

Corporate Governance

■ Group Remuneration Committee

The Group Remuneration Committee has been established as an advisory body to the Board of Directors, to enhance the fairness and objectivity of the deliberation process regarding remuneration of directors. The committee is composed of three members as of FY2025, all of whom are outside directors.

Composition in FY2024

Chairman: Yasunori Yoshimura (Outside Director)
Members: 5 (including 3 outside directors)
Meetings: 3
 *From FY2025
Chairman: Minoru Awabayashi (Outside Director)
Members: 3 (all of whom are outside directors)

FY2024 Initiatives

- Deliberation on remuneration weightings for Board members remuneration and non-financial indicators related to performance-linked remuneration
- Discussion on share-based payment
- Decision on the contents of the report to the Board of Directors

■ ESG Committee

We have identified six material issues from the perspective of relevance to the Group's business and social contribution, and have established a Company-wide action plan and KPIs for each issue. In particular, we believe that "Contribution to women's health and animal health" is a material issue that is characteristic of our business and in which we can demonstrate our strengths and originality.

In addition, we disclose information on climate change in line with TCFD recommendations and are committed to reducing environmental impact and advancing TNFD disclosures, contributing to the realization of a society where people and animals coexist in harmony.

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

Composition in FY2024

Chairman: Atsushi Maruo
Members: 7 (including 3 Board members)
Meetings: 2

FY2024 Initiatives

- Discussion on contents of CDP response
- Discussion on participation in Renewable Energy 100 Declaration RE Action
- Reorganization of material issues
- Mapping the entire Company's supply chain

■ Group Compliance Promotion Committee

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.

Composition in FY2024

Chairman: Atsushi Maruo
Members: 8 (including 3 Board members)
Meetings: 2

FY2024 Initiatives

- Compliance awareness survey results and issues identified
- Revision of rules and regulations governing compliance promotion
- Discussion on scheduling compliance training for next fiscal year

■ 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 Group Business Strategy Meeting four times a year to share information.

Composition in FY2024

Chairman: Takashi Yamaguchi
Members: 5
Meetings: 4

FY2024 Initiatives

- Reporting on progress in implementing annual business plan
- Reporting and making proposals concerning important matters relating to business execution

■ Audit & Supervisory Board

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.

Composition in FY2024

Chairman: Yuichiro Fukui
Members: 4 (including 2 outside Audit & Supervisory Board members)
Meetings: 18
 *From FY2025
Chairman: Kunihiro Gunji
Members: 4 (including 2 outside Audit & Supervisory Board members)

FY2024 Initiatives

- Auditing Board members' execution of duties and preparing audit reports
- Formulating audit policies and plans and determining division of duties between auditors
- Collecting information and exchanging opinions to ensure the effectiveness of audits

■ Reasons for Selection of Skills

Skill Categories	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.
Global business	In the healthcare business, the adaptation and strategic expansion to international markets in addition to domestic markets are indispensable and we need to understand global regulations and market trends and control risk
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.

Corporate Governance

Skill Matrix

	Name	Years of service ¹	Inside/Outside	Gender	Experience, knowledge, and expertise ²							Responsibilities in the Company and important concurrent positions ¹	Meeting body attended and attendance status ³					
					Corporate management	R&D / Intellectual property	Sales / Marketing	Medical / Pharmacy expertise	Global business	Finance / Accounting	Legal / Risk management		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	4 years and 3 months	Inside	Male	●	●	●					Member of the Board of Directors, Representative Director, Chairman of the Board of ASKA Pharmaceutical Co., Ltd.	100% (15/15)					
	Sohta Yamaguchi	4 years and 3 months	Inside	Male	●	●			●	●	●	President, Member of the Board of Directors, Representative Director of ASKA Pharmaceutical Co., Ltd.	100% (15/15)	100% (4/4)	100% (3/3)	100% (2/2)		
	Atsushi Maruo	4 years and 3 months	Inside	Male	●				●	●	●	Member of the Board of Directors, Vice Chairman of the Board of ASKA Pharmaceutical Co., Ltd.	100% (15/15)	100% (4/4)	100% (3/3)	100% (2/2)	100% (2/2)	
	Maiko Mori	3 years	Inside	Female		●		●			●	Member of the Board of Directors, Executive Corporate Officer, Quality & Safety Assurance Division Director of ASKA Pharmaceutical Co., Ltd.	100% (15/15)				100% (2/2)	
	Fumiyoji Yamaguchi	3 years	Inside	Male	●		●				●	President, Member of the Board of Directors, Representative Director of ASKA Animal Health Co., Ltd.	100% (15/15)			100% (2/2)	100% (2/2)	
	Minoru Awabayashi	2 years	Outside	Male	●		●	●	●			Founder CEO of M&A Strategy Advisors Co., Ltd.	100% (15/15)	100% (4/4)	100% (3/3)			
	Yasuji Enokido	2 years	Outside	Male	●		●	●	●			Representative Director and President of Soen Co., Ltd.	100% (15/15)	100% (4/4)	100% (3/3)	100% (3/3)		
	Kanae Karita	1 year	Outside	Female		●		●			●	Professor of the Department of Hygiene and Public Health, Faculty of Medicine, Kyorin University Director of the Japanese Medical Science Federation, Director of the Japanese Association of Medical Sciences Member of the Food Safety Standards Council, Cabinet Office	100% (10/10)	Newly appointed ⁴	Newly appointed ⁴			
Audit & Supervisory Board Members	Kiyoko Kato	Newly appointed	Outside	Female	●		●				●	Professor, Reproductive Pathological Physiology, Faculty of Medical Sciences, Kyushu University Director, The Japan Society for Menopause and Women's Health Executive Director of Japan Society of Obstetrics and Gynecology		Newly appointed ⁴				
	Kunihiro Gunji	1 year	Inside	Male	●	●	●				●	Audit & Supervisory Board Member of ASKA Pharmaceutical Co., Ltd. Audit & Supervisory Board Member of ASKA Pharma Medical Co., Ltd.	100% (10/10)	100% (12/12)				
	Kazuhiro Chiku	Newly appointed	Inside	Male		●			●	●		Audit & Supervisory Board Member of ASKA Pharmaceutical Co., Ltd. Audit & Supervisory Board Member of ASKA Animal Health Co., Ltd.	Newly appointed ⁴	Newly appointed ⁴				
	Takao Kimura	4 years and 3 months	Outside	Male	●		●	●	●				100% (15/15)	100% (18/18)				
	Koki Yamashita	Newly appointed	Outside	Male	●				●	●	●	Tax Accountant LR Partners Kawasaki Office Manager		Newly appointed ⁴	Newly appointed ⁴			

1. As of June 30, 2025

2. Indicates 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 in order to achieve the medium-term management plan.

3. ○ indicates the chairperson of each committee in FY2024.

In FY2025, Sohta Yamaguchi was appointed Chairman of the Board of Directors and Chairman of the Management Council; Minoru Awabayashi was appointed Chairman of the Group Nomination Committee and Group Remuneration Committee; and Kunihiro Gunji was appointed Chairman of the Audit & Supervisory Board.

4. Number of meetings attended in FY2024 are not shown as they are newly appointed directors.

Succession Planning

The Company views succession planning as an important management issue. To ensure that the process is transparent, fair, and objective, screening of potential leadership successors is spearheaded by the Group Nomination Committee, which is chaired by an outside director, and of which outside directors make up the majority. The Group Nomination Committee determines the selection criteria for top management positions and makes recommendations based on extensive debate over a range of candidate attributes including experience, accomplishments, personality, skills and aptitude, and performance in an interview. The Group Nomination Committee also devises training for leadership candidates to ensure that the Company achieves sustained growth and fulfills its responsibility to society.

Nomination Process



Selection Criteria for Top Management Positions

Personality attributes	<ul style="list-style-type: none"> Courage, persistence, ability to make decisions and execute Moral character, charisma, integrity
Skills	<ul style="list-style-type: none"> Business planning ability Capacity to communicate a vision and strength in organizational development Reform-oriented leadership Strength in human resource development

Message from Group Nomination Committee Chairman

Selection and Evaluation Processes Leading Up to Appointment of the New President

In my role as an outside director, I provided recommendations for the next president from among a wide range of both internal and external candidates, without being bound by preconceived ideas or conflicts of interest. In the selection process, we placed the utmost importance on transparency and fairness, and to that end engaged in careful and thorough discussions.

In addition to achieving the goals of Medium-Term Management Plan 2025, we have determined that it is desirable to advance the next medium-term management plan under a new structure. The Group Nomination Committee began by discussing the basic framework of the selection process for the top executive and started full-scale deliberation about a year ago. With due consideration for the current business situation, social conditions, and the business environment, the committee took a long-term perspective in carefully deliberating the requirements for becoming a top executive and the approach to selecting a successor.

In order to execute a multifaceted investigation, the Group Nomination Committee considered both internal and external candidates and evaluated them from multiple perspectives including skills, leadership, personality, career history, and achievements required for a top executive. We then conducted interviews, made inquiries as necessary about performance and practical matters, and engaged in multiple deliberations regarding the final candidates. The Group Nomination Committee formally recommended the final candidates chosen in this manner to the Board of Directors. Based on this recommendation, the Board of Directors made a decision after a comprehensive discussion of the requirements and personality profile associated with the position of top executive, ultimately approving the appointment of Mr. Sohta Yamaguchi as President at shareholders meeting.

I am convinced that the new president is an exceptional leader, having witnessed his focus on Southeast Asia in driving the Group's overseas expansion, as well as his strategic perspective and management style characterized by the steady execution of plans.



Minoru Awabayashi
Outside Director, Group Nomination Committee Chairman
ASKA Pharmaceutical Holdings Co., Ltd.

*Member since FY2024, appointed as committee chairman in FY2025

Corporate Governance

Remuneration for Board Members

■ Basic Principles

The Group Remuneration Committee deliberates on 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, 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 remuneration 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.

The exact amount of remuneration for each Director is determined by the Board of Directors based on reports from the Group Remuneration Committee (an advisory committee in which outside directors comprise the majority of members), and is kept within the upper limit of remuneration approved at the General Meeting of Shareholders.

Type of remuneration	Eligible individuals	Policy and procedure
Base salary	Members of the Board of Directors (Outside Directors)	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	Members of the Board of Directors	Performance-based bonus for members of the Board of 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 (financial indicators such as operating profit and ESG-related non-financial indicators) 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 remuneration	Members of the Board of Directors	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 remuneration 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 remuneration fits roughly in the following scope:

Base salary: 55-70%, Performance-based bonus:

15-30%, Restricted share remuneration: 10-15%

■ Total Amount of Remuneration, etc. by Board Member Classification, Total Amount by Type of Remuneration, etc., and the Number of Target Board Members in FY2024

Classification	Total amount of remuneration, etc. (Millions of yen)	Total amount by type of remuneration, etc. (Millions of yen)			Number of target Board Members (Persons)
		Base salary	Performance-based bonus	Restricted share remuneration	
Members of the Board of Directors (Outside Directors)	38 (38)	38 (38)	— (—)	— (—)	4 (4)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	50 (13)	50 (13)	— (—)	— (—)	5 (2)
Total (Outside Board Members)	89 (51)	89 (51)	— (—)	— (—)	9 (6)

In addition to the above, the total amount of remuneration, 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 ¥276 million.

Notes:

1. The amount of remuneration 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. 3. The metrics used for performance-linked remuneration are financial indicators such as operating profit and ESG-related non-financial indicators. In FY2024, the Company reported operating profit of ¥5,331 million, net sales of ¥64,139 million, and ROE of 8.0%. These metrics were chosen because they are important indicators of the achievement of management goals. Therefore, they were determined to be appropriate metrics for performance-based remuneration. 4. Based on the resolution of the Extraordinary General Meeting of Shareholders held on June 24, 2021, the upper limit on remuneration for members of the Board of Directors was set at ¥500 million 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 (in addition to three outside directors). Separate from this remuneration, the upper limit on restricted share remuneration 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, excluding outside directors, at the end of the Extraordinary General Meeting of Shareholders was three. 5. Based on the resolution of the Extraordinary General Meeting of Shareholders held on June 24, 2021, the upper limit on remuneration for Audit & Supervisory Board members was set at ¥150 million per year. The number of Audit & Supervisory Board members at the end of the Extraordinary General Meeting of Shareholders was four.

Evaluations of the Effectiveness of the Board of Directors

To ascertain the current status of and further improve the effectiveness of the Board of Directors, each year the Company conducts a questionnaire survey of all members of the Board of Directors and the Audit & Supervisory Board. We utilize an external organization to conduct the survey and analyze the results, ensuring transparency and effectiveness.

■ Implementation Guidelines (FY2024)

• Target group	• Evaluation method	• Main items of the survey
Board Members (All nine Board of Directors members and all four Audit & Supervisory Board members)	1. Conduct an online questionnaire survey of target group (using both multiple choice (five-rating scores) and open-ended responses) 2. Analysis of responses by external organization 3. Provide feedback to the Board of Directors 4. Work to further enhance functions of the Board of Directors	I. Composition and management of the Board of Directors II. Management strategy and management plan III. Risk management IV. Nomination and remuneration V. Dialogue with shareholders, etc.

■ Results of Evaluation

Items Yielding High Scores

Based on evaluation and analysis of the survey results, we confirmed that the Board of Directors is functioning appropriately and that the effectiveness of the Board as a whole is assured.

The three items yielding the highest scores were appropriate disclosure of non-financial information,

confirmation of how each division is executing its business, and confirmation of the effectiveness of the whistleblower system. We recognize these as strengths of our Board of Directors.

Based on the results of this evaluation, the Board of Directors will further enhance the functions of the Board and will continue striving to improve its effectiveness.

Items Yielding Lower Scores and Improvement Initiatives

Item	Outline	Improvement initiatives
Relationship between human resources strategy and corporate value	Lack of alignment between human resources strategy and management strategy, and visualization of the impact on corporate value	Currently reviewing oversight of human resources strategy and reporting on this to the Board of Directors
Implementation of ongoing training for Board members	Enhancing training for Board members	Implementing ongoing training for Board members
Discussion on business portfolio with consideration for cost of capital	Promoting discussion on business portfolio in a manner conscious of cost of capital	Discussing business portfolio in a manner conscious of cost of capital
DX promotion	Driving DX promotion initiatives	Consistently reporting on DX promotion efforts
Content and quantity of materials for Board of Directors meetings	Method of sharing and managing the materials	Promotion of paperless meetings

Support System for Outside Directors

We are working continuously to deepen outside directors' understanding of the Group's operations and business concerns.

■ Field trips (to Shonan Research Center and Iwaki Factory) and education

We create opportunities for Board Members to attain a greater understanding of the Group's advanced drug discovery processes and reliable and stable supply of high-quality products through field trips to the Group's research facility (Shonan Research Center), and production facility (Iwaki Factory).



Field trip to Shonan Research Center

■ Initiatives to promote substantive discussion among members of the Board of Directors, Group Nomination Committee, and Group Remuneration Committee

We are taking the following initiatives to promote substantive discussion among members of the Board of Directors, Group Nomination Committee, and Group Remuneration Committee.

- Explanation of (lectures on) important topics
- Reports on basic Company information and business progress
- Orientation for newly appointed outside directors