

Roundtable Discussion with Outside Directors



From left: Yasunori Yoshimura, Kanae Karita, Minoru Awabayashi, and Yasuji Enokido

In addition to strengthening governance under the holding company structure, we are focusing also on human resource development to realize sustainable growth. In order to explain just how the corporate culture is evolving, we met with ASKA Pharmaceutical Holdings' four Outside Directors and invited them to discuss current initiatives and challenges for shaping the Company's future.

Role as an Outside Director

Yoshimura: As everybody is aware, Japan is grappling with an extremely low birthrate and aging population. The birth rate in 2023 was 1.20. The number of births was 727 thousand in 2023 and is expected to drop below 700 thousand in the future. I believe that building a future for women and children will be critical in resolving the issues posed by a declining birthrate and aging population. Based on the corporate philosophy of "Contribute toward the improvement of people's health and progress in society through the development of innovative products," ASKA offers support for women's health at each stage of their lives, while also improving the quality of life of people in general and helping build the nation's healthcare industry. I believe my responsibility as an Outside Director is to provide comprehensive support as a medical professional for the Company's quest to become a flagship company for women's medicine.

Awabayashi: I expect my contribution to the Company to lie in expanding business activities overseas and in planning and nurturing new businesses, skills gleaned from my days at a consulting company. As someone with no previous association with drug discovery or the pharmaceutical and

medical fields, I intend to offer my recommendations from a consumer's perspective. That said, I will participate actively in new business planning. As an Outside Director with experience in discovering and introducing new overseas businesses, I believe I can offer advice on methods of intelligence-gathering, and provide business-oriented suggestions when it comes to analyzing and drawing conclusions from the information thus collected.

Enokido: I served for many years as a director for an electronics manufacturer, so the pharmaceutical industry is outside my area of expertise. In my previous role, though, I had a long stint overseas, and during that time I developed a global viewpoint that I hope to leverage in my new role. I believe I can make a unique contribution, not only by updating the Company's governance practices to befit a listed company, but also by providing advice on pursuing overseas-style governance and business growth.

Karita: I feel that my responsibility lies in harnessing my experience as a medical professional, first in promoting diversity, and then in securing and fostering the personnel needed by the Company over the longer term. It is imperative to identify and nurture home-grown female executives. We need to create an environment in which childbirth and childrearing leave do not prove career-ending

for female employees. I seek to use my experience as a female not only in reaching out to women within the Company, but also in voicing an opinion on building an environment where every employee can achieve self-fulfillment and feel rewarded in their work.

Impression of the Company from an Outside Director's Standpoint

Yoshimura: My involvement with the Company dates back to the Teikoku Hormone Mfg. era. Since changing to the current name "ASKA," the Company has adopted a focus on women's life stages, and I believe this to be a very salient characteristic setting "ASKA Pharmaceutical Co., Ltd." apart from rival pharmaceutical companies. I also believe ASKA has been already fulfilling its responsibility to society as a specialty pharma company to some extent. From my own perspective, since the government itself is advocating comprehensive support for women's health, the Company has demonstrated further improvement on that front and is making a more significant contribution to society after adopting a holding company structure.

Awabayashi: Only a year has passed since I began my association with the Company. While I am still learning about the Company, from my conversations with management I believe that company executives are exhibiting even greater leadership and vision than I observed before my direct involvement. I will do my utmost to ensure that this trend continues.

Enokido: ASKA has amassed an impressively large share of sales in the obstetrics and gynecology fields in Japan, in line with the country's needs and the broader push to support women's participation and advancement in society. I am impressed also by the manner in which the Company is rolling out new businesses in the animal health and medical domains. One challenge for ASKA is to build momentum in pharmaceutical development over the longer term, and given the limited growth prospects for the domestic market I am also keen to see how the Company goes about creating growth opportunities overseas.

Karita: From the meetings and briefings I have attended thus far, I am convinced that the Company's management team fully appreciates the importance of corporate governance, and has established a sound system of governance. I plan to personally educate myself further on this topic. I will also be encouraging the Company to build collaborative relationships with other companies in its quest to grow overseas operations.

Views on Enhancing Corporate Value over the Medium to Long Term

Enokido: The Company does business in a specialist field, which makes it difficult to raise general awareness of the Company. The recent rise in the share price, though, suggests that regard for the Company is building. Over the

Yasunori Yoshimura

Member of the Board of Directors, Outside Director
ASKA Pharmaceutical Holdings Co., Ltd.



past year there has been much debate within the Company regarding means of increasing shareholders' value, and I think the resulting initiatives could be contributing to gradual improvement in the Company's visibility. When it comes to the share price, I think that raising corporate value over the long term holds more significance than near-term upswings and downswings in the share price. As employees are the source of corporate value, I believe the Company should persist with efforts to enhance the skills and personal qualities of each and every employee.

Yoshimura: The Company's share price is now some three times higher than when the Company's market valuation was low, when the stock was trading below ¥1,000. That kind of share price appreciation suggests to me that company visibility has improved remarkably. The corporate value has risen substantially, but that has brought with it fresh challenges.

Awabayashi: Given the increase in non-Japanese investors, I believe the Company should be more proactive in disseminating information and conducting IR activities overseas.

Karita: The Company is making solid progress in addressing the SDGs and pursuing sustainability, but I think there is room for improvement in the dissemination of information. I believe the Company could gain greater traction if, for example, it used influencers and the like as opportunities to step up information dissemination, with employees working as one to enhance corporate value by never being satisfied with the status quo and always being on the lookout for areas in need of improvement.

Various Viewpoints on Human Resources

Awabayashi: As an Outside Director, I am extremely impressed by the proactive manner in which the Company externally sources talent to fill mid-level and higher positions. When it comes to developing in-house talent, there are frequent opportunities for management to interact with employees at internal meetings and so forth, but I know little of what takes place at such meetings. Given the opportunity, I would like to participate as an observer, with the ability to voice my opinion as necessary.

Roundtable Discussion with Outside Directors



Yoshimura: From my viewpoint as a medical professional, I think there needs to be a paradigm shift within the Company from financial capitalism focused primarily on financial statements, toward inclusive capitalism. I believe SDGs, ESG investment and investment in our human capital are particularly important, and I think there remains insufficient awareness of how greater productivity can enhance corporate value. While management teams are prone to looking inward for the most part, awareness of the local community and working women is also critical, in my view.

Enokido: Employee growth is essential to a company's evolution over the longer term, and I have had many discussions on this subject with the President. While swings in demand can alter near-term earnings momentum, over the longer term I believe that employee growth is key to a company's advancement. I have learned from my overseas postings that although company attributes differ between countries, the key to an organization's growth will always be its workforce. For the organization to retain its identity, I think it crucial that the corporate philosophy be carefully instilled overseas. I believe that this will further enhance the Company's appeal and its ability to lure talented individuals.

At the Company's domestic operations, I sense that the corporate culture is one of earnest and open communication. If asked to identify an area of potential improvement, I would say that the Company could do more to foster an entrepreneurial spirit among its employees. For the Company to achieve sustained growth, I think it is essential that its employees welcome a challenge. This is an industry that demands a lot of its employees, and there is certainly no need for all to embrace challenge. That said, I would like to see the organization evolve into one in which at least some employees can take on big challenges.

Karita: I have had conversations with the President about gender diversity, in which he has suggested that not many women seek out managerial and other senior positions. I want to see the Company create an open workplace in which women can win promotion according to their abilities, just like men. I believe gender diversity will gain momentum if we can develop a highly transparent workplace in which employees do not hesitate to communicate information to their superiors, even when implications for the organization are negative.

Effectiveness of the Board of Directors

Yoshimura: I think the effectiveness of the Board of Directors hinges on the creation of the kind of highly transparent workplace described by Ms. Karita. Providing opportunities for women to play an active role is essential, in my view, both to driving innovation and reforming work styles. While the number of female directors and auditors is increasing, I believe that further promotion of female advancement will require a greater focus on reskilling and organizational mobility. For example, I would like to see more opportunities for employees to learn by being seconded to other companies for periods of around three years. While it could be difficult in the Company's case as the business centers on visiting medical institutions to disseminate information about pharmaceuticals, going forward I would like to see the Company introduce job-based employment and digital tools. In my view, the Board of Directors needs to reacquaint itself with the important role that diversity has to play in corporate growth and technological innovation.

Awabayashi: While the Company looks to be making progress in promoting gender diversity, I think internationalization is also important. The Company has a limited presence overseas, but many of our shareholders are overseas investors. As such, I believe individuals with a global viewpoint are needed on the Board of Directors. Due to the language problem, not everyone is suited to this role. Nonetheless, I believe the Board of Directors should include more individuals able to speak on behalf of overseas shareholders.

Enokido: When I first joined the Board of Directors, I felt that there were too few female Board members considering that the majority of the customers are women. Going forward, though, I anticipate improvement in this respect, as exemplified by the appointment of Ms. Karita as a member of the Board of Directors. Given the importance of overseas expansion, I believe the Company should also appoint a non-Japanese director at an appropriate time. Also, I would like to see the Management Council become a forum supporting the frank exchange of opinions on all manner of subjects.

Karita: As the Board of Directors is involved in reporting,



chiefly on matters for resolution, I would like to see the Management Council gather ahead of Board of Directors meetings to conduct debate aimed at identifying issues to be addressed. On the subject of diversity in hiring, I want to facilitate the exchange of human resources with diverse experiences and viewpoints, regardless of gender and including non-Japanese, seniors, people with disabilities, and so on. I believe initiatives in this regard would enhance the Group's collective strengths while also boosting organization value and productivity.

Yoshimura: The Management Council and Board of Directors often debate the same matters, and I sense that the Board of Directors accepts at face value the explanations provided by the Management Council. I see potential for deeper discussion built on a wider range of opinions if more matters are offered up for discussion by the Management Council.

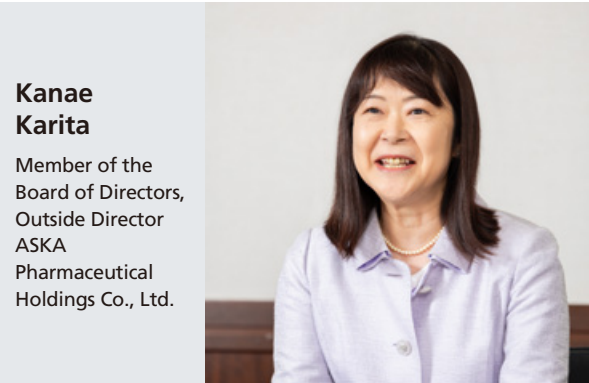
Group Nomination Committee and Group Remuneration Committee

Yoshimura: The Company has a Group Nomination Committee and Group Remuneration Committee and I serve as Chairman of both. I think it important that these advisory committees have included succession planning for the future as an agenda item. When Outside Directors and Internal Directors are being chosen, I believe it helps greatly for candidates to be afforded the opportunity to convey their impressions, aspirations, and message to employees. I serve also on the Board of Directors at other companies, but this is my first experience of a clearly defined pay scale, and I would describe the corporate culture as highly transparent. I applaud the Company for appointing to the management team individuals who will drive renewal while also upholding the founder's beliefs.

Enokido: As a new director it is difficult for me to make concrete suggestions, so in the future I would like to see director candidates presented beforehand to the Group Nomination Committee and the Group Remuneration Committee, giving them an opportunity to discuss candidate training. These committees have previously debated what constitutes an ideal leader, and I think now they need to work out how to realize that vision.

Awabayashi: Like Mr. Enokido, I have only attended two meetings to date. That said, I support Mr. Yoshimura's comments.

Karita: I was surprised to be called upon, given my singular background. However, I do believe that the Company aspires to take a new direction. Whereas other female directors are lawyers and business operators, I can bring to the table my experience in promoting diversity and public health in academia. I am satisfied that this is sufficient, as I am also being given every opportunity to grow through courses on management and accounting, with the ability also to provide feedback to the Company.



Expectations of ASKA Pharmaceutical Holdings and Perception of Company Strengths

Yoshimura: My hope is that ASKA grows into a company imbued with the philosophy of co-innovation and co-creation, in which diverse stakeholders collaborate in creating the future. As a flagship company in the use of cutting-edge drug discovery to contribute to the health of Japanese people, society, and women's health in particular, I believe ASKA also should promote initiatives in Sexual and Reproductive Health and Rights, a subject currently garnering attention around the globe. I think ASKA should be considering what it can do as a pharmaceutical company to create a society in which individuals have the right to shape their own lives, by such means as promoting the Sexual and Reproductive Rights that currently are lacking in Japan.

Awabayashi: If you don't take risks, you don't find opportunities. I believe it is the role of management to take risks within a scope that can be controlled. I think the current management team fulfills this role, and also excels in terms of leadership. In my experience of establishing new businesses, I often found it difficult to convince Outside Directors that our company should take risks. I want to be the kind of Outside Director that actively supports the management team with a firm grasp on what is important.

Enokido: As a company active in a field of great social significance, I believe the Company still has abundant potential for growth. With its focuses on the advancement of women and animal welfare, I think ASKA Pharmaceutical Holdings is a company that is ahead of the broader social trend. Although the Company already sets great store by the development of human resources, a key focal point for shareholders and institutional investors, I would like to see the Company strive even harder to establish a reputation as a rewarding workplace.

Karita: I agree with what the others have said. Additionally, I think one of the Company's strong points is a scale that facilitates the Group's maneuverability. By continuing to pursue diversity and personnel exchanges, I am confident that the Company will be able to adapt quickly to market changes through new businesses and business models.