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Stock Exchange Code: 3341

June 6, 2024

(Starting date of the measures for electronic provision: June 3 2024)

To Shareholders with Voting Rights:

Naoto Kasai
President & CEO
NIHON CHOUZAI Co., Ltd.
1-9-1, Marunouchi, Chiyoda-ku, Tokyo

**NOTICE OF
THE 44th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

The 44th Annual General Meeting of Shareholders of NIHON CHOUZAI Co., Ltd. (the “Company”) will be held for the purposes as described below.

The Company has taken measures for the electronic provision of materials for this General Meeting of Shareholders, and posted the matters to be provided electronically on the following website.

The Company’s website: <https://www.nicho.co.jp/en/ir/stock/meeting.html>

In addition to the above, the materials to be provided electronically are disclosed on the Tokyo Stock Exchange’s website below.

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you will not attend the meeting in person, you can exercise your voting rights in advance in writing or via the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights no later than 6:00 p.m. on Monday, June 24, 2024, Japan time.

- 1. Date and Time:** Tuesday, June 25, 2024, at 10:00 a.m. Japan time
(Reception will start at 9:15 a.m.)
- 2. Place:** 6F Conference room, Station Conference Tokyo at Sapia Tower located at
1-7-12, Marunouchi, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company’s 44th Fiscal Year (April 1, 2023 - March 31, 2024) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 44th Fiscal Year (April 1, 2023 - March 31, 2024)

Proposals to be resolved:

- | | |
|--------------------|---|
| Proposal 1: | Distribution of Surplus |
| Proposal 2: | Partial Amendments to the Articles of Incorporation |
| Proposal 3: | Election of Eight Directors (excluding Directors Who Are Audit & Supervisory Committee Members) |
| Proposal 4: | Election of Three Directors Who Are Audit & Supervisory Committee Members |
| Proposal 5: | Election of One Substitute Director Who Is an Audit & Supervisory Committee Member |
| Proposal 6: | Payment of Bonuses to Directors |

To shareholders

- In convening this general meeting of shareholders, pursuant to laws and regulations and provisions of Article 15 of the Company's Articles of Incorporation, the Company has taken measures for the electronic provision of materials for information contained in the Reference Documents for the General Meeting of Shareholders, etc. (matters to be provided electronically), while sending this notice by post as well. The content of this notice is disclosed on the Company's website and the Tokyo Stock Exchange's website.
- Any updates to the matters to be provided electronically will be posted on the Company's website and the Tokyo Stock Exchange's website.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Distribution of Surplus

The Company proposes to appropriate surplus as follows.

Matters related to year-end dividend

The Company considers the return of profits an important management issue and has made it a basic policy to return the maximum amount of profit to shareholders according to business results each period, giving due consideration to ensuring that the Company has the internal reserves necessary for future growth.

Under this policy, the year-end dividend for this year is proposed to be as follows:

- 1) Type of dividend property
Cash
- 2) Items related to the allocation of dividend property to shareholders and its total amount
12.50 yen per common share of the Company
In this case, total amount of dividend will be 374,828,813 yen.
- 3) Date the distribution of surplus comes into effect
June 26, 2024

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

- (1) In order to further strengthen the functions of the headquarters and increase operational efficiency, the location of the headquarters, as provided for in Article 3 of the existing Articles of Incorporation, will be changed from Chiyoda-ku, Tokyo, to Minato-ku, Tokyo. This amendment shall become effective on the relocation date of the headquarters, which will be determined at the Board of Directors meeting to be held no later than August 31, 2024, which is provided for in the supplementary provisions. These supplementary provisions shall be removed after the effective date of the relocation of headquarters.
- (2) In order to further strengthen and enhance the management foundation, a provision will be added to Article 23 of the existing Articles of Incorporation stating that the position of Chairman may be established among the Representative Directors and Directors with Special Titles.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
(Location of Headquarters) Article 3 The headquarters of the Company shall be located in <u>Chiyoda-ku</u> , Tokyo.	(Location of Headquarters) Article 3 The headquarters of the Company shall be located in <u>Minato-ku</u> , Tokyo.
(Representative Directors and Directors with Special Titles) Article 23 The Board of Directors may, by its resolution, appoint one (1) President-Director and one (1) or more Senior Managing Directors and Managing Directors as appropriate. 2. The President-Director shall represent the Company. 3. The Board of Directors may, by its resolution, appoint not more than three (3) Directors who represent the Company, including President-Director, from among Directors with Special Titles specified in Paragraph 1 of this Article.	(Representative Directors and Directors with Special Titles) Article 23 The Board of Directors may, by its resolution, appoint one (1) President-Director and one (1) or more <u>Chairman of the Board of Directors</u> , Senior Managing Directors, and Managing Directors as appropriate. 2. The President-Director shall represent the Company. 3. The Board of Directors may, by its resolution, appoint not more than three (3) Directors who represent the Company, including President-Director, from among Directors with Special Titles specified in Paragraph 1 of this Article.
Supplementary Provisions	Supplementary Provisions <u>(Effective Date of the Amendments to Article 3 of these Articles of Incorporation)</u> <u>The amendments to Article 3 of these Articles of Incorporation (Location of Headquarters) shall become effective on the relocation date of the headquarters, which will be determined at the Board of Directors meeting to be held no later than August 31, 2024. These supplementary provisions shall be removed after the effective date of the relocation of headquarters.</u>

Proposal 3: Election of Eight Directors (excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of all eight Directors (excluding Directors who are Audit & Supervisory Committee members; the same shall apply hereinafter in this proposal) will expire at the conclusion of this year's Annual General Meeting of Shareholders.

Accordingly, we propose the election of eight Directors. Additionally, regarding this proposal, the Audit & Supervisory Committee of the Company has judged that all of the candidates for Directors are qualified for the position.

The candidates for Directors are as follows:

No.	Name	New appointment/ Reappointment	Current positions and responsibilities in the Company	Attendance at the Board of Directors meetings (FY2023)
1	Hiroshi Mitsuhashi	New appointment	-	-
2	Naoto Kasai	Reappointment	President & CEO, Presidential Executive Officer In charge of overall corporate management, Group corporate planning, DX Strategy, overall sales, sales management, corporate information, sales development, public relations, and sustainability management	14/14 (100%)
3	Toshiyuki Koyanagi	Reappointment	Director, Senior Executive Officer General Manager of Pharmaceutical Headquarters In charge of pharmaceuticals administration promotion, at-home medical care, healthcare promotion, pharmaceuticals planning, medical care strategy planning, branch management, systems, and business development Vice person in charge of promotion of generic products	14/14 (100%)
4	Kazunori Ogi	Reappointment	Director, Senior Executive Officer General Manager of Finance Department Vice person in charge of accounting, finance, and generic products manufacturing business	14/14 (100%)
5	Yoshihisa Fujimoto	Reappointment	Director, Senior Executive Officer In charge of general affairs, human resources, Pharmaceutical Recruitment Center, insurance service business, risk management, and compliance management CSO	14/14 (100%)
6	Masahiro Inoue	Reappointment	Director In charge of generic products manufacturing business	10/10 (100%)
7	Yoshimitsu Onji	Reappointment	Director <u>Outside</u> <u>Independent</u>	14/14 (100%)
8	Mikiharu Noma	Reappointment	Director <u>Outside</u> <u>Independent</u>	14/14 (100%)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
1	Hiroshi Mitsuahara (June 17, 1948) [New appointment]	March 1980	Established Nihon Chouzai Co., Ltd. to assume the office of President & CEO	4,800,000
		January 1994	Established Miyagi Nihon Chouzai Co., Ltd. (currently Medical Resources Co., Ltd.) to assume the office of President & CEO	
		January 2005	Established Nihon Generic Co., Ltd. to assume the office of President & CEO	
		January 2012	Established Japan Medical Research Institute Co., Ltd. to assume the office of President & CEO	
		May 2013	Chairman of the Board of Choseido Pharmaceutical Co., Ltd.	
		[Significant concurrent positions]		
		[Reason for nomination as candidate for Director] Mr. Hiroshi Mitsuahara is the founder of the Company and has demonstrated leadership as the Chief Executive Officer of the Company in, for example, promoting “separation of drug prescribing and dispensing services” since the founding days. As he is expected to contribute to the strengthening of the Nihon Chouzai Group’s organization with his knowledge regarding overall corporate management, the Company has nominated him as a candidate for Director.		
2	Naoto Kasai (May 16, 1962) [Reappointment]	April 2013	Joined the Company	4,000
		April 2013	Manager of Sales Management Department	
		October 2013	General Manager of Sales Promotion Department	
		June 2015	Director, General Manager of Sales Promotion Department	
		April 2016	Director, General Manager of Sales Management Department	
		June 2016	Managing Director, General Manager of Sales Management Department	
		April 2020	Managing Director	
		April 2022	Managing Executive Officer	
		May 2024	President & CEO, Presidential Executive Officer (to present)	
		[Responsibilities] In charge of overall corporate management, Group corporate planning, DX Strategy, overall sales, sales management, corporate information, sales development, public relations, and sustainability management		
		[Reason for nomination as candidate for Director] After joining the Company in 2013, Mr. Naoto Kasai has mainly engaged in pharmacy development operations, and has served as General Manager of Sales Promotion Department. He is currently serving as the officer in charge of overall corporate management, Group corporate planning, DX Strategy, overall sales, sales management, corporate information, sales development, public relations, and sustainability management. As he has extensive management experience at the Company and ample knowledge regarding management and administration operations, the Company has renominated him as a candidate for Director.		

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
3	Toshiyuki Koyanagi (April 8, 1963) [Reappointment]	July 1990 April 2000 December 2004 December 2009	Joined the Company Manager of Pharmaceutical Department, Tohoku Branch General Manager of East Japan Pharmaceutical Headquarters General Manager of Purchasing Department, Pharmaceutical Headquarters	8,960
		April 2012 June 2012	General Manager of Pharmaceutical Headquarters and General Manager of Purchasing Department, Pharmaceutical Headquarters Director, General Manager of Pharmaceutical Headquarters and General Manager of Purchasing Department, Pharmaceutical Headquarters	
		January 2014 April 2022	Director, General Manager of Pharmaceutical Headquarters (to present) Senior Executive Officer (to present)	
[Responsibilities] General Manager of Pharmaceutical Headquarters, in charge of pharmaceuticals administration promotion, at-home medical care, healthcare promotion, pharmaceuticals planning, medical care strategy planning, branch management, systems, and business development, and vice person in charge of promotion of generic products				
[Reason for nomination as candidate for Director] After joining the Company in 1990, Mr. Toshiyuki Koyanagi has mainly engaged in pharmacy management and administrative operations, and has served as General Manager of Pharmaceutical Headquarters and General Manager of Purchasing Department, Pharmaceutical Headquarters. He is currently serving as the officer in charge of pharmaceuticals administration promotion, at-home medical care, healthcare promotion, pharmaceuticals planning, medical care strategy planning, branch management, systems, and business development and as the vice person in charge of promotion of generic products in his capacity as Director and General Manager of Pharmaceutical Headquarters. As he has extensive work experience at the Company and knowledge regarding pharmacy administration and management operations, the Company has renominated him as a candidate for Director.				
4	Kazunori Ogi (November 14, 1966) [Reappointment]	May 2008 May 2008 April 2009 April 2015 June 2015 June 2015	Joined the Company Deputy General Manager of Finance Department Manager of Finance Department General Manager of Finance Department Director, General Manager of Finance Department (to present) Director of Medical Resource Co., Ltd.	9,400
		October 2021 October 2021	President & CEO of Choseido Pharmaceutical Co., Ltd. (to present) Director of Nihon Generic Co., Ltd. (to present)	
		April 2022	Senior Executive Officer of the Company (to present)	
[Responsibilities] General Manager of Finance Department, vice person in charge of accounting, finance, and generic products manufacturing business				
[Reason for nomination as candidate for Director] After joining the Company in 2008, Mr. Kazunori Ogi has mainly engaged in finance and accounting operations. He has been serving as the vice person in charge of accounting, finance, and generic products manufacturing business in his capacity as Director and General Manager of Finance Department, as well as Director of a subsidiary. As he has extensive work experience at the Company and knowledge regarding the Company's administration and management operations, the Company has renominated him as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
5	Yoshihisa Fujimoto (September 10, 1958) [Reappointment]	January 2011	Joined the Company	14,600
		January 2011	General Manager of Sales Department for Public Institutions	
		October 2013	General Manager of General Affairs Department	
		June 2016	Director, General Manager of Administration Department and General Affairs Department	
April 2019	Director, General Manager of Administration Department			
April 2022	Senior Executive Officer (to present)			
May 2023	Director (to present)			
	[Responsibilities]	In charge of general affairs, human resources, Pharmaceutical Recruitment Center, insurance service business, risk management, and compliance management; and CSO		
	[Reason for nomination as candidate for Director]	After joining the Company in 2011, Mr. Yoshihisa Fujimoto has engaged in pharmacy development operations as General Manager of Sales Department for Public Institutions. Subsequently, he has served as General Manager of General Affairs Department, and is currently serving as the officer in charge of general affairs, human resources, Pharmaceutical Recruitment Center, insurance service business, risk management, and compliance management and CSO in his capacity as Director. As he has a wide variety of work experience at the Company and knowledge regarding the Company's administration and management operations, the Company has renominated him as a candidate for Director.		
6	Masahiro Inoue (December 20, 1963) [Reappointment]	May 2016	Joined Nihon Generic Co., Ltd.	2,800
		May 2016	General Manager of Human Resources and General Affairs Department of Nihon Generic Co., Ltd.	
		June 2016	Director of Nihon Generic Co., Ltd.	
		June 2017	Managing Director of Nihon Generic Co., Ltd.	
		June 2020	Director of Choseido Pharmaceutical Co., Ltd. (to present)	
		June 2022	President & CEO of Nihon Generic Co., Ltd. (to present)	
June 2023	Director of Nihon Chouzai Co., Ltd. (to present)			
	[Responsibilities]	In charge of generic products manufacturing business		
	[Reason for nomination as candidate for Director]	After joining Nihon Generic Co., Ltd. in 2016, Mr. Masahiro Inoue has been responsible for the overall management operation of the company and currently serves as President & CEO and manages the NIHON CHOUZAI Group's pharmaceutical manufacturing and sales business. As he has extensive work experience and knowledge regarding administration and management operations, the Company has renominated him as a candidate for Director.		

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
8	Mikiharu Noma (November 6, 1974) [Reappointment] [Outside] [Independent]	<p>April 2002 Lecturer of Faculty of Economics and Business Administration of Yokohama City University</p> <p>October 2003 Assistant Professor of Faculty of Economics and Business Administration of Yokohama City University</p> <p>October 2004 Assistant Professor of Graduate School of International Corporate Strategy (ICS) of Hitotsubashi University</p> <p>April 2007 Associate Professor of Graduate School of International Corporate Strategy (ICS), Hitotsubashi University</p> <p>June 2016 Outside Director of BANDAI NAMCO Holdings Inc.</p> <p>April 2019 Professor of Graduate School of Business Administration, Hitotsubashi University Business School (to present)</p> <p>June 2019 Outside Auditor of Nice Holdings, Inc. (currently Nice Corporation) (to present)</p> <p>December 2019 Outside Audit & Supervisory Board Member of DarWin Capital Partners Ltd. (to present)</p> <p>April 2021 Business Adviser of BANDAI NAMCO Entertainment Inc.</p> <p>June 2021 Outside Director of the Company (to present)</p> <p>January 2022 Outside Director of Good Com Asset Co., Ltd. (to present)</p>	0
[Significant concurrent positions] Professor of Graduate School of Business Administration, Hitotsubashi University Business School Outside Auditor of Nice Corporation Outside Audit & Supervisory Board Member of DarWin Capital Partners Ltd. Outside Director of Good Com Asset Co., Ltd.			
[Reason for nomination as candidate for Outside Director and a summary of expected roles] Although he has not been involved in corporate management other than as Outside Director in the past, Mr. Mikiharu Noma is conducting research and educational activities on finance and accounting as well as corporate value assessment as a professor at a university, and he is expected to contribute to the improvement of the Company's corporate value by leveraging his expert scholarship and experience. Accordingly, the Company has renominated him as a candidate for Outside Director. His term of office will be three years at the conclusion of this General Meeting of Shareholders.			

- (Notes)
1. There are no special interests between the candidates and the Company.
 2. "Number of shares of the Company held" is the number of shares as of March 31, 2024.
 3. Mr. Yoshimitsu Onji and Mr. Mikiharu Noma are candidates for Outside Directors. The Company has registered them with the Tokyo Stock Exchange, Inc. as independent directors.
 4. Mr. Yoshimitsu Onji and Mr. Mikiharu Noma have entered into agreements with the Company in accordance with the Company's Articles of Incorporation to limit their liability for damages to the amount stipulated by laws and regulations. If their election is approved, the Company plans to continue the said liability limitation agreements.
 5. The Company does not plan to enter into indemnification agreements with the candidates regarding expenses as stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act or losses as stipulated in Item 2 of the said Paragraph.
 6. The Company has entered into a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers compensation for damages and litigation expenses that an individual insured person incurs in the event that a claim for damages is made against the insured during the insurance period due to an act committed by the insured in his/her capacity as such. The candidates will become the insured persons under the insurance contract.

Proposal 4: Election of Three Directors Who Are Audit & Supervisory Committee Members

The terms of office of all three Directors who are Audit & Supervisory Committee members will expire at the conclusion of this year's Annual General Meeting of Shareholders.

Accordingly, we propose the election of three Directors who are Audit & Supervisory Committee members. Additionally, the Audit & Supervisory Committee has previously given its approval to this proposal.

The candidates for Directors who are Audit & Supervisory Committee members are as follows:

No.	Name	New appointment/ Reappointment	Current positions and responsibilities in the Company	Attendance at the Board of Directors meetings (FY2023)	Attendance at the Audit & Supervisory Committee meetings (FY2023)
1	Nobuyuki Hatakeyama	Reappointment	Director (Full-time Audit & Supervisory Committee member)	14/14 (100%)	15/15 (100%)
2	Shio Harada	Reappointment	Director (Audit & Supervisory Committee member) Outside Independent	14/14 (100%)	15/15 (100%)
3	Tomomi Nakano	New appointment	-	-	-

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Nobuyuki Hatakeyama (January 16, 1956) [Reappointment]	September 1987 Joined the Company June 2000 Director June 2006 Branch Manager of Nagoya Branch December 2009 Branch Manager of Yokohama Branch February 2016 General Manager of Operational Audits Department June 2018 Director (Audit & Supervisory Committee member) (to present) June 2018 Auditor of Nihon Generic Co., Ltd. (to present) June 2018 Auditor of Medical Resources Co., Ltd. (to present) June 2018 Auditor of Japan Medical Research Institute Co., Ltd. (to present) June 2018 Auditor of Choseido Pharmaceutical Co., Ltd. (to present)	4,000
[Reason for nomination as candidate for Director who is an Audit & Supervisory Committee member] Mr. Nobuyuki Hatakeyama has held important positions for many years, including Director of the Company, and he has knowledge and experience necessary for the sound and appropriate management of the Company. Accordingly, the Company has renominated him as a candidate for Director who is an Audit & Supervisory Committee member.			
2	Shio Harada (May 3, 1974) [Reappointment] [Outside] [Independent]	April 2000 Registered as attorney (Daini Tokyo Bar Association) April 2000 Joined MINORI SOGO LAW OFFICE August 2012 Opened Shiki-no-Kaze Law Group April 2015 Civil Conciliation Commissioner of Tokyo District Court (to present) April 2016 Specially Appointed Professor of RIKKYO UNIVERSITY Law School April 2020 Lecturer in the area of civil affairs at Legal Training and Research Institute May 2021 Outside Director (Audit & Supervisory Committee Member) of WARABEYA NICHIO HOLDINGS CO., LTD. (to present) June 2022 Director (Audit & Supervisory Committee member) of the Company (to present) March 2024 Outside Director of JRA SYSTEM SERVICE CO., LTD. (to present)	0
[Significant concurrent positions] Attorney Shiki-no-Kaze Law Group Civil Conciliation Commissioner of Tokyo District Court Outside Director (Audit & Supervisory Committee Member) of WARABEYA NICHIO HOLDINGS CO., LTD. Outside Director of JRA SYSTEM SERVICE CO., LTD.			
[Reason for nomination as candidate for Outside Director who is an Audit & Supervisory Committee member and a summary of expected roles] Although she has not been involved in corporate management other than as Outside Director in the past, Ms. Shio Harada is expected to utilize her extensive experience and deep insight as an attorney in the Company's management. Accordingly, the Company has renominated her as a candidate for Outside Director who is an Audit & Supervisory Committee member. Her term of office will be two years at the conclusion of this General Meeting of Shareholders.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Tomomi Nakano (August 17, 1969) [New appointment] [Outside] [Independent]	April 1992 Joined The Chuo Trust & Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Limited)	0
		October 1999 Joined Asahi & Co. (currently KPMG AZSA LLC)	
		February 2007 Joined Shinnihon LLC (currently Ernst & Young ShinNihon LLC)	
		August 2013 Opened Nakano Tomomi CPA & LTA Office to assume the office of Representative (to present)	
		June 2015 Outside Company Auditor of The Yachiyo Bank, Limited	
		May 2018 Outside Company Auditor of Kiraboshi Bank, Ltd.	
		November 2021 Outside Director (Audit & Supervisory Committee member) of Uniden Holdings Corporation	
		August 2023 Auditor of Northern Territories Issue Association (part-time) (to present)	
	[Significant concurrent positions] Certified public accountant and Licensed Tax Accountant Representative of Nakano Tomomi CPA & LTA Office Auditor of Northern Territories Issue Association (part-time)		
	[Reason for nomination as candidate for Outside Director who is an Audit & Supervisory Committee member and a summary of expected roles] Although she has not been involved in corporate management other than as Outside Director in the past, Ms. Tomomi Nakano is expected to utilize her extensive experience and deep insight as Certified Public Accountant and Licensed Tax Accountant in the Company's management. Accordingly, the Company has nominated her as a candidate for Outside Director who is an Audit & Supervisory Committee member.		

- (Notes)
1. There are no special interests between the candidates and the Company.
 2. "Number of shares of the Company held" is the number of shares as of March 31, 2024.
 3. Ms. Shio Harada and Ms. Tomomi Nakano are candidates for Outside Directors who are Audit & Supervisory Committee members. The Company has registered Ms. Shio Harada with the Tokyo Stock Exchange, Inc. as an independent director. Ms. Tomomi Nakano meets the requirements for an independent director as specified by Tokyo Stock Exchange, Inc. If the election of Ms. Tomomi Nakano is approved, the Company plans to register her as an independent director.
 4. Mr. Nobuyuki Hatakeyama and Ms. Shio Harada have entered into agreements with the Company in accordance with the Company's Articles of Incorporation to limit their liability for damages to the amount stipulated by laws and regulations. If their election is approved, the Company plans to continue the said liability limitation agreements.
 5. If the election of Ms. Tomomi Nakano is approved, the Company plans to enter into a liability limitation agreement, in accordance with the Company's Articles of Incorporation, to limit her liability for damages to the amount stipulated by laws and regulations.
 6. The Company does not plan to enter into indemnification agreements with the candidates regarding expenses as stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act or losses as stipulated in Item 2 of the said Paragraph.
 7. The Company has entered into a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers compensation for damages and litigation expenses that an individual insured person incurs in the event that a claim for damages is made against the insured during the insurance period due to an act committed by the insured in his/her capacity as such. The candidates will become the insured persons under the insurance contract.

(Reference) Distribution of skill sets possessed by Directors

	Mitsu- hara	Kasai	Koyanagi	Ogi	Fujimoto	Inoue	Onji	Noma	Hatakeyama	Harada	Nakano
							Outside	Outside		Outside	Outside
Overall corporate management	●	●		●		●	●	●			
Accounting / Finance		●		●		●	●	●			●
Law / Compliance					●	●	●			●	
Expertise in corporate management	●		●			●			●		
Administration (including medical and pharmaceutical affairs)	●		●			●			●		
Sustainability		●			●	●		●		●	
IT / DX (Development)			●	●							
Management monitoring/feedback	●						●	●		●	●
Dispensing pharmacy	●	●	●	●			●		●		
Pharmaceutical manufacturing	●			●		●					
Knowledge of the Group's business	●			●			●				
Temporary staffing / Placement	●			●			●				
M&A / Pharmacy strategy	●	●		●			●		●		
Risk management / Compliance	●	●	●	●	●	●	●		●	●	●

Proposal 5: Election of One Substitute Director Who Is an Audit & Supervisory Committee Member

In order to prepare for cases where a vacancy results in a shortfall in the number of Directors who are Audit & Supervisory Committee members prescribed by laws and regulations, the Company proposes the election of one Substitute Director who is an Audit & Supervisory Committee member.

Furthermore, only before Ms. Kaori Matsubara assumes office, the Board of Directors may, by its resolution upon approval of the Audit & Supervisory Committee, cancel the resolution of this proposal.

Additionally, the Audit & Supervisory Committee has previously given its approval to this proposal.

The candidate for a Substitute Director who is an Audit & Supervisory Committee member is as follows:

Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
Kaori Matsubara (November 6, 1982)	December 2008 Registered as attorney (Dai-ichi Tokyo Bar Association) December 2008 Joined Tanabe & Partners February 2013 Joined Legal Training and Research Institute of the Supreme Court (civil affairs) January 2018 Partner of Tanabe & Partners (to present)	0
[Significant concurrent positions] Attorney Partner of Tanabe & Partners		
[Reason for nomination as candidate for Substitute Outside Director who is an Audit & Supervisory Committee member and a summary of expected roles] Although she has not been directly involved in corporate management, the Company expects Ms. Kaori Matsubara to utilize her extensive experience and deep insight as an attorney in the Company's management. Accordingly, the Company has nominated her as a candidate for Substitute Outside Director who is an Audit & Supervisory Committee member.		

- (Notes)
1. There are no special interests between the candidate and the Company.
 2. "Number of shares of the Company held" is the number of shares as of March 31, 2024.
 3. Ms. Kaori Matsubara is a candidate for Substitute Outside Director who is an Audit & Supervisory Committee member. She meets the requirements for an independent director as specified by Tokyo Stock Exchange, Inc. If Ms. Kaori Matsubara is elected as Outside Director who is an Audit & Supervisory Committee member, the Company plans to register her as an independent director.
 4. If Ms. Kaori Matsubara assumes the office of Outside Director who is an Audit & Supervisory Committee member, the Company plans to enter into a liability limitation agreement, in accordance with the Company's Articles of Incorporation, to limit her liability for damages to the amount stipulated by laws and regulations.
 5. The Company does not plan to enter into an indemnification agreement with Ms. Kaori Matsubara regarding expenses as stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act or losses as stipulated in Item 2 of the said Paragraph.
 6. The Company has entered into a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers compensation for damages and litigation expenses that an individual insured person incurs in the event that a claim for damages is made against the insured during the insurance period due to an act committed by the insured in his/her capacity as such. If Ms. Kaori Matsubara assumes the office of Outside Director who is an Audit & Supervisory Committee member, she will become the insured person under the insurance contract.

Proposal 6: Payment of Bonuses to Directors

In order to reward contributions to the business performance for the fiscal year under review, taking into consideration the profit for the fiscal year under review, previous amounts of bonuses to directors, and various other factors, the Company proposes to pay a bonus of a total amount of 32.78 million yen for the five Directors, excluding Audit & Supervisory Committee members and Outside Directors, serving at the end of the fiscal year under review.

Furthermore, the Company proposes that the amount to be paid to each Director, the timing of payment, and other matters be left to the determination of the Board of Directors.

The content of this proposal is to pay a bonus for Directors in charge of business execution as performance-linked remuneration in order to raise their motivation to contribute to the improvement of business performance for each business year, in line with the Decision-making Policy Pertaining to the Contents of Individual Remuneration, etc. for Directors established by the Company (For its outline, please refer to the Japanese version of Business Report “2. Status of the Company, (3) Status of Company Officers, iv) Remuneration, etc. of Directors Pertaining to the Fiscal Year). As the Company has received a report from the Nomination and Compensation Committee, whose majority of members is Independent Outside Directors, that it has deemed the proposal appropriate upon a multifaceted examination, the Company believes the proposal is reasonable.