

The Board of ASKA Pharmaceutical Holdings Co., Ltd

4<sup>th</sup> July 2025

Dear Sirs,

I am writing on behalf of the 'concert party' of Nippon Active Value Fund PLC, NAVF Select LLC and Dalton Investments, Inc. I am happy to confirm that collectively we currently own 6,132,100 shares of ASKA Pharmaceutical Holdings Co., Ltd. (Aska or the Company) comprising 21.635% of the total with voting rights. This reconfirms that we are, and have been for some time, the Company's largest shareholder.

We are writing now to complain about the "Policy for Responding to Large-Scale Purchase Actions" that you have just adopted and to refute the many assertions you have made in your attempt to justify it. If one were being cynical, we might be suspicious of these new powers kicking in at an arbitrary 22% voting right threshold, a number peculiarly adjacent to our current holding! Your actions are fundamentally in denial of your responsibilities as a listed company and constitute an affront to the principles of sound corporate governance. We have engaged in honest dialogue with you for over two years while gradually building our stake-- consequently, we now find your sudden unilateral announcement unsupportable, indefensible and deeply offensive.

You recently sent us a letter, 'out of the blue', demanding that we refrain from increasing our shareholding, citing "concerns about conflicts of interest with other shareholders." Such a stance had never been communicated in any of our previous interactions. We were, therefore, extremely surprised and confused. In response, we immediately requested a meeting, which was subsequently arranged with your management team.

At that meeting, management repeatedly raised nonsensical concerns, such as an absurd fear of potential stock price declines, the imagined result of putative future share sales, and the, frankly ignorant, notion that the increasing influence of a specific shareholder would necessarily be against the interests of other shareholders. These ideas are bizarre and naïve and show the inadequacy of the Company's leadership. Our representatives addressed these fantasy concerns carefully both during the meeting and in a follow-up email, in the following terms:

**1. Regarding the claim of "conflicts of interest with other shareholders"**

We cannot agree with your assertion of a "conflict of interest with other shareholders."

- Your representative stated that, "since you are a fund, you will eventually exit," and that such an exit poses "a significant risk of a decline in stock price." No evidence was provided for the assertion that we would "rapidly sell a large number of shares." It should be obvious that we have no reason to engage in such self-destructive behaviour. We have held stakes exceeding 20% in many companies, past and present, often for periods exceeding a decade, but we are not aware of any instances in which these concerns have materialized. What is undeniably true is that we are indeed a fund and will one day exit when we feel fair value has been achieved-- this is the very nature of investment!

- Furthermore, describing our steady accumulation of shares over two years as “buying up” demonstrates a complete lack of understanding how institutional investors strive for best execution through daily trading. We really do not understand what you fear most, our buying or selling! Again, you are displaying a stunning level of bias and ineptitude.
- We do not have a view on the effect our investment may have had on the Company’s share price. Amazingly, you seem to be suggesting that the very act of share trading—which by its nature causes price movements—is itself problematic! Stock markets function through the interplay of buyers and sellers, and price fluctuations are a fundamental mechanism of the market. Some investors benefit from price increases, while others find new opportunities when prices fall. Even if the scenario described by your representative were to materialise, some investors would likely view it as a buying opportunity.
- To cite potential stock price volatility as the basis for alleging a “conflict of interest among shareholders” is an extremely eccentric view for an executive of a listed company. If management really holds these views, we are bound to ask: why is Aska still a listed company?

## 2. Regarding the concern that “excessive influence by a particular shareholder is undesirable”

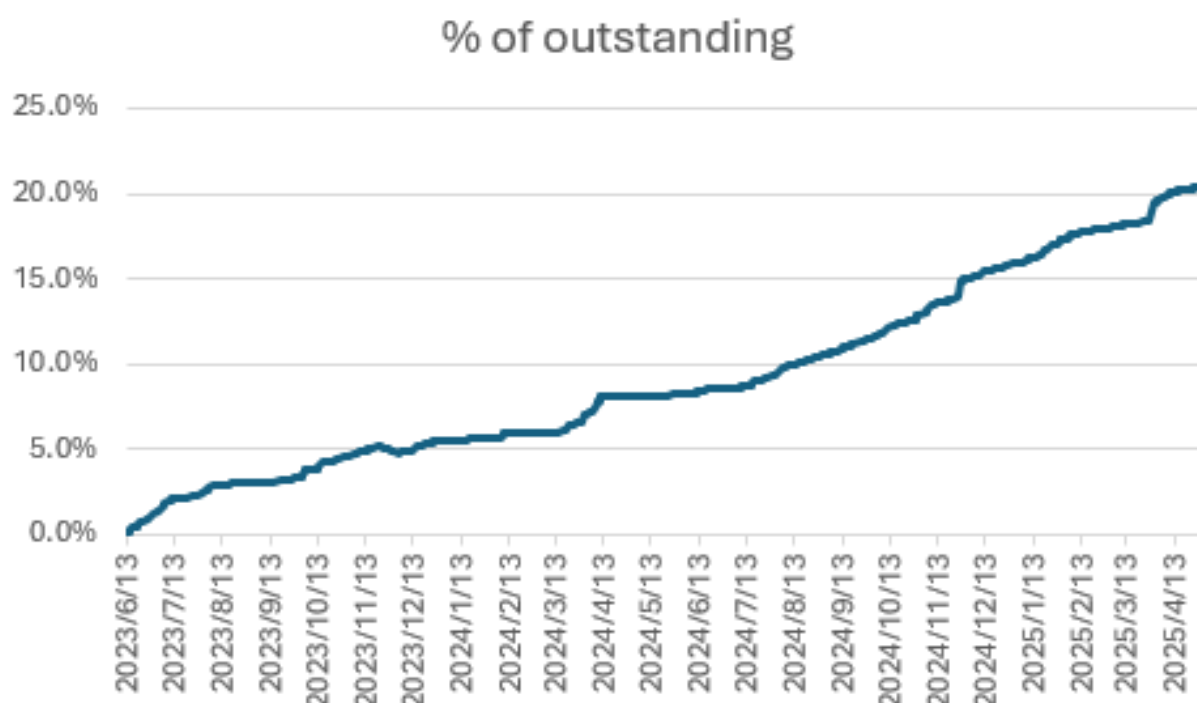
Your representative repeatedly stated that “it is undesirable for a particular shareholder to wield excessive influence.” We found this statement to reflect a total lack of understanding of the basic tenets of capital markets, and, indeed, of capitalism itself.

- We often use the term “shareholder democracy,” it refers to the process by which shareholders own the companies in which they invest. Put simply, it means equal voting rights per share. It is a fundamental principle of capitalism and corporate governance generally that shareholders who own more shares have more voting power.
- As a listed company, to consider changes in ownership ratios that result from free market trading—and the resulting shifts in influence—as “undesirable” because “shareholders have diverse views,” amounts to a denial of the very foundation of the capital markets. If you do not like ‘shareholders’, there is a very good way to get rid of them—and it is not by denying their rights!
- Your company’s expressed concerns are, at their core, less about “conflicts among shareholders” and more about “a desire on the part of management to avoid influence from a specific shareholder” or “a wish that shareholder influence remain fragmented and balanced.” If that is your intent, if that is how you feel about the free movement of markets, then the only answer is to do what we have been advocating all along: take the Company private and exit the public markets. You seem almost uniquely unqualified to run a listed business.

Regarding our MBO proposal, Mr Rosenwald clearly stated during the meeting, that “the final decision rests with the Yamaguchi family” and that “we simply presented one idea.” Given your extraordinarily inappropriate behaviour in trying to target and disenfranchise your largest shareholder, in other words, your largest owner (when the Yamaguchi family still own a mere 5% of ‘their’ company), we will try to make this easy for you. We will support and advocate a management buyout (“MBO”) of the entire Company at a price of JPY XXXX per share, as we believe the fundamental worth of the Company easily justifies this valuation. As before, we would

be delighted to introduce you to Private Equity practitioners and/or other financial advisors who will help you through this process. You need only choose one you prefer.

We have consistently engaged in constructive dialogue with your company, expressing high regard for the quality of your underlying business. We are happy to disclose to the public and press records of our meetings, if necessary. We are also willing to disclose our detailed trading history leading to the current shareholding level. Our stock acquisition over time has been conducted with full transparency. Characterising it as a “rapid buying-up” is both deliberately misleading and wrong. The chart below demonstrates our careful accumulation over time and clearly refutes any allegations of “rapid buying-up”:



Following our last meeting, we sent a carefully written follow-up email in which we diligently addressed your stated concerns, presenting a calm, fact-based response grounded in principle. In that message, we reiterated our willingness to respond to future concerns in good faith and expressed our strong desire to continue constructive dialogue. We also offered to arrange meetings with individuals involved in past MBO transactions with us, if that would be helpful.

It is worth emphasizing that your company did not even bother responding to this communication. Furthermore, despite having formally agreed to a meeting with President Yamaguchi, the Company then suddenly announced the adoption of the offending defence measures the day before it was scheduled to take place.

We regard this as fundamentally dishonest—it demeans dialogue with shareholders and drastically undermines trust. We have taken on long-term financial risk, built our stake gradually and transparently, and have continuously engaged in open and constructive dialogue. In

response, the company has not reciprocated in any meaningful way, and has, instead, unilaterally implemented a major attack on our integrity without any coherent explanation. Such conduct deviates significantly from the norm and how any listed company should behave towards its shareholders. It reveals a worrying lack of corporate governance awareness and proper behaviour – we do not believe the Japanese regulators will regard your actions as appropriate.

We intend to continue acting along lines of principled long-term value creation, maintaining transparency, and always being open and fair. We are deeply concerned that Aska is not demonstrating a willingness to share these standards. You must reconsider your current stance urgently and start acting in the interests of all your shareholders, including your largest. This episode has demonstrated to us, how right we were to recommend an MBO in the first place. We urge you to act now—we think you will be happier too, as you clearly do not enjoy the rigours and responsibilities of being a public company.

Yours faithfully,



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