members on subsidiaries.

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

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

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

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

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

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

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

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

## Notes to Consolidated Financial Statements

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

#### 1. Scope of consolidation

Status of consolidated subsidiaries:

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

- Number of consolidated subsidiaries: 5

- Consolidated subsidiaries:

ASKA Pharmaceutical Co., Ltd.

ASKA Pharma Medical Co., Ltd.

ASKA Animal Health Co., Ltd.

Ha Tay Pharmaceutical Joint Stock Company and 1 other company

Ha Tay Pharmaceutical Joint Stock Company and 1 other company which were equity-method affiliates are included in the scope of the consolidated subsidiaries for the fiscal year under review since the Company has acquired additional equity interests of said companies.

#### 2. Application of equity method

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

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

- Principal affiliates:

JAPAN GLASS INDUSTRY CO., LTD.

Ha Tay Pharmaceutical Joint Stock Company and 1 other company which were equity-method affiliates in the previous fiscal year are excluded from the scope of the equity method from the fiscal year under review since the said companies became consolidated subsidiaries as a result of the acquisition of additional equity interests. We have also included two of said company's affiliates within the scope of equity method affiliates.

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

- Affiliates not accounted for by the equity method:

KCIS Co., Ltd. and 1 other company

- Reasons for not accounted for by the equity method:

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

#### 3. Fiscal years of consolidated subsidiaries

Among consolidated subsidiaries, the fiscal year-end of Ha Tay Pharmaceutical Joint Stock Company and 1 other company is December 31.

In preparing the Consolidated Financial Statements, financial statements as of such fiscal year-end are used. However, necessary adjustments for consolidation are made for significant transactions occurring during a period between the fiscal year-end of said companies and the consolidated fiscal year-end.

#### 4. Accounting policies

##### (1) Valuation standards and methods for significant assets

###### a) Securities

Available-for-sale securities

- Items other than shares without market value:

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



- Shares without market value:  
Stated mainly at cost determined by the moving-average method
- b) Inventories  
Stated at cost determined by the gross average method  
Balance sheet amounts are written down based on a decline in profitability.
- (2) Depreciation method for significant depreciable assets
  - a) Property, plant and equipment:  
Depreciated mainly by the declining-balance method (however, buildings (excluding accompanying facilities) obtained on or after April 1, 1998 and facilities accompanying buildings and structures obtained on or after April 1, 2016 are depreciated by the straight-line method). However, depreciated by the straight-line method for overseas consolidated subsidiaries.
  - b) Intangible assets  
Amortized by the straight-line method  
Software used internally is amortized using the straight-line method over the useful life of the assets as estimated by the Company (within five years).
- (3) Accounting standards for significant allowances
  - a) Allowance for doubtful accounts  
To provide against losses on defaults of notes and accounts receivable - trade, the Company and its consolidated subsidiaries provide the allowance for doubtful accounts based on a historical experience for general claims and on an estimate of collectability of specific doubtful receivables from customers in financial difficulties.
  - b) Provision for bonuses  
The Company and its consolidated subsidiaries provide a provision for bonus payments to employees at the amount estimated based on the period subject to the bonus payment.
  - c) Provision for bonuses for directors  
The Company provides a provision for bonus payments to directors and other officers at the amount estimated at the end of the fiscal year.
- (4) The standards for recognition of significant revenues and expenses  
The Company recognizes revenue at the amount expected to be received in exchange for promised goods or services when control of said goods or services is transferred to the customer.
- (5) Other important matters for the basis of preparing consolidated financial statements  
Recognition of retirement benefit asset and liability  
To prepare for employees' retirement benefits, retirement benefit liability is recorded at the amount remaining after deducting pension assets from retirement benefit obligations based on estimated amounts at the end of the fiscal year under review. If the amount of pension assets exceeds the amount of retirement benefit obligations, retirement benefit assets are recorded. Actuarial differences are amortized by the straight-line method over a specified period (10 years) within the average remaining service years of employees at the time of accrual in each fiscal year, from the following fiscal year of the respective accruals. Unrecognized actuarial differences and unrecognized past service costs are posted, factoring in tax effects, as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets. In the calculation of retirement benefit obligations, the method of attributing expected retirement benefits to the period up to the fiscal year under review is the benefit formula basis.

## [Notes to Accounting Estimates]

### 1. Deferred tax assets

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

(Unit: In Millions of yen)

	As of March 31, 2025
Deferred tax assets	2,312

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

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

### 2. Valuation of goodwill

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

(Unit: In Millions of yen)

	As of March 31, 2025
Goodwill	4,361

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

##### a) Calculation method of amount

The Group made Ha Tay Pharmaceutical Joint Stock Company a consolidated subsidiary by acquiring its additional shares in the fiscal year under review. Goodwill is recorded on the consolidated balance sheet due to this business combination.

As the identification of identifiable assets and liabilities and the calculation of their fair value on the date of the business combination have not been completed, the allocation of the acquisition cost has not yet finished at the end of the fiscal year under review. For this reason, the amount of goodwill is subject to provisional accounting treatment based on reasonable information available at that time.

If it is determined that there are signs of goodwill impairment, the impairment is determined by comparing estimated future cash flows over the remaining amortization period of the goodwill with the book value.

We have determined that there is a sign of impairment of goodwill recorded due to this business combination, because the amount allocated to goodwill among the acquisition cost is relatively large. Since undiscounted future cash flows fall below the book value of non-current assets including goodwill, we have determined that impairment is required to be recognized. Accordingly, the book value of goodwill was reduced to the recoverable amount and ¥12,843 million was recorded as impairment losses included in subsidiary-related profit and loss.

##### b) Assumptions used in calculation of amount

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

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

If changes in market conditions, etc., required impairment loss to be recognized in the next consolidated fiscal year, the book value of the goodwill listed above will be reduced to the recoverable amount and impairment losses may be recognized.

## **[Notes to Consolidated Balance Sheet]**

1. Accumulated depreciation of property, plant and equipment: ¥24,876 million
2. Guarantee obligations  
The Company has established guarantees of obligation of ¥649 million (VND 110,757 million) for borrowings from financial institutions by Ha Tay Pharmaceutical Joint Stock Company, a consolidated subsidiary.
3. The Company has concluded commitment line contracts with financial institutions with which the Company has transactions, to finance working capital efficiently. The balance of unexecuted borrowings based on the commitment line contracts at the end of the fiscal year under review is as follows:

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

## **[Notes to Consolidated Statement of Income]**

### Subsidiary-related profit and loss

The subsidiary-related profit and loss of ¥1,257 million was recognized in relation to Ha Tay Pharmaceutical Joint Stock Company's conversion into a subsidiary. This was the result of a gain on step acquisitions of ¥13,741 million and an impairment loss of ¥12,483 million.

## [Notes to Consolidated Statement of Changes in Equity]

### 1. Total number of shares outstanding

(Unit: In thousands of shares)

Class of shares	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common shares	30,563	—	1,800	28,763

Note: A decrease in the total number of shares outstanding was due to the cancellation of treasury shares.

### 2. Dividends of surplus

#### (1) Cash dividends paid

(Resolution)	Class of shares	Total dividends	Dividends per share	Record date	Effective date:
June 25, 2024 Annual General Meeting of Shareholders	Common shares	¥566 million	¥20	March 31, 2024	June 26, 2024
November 5, 2024 Board of Directors meeting	Common shares	¥709 million	¥25	September 30, 2024	November 29, 2024

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

Matters for approval at the 4th Annual General Meeting of Shareholders to be held on June 24, 2025

- Class of shares: Common shares
- Total dividends: ¥850 million
- Source of dividend: Retained earnings
- Dividends per share: ¥30
- Record date: March 31, 2025
- Effective date: June 25, 2025

## **[Notes to Financial Instruments]**

### **1. Status of financial instruments**

#### **(1) Policy relating to financial instruments**

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

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

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

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

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

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

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

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

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

#### **(4) Concentration of credit risk**

Approximately 81% of trade receivables at the end of the fiscal year under review is from specific major customers.

## 2. Market value of financial instruments

The carrying amounts in the consolidated balance sheet, market values, and the differences between them as of March 31, 2025 are as shown below. Shares without market value, etc. are not included in the following table (see Note). In addition, as cash is omitted from the notes and deposits have a short settlement period, market values and book values are approximately the same; therefore, they are omitted from the notes.

(Unit: In Millions of yen)

	Carrying amount (*)	Market value (*)	Difference
(i) Electronically recorded monetary claims - operating	25	25	—
(ii) Accounts receivable - trade	15,184	15,184	—
(iii) Securities and investment securities			
Available-for-sale securities	10,866	10,866	—
(iv) Accounts payable - trade	(6,411)	(6,411)	—
(v) Electronically recorded obligations - operating	(2,735)	(2,735)	—
(vi) Short-term borrowings	(2,521)	(2,521)	—
(vii) Accounts payable - other	(6,194)	(6,194)	—
(viii) Long-term borrowings (including current	(8,382)	(8,382)	0

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

Note: Shares without market value, etc.

(Unit: In Millions of yen)

Classification	Carrying amount
Unlisted equity securities	704
Shares of affiliates	245
Limited Partnership, etc.	1,065

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

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

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

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

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

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

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

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

(Unit: In Millions of yen)

Classification	Market value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities	10,311	—	—	10,311
Total of assets	10,311	—	—	10,311

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

(Unit: In Millions of yen)

Classification	Market value			
	Level 1	Level 2	Level 3	Total
Electronically recorded monetary claims - operating	—	25	—	25
Accounts receivable - trade	—	15,184	—	15,184
Securities and investment securities				
Available-for-sale securities	—	555	—	555
Total of assets	—	15,765	—	15,765
Accounts payable - trade	—	6,411	—	6,411
Electronically recorded obligations - operating	—	2,735	—	2,735
Short-term borrowings	—	2,521	—	2,521
Accounts payable - other	—	6,292	—	6,292
Long-term borrowings (including current portion)	—	8,382	—	8,382
Total of liabilities	—	26,343	—	26,343

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

*Securities and investment securities*

Listed equity securities are valued using market prices. Listed equity securities are classified into Level 1 market value because they are traded on an active market. On the other hand, since securities for short-term investments held by the Company are settled in a short term and their market values are almost the same as their book values, they are valued according to such book values.

*Electronically recorded monetary claims – operating and Accounts receivable – trade*

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

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

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

*Long-term borrowings*

As long-term borrowings with floating interest rates reflects the market rate on a short-term basis and their market values are deemed close to their book values, they are classified into Level 2 market value according to their book values. Market values of those borrowings with fixed interest rates are calculated by using the present value of the total of the principal and interest discounted by the assumed interest rate at the time of similar borrowings newly originated and classified into Level 2 market value.



## [Notes to Investment and Rental Properties]

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

Rental income on these investment and rental properties for the fiscal year under review was ¥37 million, and rental expenses were ¥50 million.

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

(Unit: In Millions of yen)

Carrying amount			Market value at the end of the fiscal year under review
As of April 1, 2024	Changes	As of March 31, 2025	
200	3	204	6,321

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

2) A principal change for the current period is an increase (¥5 million) due to acquisition of lands and a decrease (¥2 million) due to recording of depreciation.

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

## [Notes to Revenue Recognition]

1. Information factoring in revenue from contracts with customers

(Unit: In Millions of yen)

	Reportable Segment		Other (Note)	Total
	Pharmaceutical business	Animal health business		
Net sales				
Goods to be temporarily transferred	56,650	7,246	223	64,120
Goods to be transferred for a fixed period	5	—	14	19
Revenue from contracts with customers	56,655	7,246	237	64,139
Other revenue	—	—	—	—
Net sales to outside customers	56,655	7,246	237	64,139

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

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

### (1) Pharmaceutical business

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

### (2) Animal health business

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

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

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

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

(Unit: In Millions of yen)

	Balance at beginning of current period	Balance at end of current period
Obligations from contracts with customers	15,627	15,210
Contract liabilities	177	1,027

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

## [Notes to Per Share Information]

1) Net assets per share	¥2,302.61
2) Earnings per share	¥179.95

## [Notes to Business Combination, etc.]

### Business combination by acquisition

#### 1. Outline of business combination

##### (1) Name and business of the acquired company

Name	Ha Tay Pharmaceutical Joint Stock Company (hereinafter “Hataphar”)
Business	Manufacture, sale, and import of medical pharmaceuticals, over-the-counter drugs, health food, etc.

##### (2) Reason for business combination

In its Medium-Term Management Plan 2025, the Group aims to become a “Total Healthcare Company with a Strong Foundation as a Specialty Pharma Company.” In order to achieve the goals of the Medium-Term Management Plan, the Company has set four visions and seven strategies for the business activities, and one of the seven strategies is “Overseas Business Development.” The Company aims for further growth in the domestic pharmaceutical market, mainly in the field of obstetrics and gynecology, as well as establishing business in emerging countries, especially in Southeast Asia, where the market is growing rapidly due to population growth and economic development. Under such circumstances, ASKA Pharmaceutical and Hataphar have been cooperating as strategic partners. Since ASKA Pharmaceutical acquired 24.9% of Hataphar’s shares in January 2021, it has continued to support Hataphar’s new factory construction.

In order to further strengthen the relationship that has been cultivated so far and to move to the next step in all business activities, including manufacturing, sales, and development, the Company has acquired additional shares of Hataphar through market purchase and made it a consolidated subsidiary of ASKA Pharmaceutical based on the control criteria stipulated in the Accounting Standard for Consolidated Financial Statements. Through the consolidation of Hataphar as a consolidated subsidiary of ASKA Pharmaceutical, the Company, including Hataphar, will realize further growth and increase its corporate value.

##### (3) Business combination date

December 31, 2024 (deemed acquisition date)

##### (4) Legal form of business acquisition

Share acquisition in consideration for cash

##### (5) Name of company after the combination

No change

##### (6) Percentage of voting rights acquired

40.0%

##### (7) Basis for determining the acquiring company

It is based on the fact that the Company’s consolidated subsidiary acquired shares in consideration for cash, and that the said company made it a consolidated subsidiary under the effective control criteria.

#### 2. Period of the operating results of the acquired company included in the consolidated financial statements

The closing date of the acquired company is December 31 which differs by three months from that of consolidated closing date. As deemed acquisition date of this business combination is December 31, 2024, only the balance sheet is consolidated.

The portion of operating results during the period from January 1, 2024 to December 31, 2024 which belong to the Group is recorded as share of loss (profit) of entities accounted for using equity method.

3. Acquisition cost and types of consideration for the acquired company

Consideration for acquisition:	Fair value of business combination	¥19,328 million
cash		
Acquisition cost:		¥19,328 million

4. Main acquisition-related expenses and their amount

Advisory fees, commissions, etc.: ¥192 million

5. Difference between acquisition cost of the acquired company and total amount of acquisition cost as the result of a series of transactions to purchase shares of the acquired company

Gain on step acquisitions: ¥13,741 million

6. Amount, reason, and amortization method and period of goodwill incurred

Goodwill of ¥16,845 million was incurred due to a difference between the acquisition cost of the acquired company and the fair value of total net assets. However, as a result of a review of the recoverability based on the estimated future cash flows, ¥12,483 million was recorded as impairment losses included in subsidiary-related profit and loss for the fiscal year under review.

7. Amount and major breakdown of assets received and liabilities assumed on the date of the business combination

Current assets:	¥5,631 million
Non-current assets:	¥6,265 million
Total assets	¥11,897 million
Current liabilities:	¥4,713 million
Non-current liabilities:	¥815 million
Total liabilities	¥5,528 million

8. Allocation of acquisition cost

As the identification of identifiable assets and liabilities and the calculation of their fair value on the date of the business combination have not been completed, the allocation of the acquisition cost has not yet finished at the end of the fiscal year under review. Therefore, provisional accounting treatment was carried out based on reasonable information available at that time.

## Notes to Non-consolidated Financial Statements

### [Notes to Significant Accounting Policies]

1. Valuation standards and methods for securities

Shares of subsidiaries and affiliates

Stated at cost determined by the moving-average method

2. Accounting standards for allowances

Provision for bonuses

The Company provides a provision for bonus payments to employees at the amount estimated based on the period subject to the bonus payment.

3. Depreciation and amortization method for non-current assets

Intangible assets:

Amortized by the straight-line method

Software used internally is amortized using the straight-line method over the useful life of the assets as estimated by the Company (within five years).

4. The standards for recognition of significant revenues and expenses

The Company recognizes revenue at the amount expected to be received in exchange for promised goods or services when control of said goods or services is transferred to the customer.

### [Notes to Balance Sheet]

1. Monetary claims and liabilities to subsidiaries and associates are as follows:

(1) Short-term monetary claims: ¥2,149 million

(2) Short-term monetary liabilities: ¥69 million

2. Guarantee obligations

The Company has established guarantees of obligation of ¥649 million (VND 110,757 million) for borrowings from financial institutions by Ha Tay Pharmaceutical Joint Stock Company, an associated company.

3. The Company has concluded commitment line contracts with financial institutions with which the Company has transactions, to finance working capital efficiently. The balance of unexecuted borrowings based on the commitment line contracts at the end of the fiscal year under review is as follows:

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

## [Notes to Statement of Income]

Transactions with subsidiaries and associates

(1) Operating revenue	¥4,509 million
(2) Operating expenses	¥82 million
(3) Non-operating transactions:	¥6 million

## [Notes to Statement of Changes in Equity]

Class and number of treasury shares

(Unit: In thousands of shares)

Class of shares	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common shares (Notes) 1, 2	2,231	0	1,834	397

Notes: 1) The increase in the number of treasury shares of common shares of 0 thousand shares is due to purchase of 0 thousand shares of shares less than one unit.

2) The decrease in the number of treasury shares of common shares of 1,834 thousand shares is due to disposal of 34 thousand shares for restricted stock compensation and cancellation of 1,800 thousand treasury shares based on a resolution of the Board of Directors meeting held on March 12, 2025.

## [Notes to Tax Effect Accounting]

Significant components of deferred tax assets and liabilities

(Unit: In Millions of yen)

Deferred tax assets	
Shares of subsidiaries and associates	525
Provision for bonuses	37
Deferred assets	5
Social insurance expenses for provision for bonuses	4
Other	10
Deferred tax assets subtotal	583
Valuation allowance	(525)
Total deferred tax assets	57
Net deferred tax assets	57

## [Notes to Transactions with Related Parties]

(Unit: In Millions of yen)

Type	Company name	Percentage of the voting rights held (%)	Relation	Nature of transaction		Amount of transaction	Account	Balance at the end of fiscal year
Subsidiary	ASKA Pharmaceutical Co., Ltd	Direct 100%	Interlocking directorate Management guidance	Consulting fee income (Note)		722	—	—
				Outsourcing service income (Note)		660	—	—
				Dividend income (Note)		3,056	—	—
				Lending of funds (Note)	Loans receivable	6,500	Short-term loans receivable	2,000
					Repayment	4,500		
Subsidiary	ASKA Animal Health Co., Ltd.	Direct 100%	Interlocking directorate Management guidance	Lending of funds (Note)	Loans receivable	4,140	Short-term loans receivable	140
					Repayment	4,000		
Subsidiary	Ha Tay Pharmaceutical Joint Stock Company	Indirect 40.0%	Guarantee of obligation	Guarantee of obligation (Note)		649	—	—

(Note)

Terms and conditions and determination policy, etc. of terms and conditions

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

**[Notes to Revenue Recognition]**

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

**[Notes to Per Share Information]**

1) Net assets per share	¥1,574.11
2) Earnings per share	¥111.57