

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 9627

July 7, 2022

To Our Shareholders

Kiichi Otani  
President and Representative Director  
**AIN HOLDINGS INC.**  
5-2-4-30, Higashisapporo, Shiroishi-ku, Sapporo

## **Notice of Convocation of the 53rd Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 53rd Ordinary General Meeting of Shareholders of AIN HOLDINGS INC. (hereinafter the “Company”) to be held as described below.

**If you are unable to attend the meeting, you can exercise your voting rights in writing (by mail) or via the Internet, etc. Please read the “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights.**

- 1. Date and Time:** Thursday, July 28, 2022 at 10:00 a.m. (JST)
- 2. Location:** **Sapporo Grand Hotel, “Grand Hall” (2nd Floor)**  
Nishi 4, Kita 1, Chuo-ku, Sapporo

### **3. Agenda for the Meeting**

#### **Matters to be Reported:**

- (1) The Business Report, the Consolidated Financial Statements, and the report on results of the audits by the Financial Auditors and the Board of Corporate Auditors regarding the Consolidated Financial Statements for the 53rd business term (from May 1, 2021 to April 30, 2022)
- (2) The Non-Consolidated Financial Statements for the 53rd business term (from May 1, 2021 to April 30, 2022)

#### **Matters to be Resolved:**

- Proposal No. 1:** Distribution of Surplus
- Proposal No. 2:** Amendment to the Articles of Incorporation
- Proposal No. 3:** Election of Twelve (12) Directors
- Proposal No. 4:** Revision of Remuneration Amount for Directors
- Proposal No. 5:** Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Outside Directors)

Furthermore, any subsequent revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements and the Consolidated Financial Statements will be posted on the Company’s website (address <https://www.ainj.co.jp/>).

[Notice regarding Souvenirs at the General Meeting of Shareholders]

The distribution of souvenirs will be cancelled to prevent COVID-19 infection. Thank you for your understanding.

## **Request for measures to prevent COVID-19 infection at the General Meeting of Shareholders**

- Shareholders should pay attention to the status of the spread of COVID-19 in Japan and overseas as well as their own health condition, and consider refraining from attending the venue in person. We also request that shareholders exercise voting rights in writing (by mail) or via the Internet to the extent possible. In particular, we would like to give top priority to avoiding infection among elderly shareholders, shareholders with underlying diseases, and pregnant shareholders who are concerned about the severity due to COVID-19 infection. We particularly encourage these shareholders to exercise careful judgment.
- The cooperation of shareholders attending the meeting in person in wearing masks and using disinfectants is also requested. Shareholders who appear to be in poor physical condition may be asked by operation staff to refrain from attending.
- Seating at the General Meeting of Shareholders will be arranged with sufficient space between seats. Depending on circumstances, admission may be restricted.
- The distribution of souvenirs will be cancelled to prevent COVID-19 infection. Thank you for your understanding.
- If there are major changes in the operation of the General Meeting of Shareholders due to future circumstances, notification will be provided via the Company's website, which can be accessed at <https://www.ainj.co.jp/>

## **Matters regarding the Exercise of Voting Rights**

- (1) Exercise of voting rights in writing (by mail)  
Please indicate your approval or disapproval of each of the proposals on the enclosed Voting Rights Exercise Form and return it to the Company no later than 6:00 p.m. on Wednesday, July 27, 2022 (JST).
- (2) Exercise of voting rights via the Internet  
Please read the "Guidance for the Exercise of Voting Rights via the Internet" on page 3 and exercise your voting rights via the Internet no later than 6:00 p.m. on Wednesday, July 27, 2022 (JST).
- (3) If you exercise your voting rights more than once  
If you exercise your voting rights both in writing (by mail) and via the Internet, only the voting rights you exercise via the Internet will be valid.  
If you exercise your voting rights more than once via the Internet, only the voting rights you exercise last will be valid.
- (4) If you are attending the meeting  
If you are attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception.

## Guidance for the Exercise of Voting Rights via the Internet

### 1. “Smart Vote” method

- (1) Please use the QR code\*<sup>1</sup> on the right side of the enclosed Voting Rights Exercise Form with your smart device\*<sup>2</sup> to access the Smart Vote website designated by the Company, and enter your vote by following the instructions on the screen (voting rights exercise code (ID) and password are not required).
- (2) Please note that exercising voting rights by using “Smart Vote” method is available only once. If you need to change your vote after exercising your voting rights, you need to exercise your voting right once again by the method listed below (2.).

### 2. “Voting rights exercise code (ID) /password input” method

- (1) Access the website for the exercise of voting rights designated by the Company using the URL listed below. Log in with the voting rights exercise code (ID) and password shown on the back of the right side of the enclosed Voting Rights Exercise Form, and then follow onscreen instructions to enter your vote. You will need to change your password when logging in for the first time.

<https://soukai.mizuho-tb.co.jp/>

- (2) A voting rights exercise code (ID) and password (including those changed by shareholders) will be newly issued at each General Meeting of Shareholders.
- (3) Please keep your password safe as it is the means of confirming that the person exercising the voting rights is the actual shareholder. The Company (Shareholder Register Administrator) will never ask for your password.
- (4) The password is disabled when entered incorrectly a certain number of times consecutively. If your password becomes disabled, follow the onscreen instructions to regain access.

### 3. Important points

- (1) The deadline for exercising your voting rights is 6:00 p.m. on Wednesday, July 27, 2022 (JST). Be sure to exercise your voting rights as soon as possible as only those received by the Company (Shareholder Register Administrator) before the deadline for the exercise of voting rights are valid.  
**Please be aware that the websites for Smart Vote and for the exercise of voting rights will be unavailable during system maintenance from 5:00 a.m. on Saturday, July 16, 2022 to 5:00 a.m. on Tuesday, July 19, 2022 (JST).**
- (2) If you exercise your voting rights both in writing and via the Internet, the vote exercised via the Internet shall prevail. Also, if you exercise your voting rights multiple times via the Internet, the final vote shall prevail.
- (3) Shareholders are responsible for the costs of connecting to and using the Internet.
- (4) Various methods of accessing the Internet to allow the exercise of voting rights have been checked via commonly used devices connected to the Internet, but the access may not be available depending on your particular device or method of connection.

### 4. Inquiries

If you have any questions, please contact Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency, which is the Shareholder Register Administrator.

[Inquiries about using websites for Smart Vote and for the exercise of voting rights]  
Toll free from Japan: 0120-768-524 (9:00 - 21:00 except New Year holidays)

\*1. “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

\*2. An application (or function) that can read QR codes must be installed.

(Reference)

Institutional investors may make use of the Electronic Voting Platform operated by ICJ, Inc.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Distribution of Surplus

As we consider returning profits to shareholders to be one of the most important management issues, and taking into consideration future business development while maintaining stable dividends, the Company proposes to pay a year-end dividend for the fiscal year as follows:

- (1) Type of dividend property  
To be paid in cash.
- (2) Allotment of dividend property and their aggregate amount  
¥55 per common share of the Company  
Total payment: ¥1,932,001,555
- (3) Effective date of dividends of surplus  
July 29, 2022

**Proposal No. 2:** Amendment to the Articles of Incorporation

1. Reasons for proposal

- (1) Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to newly establish Article 16. (Measures, etc. for Providing Information in Electronic Format) of its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.
  - (i) Article 16., paragraph (1) in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
  - (ii) Article 16., paragraph (2) in “Proposed Amendments” below will establish the provision to enable limiting the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
  - (iii) Accompanying the aforementioned establishment of provisions, supplementary provisions regarding the effective date, etc. will be established.
- (2) In order to clarify the management responsibilities of Directors and build a management structure that can quickly respond to changes in the business environment, the term of office of Directors will be shortened from two years to one year, and the required amendment to Article 20. (Term of Office) of the current Articles of Incorporation will be implemented.
- (3) Article 29. (Exemption of Directors From Liability) and Article 37. (Exemption of Corporate Auditors From Liability) of the Articles of Incorporation are newly established as provisions to conclude limited liability agreement between the Company, its Directors (excluding those who are Executive Directors) and its corporate auditors to enable liability to be exempted within the scope stipulated by law by a resolution of the Board of Directors in order to secure appropriate human resources as Directors (excluding those who are Executive Directors) and corporate auditors and allow them to fully satisfy their expected roles. The consent of each corporate auditor has been obtained with respect to the establishment of Article 29. of the Articles of Incorporation (Exemption of Directors From Liability).
- (4) With the new establishment of the above articles, the number of articles will be increased.

2. Details of amendments

The details of amendments are as follows.

(Underlined portions indicate the proposed amendments.)

Current Articles of Incorporation	Proposed Amendments
Article 1. to Article 15. (Omitted) (Newly established)	Article 1. to Article 15. (Unchanged) <u>(Measures, etc. for Providing Information in Electronic Format)</u> <u>Article 16.</u> 1. <u>When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> 2. <u>Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u>
<u>Article 16. to Article 19.</u> (Omitted) (Term of Office) <u>Article 20.</u> 1. The term of office of a Director of the Company shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year out of the business years terminating within <u>two years</u> after the election of the Director.	<u>Article 17. to Article 20.</u> (Unchanged) (Term of Office) <u>Article 21.</u> 1. The term of office of a Director of the Company shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year out of the business years terminating within <u>one year</u> after the election of the Director.

Current Articles of Incorporation	Proposed Amendments
<p>2. The term of office of a Director who is elected due to increase in staff or as the substitute for a Director who retired from office before the expiration of the term of office shall continue until the term of office of the current Director expires.</p> <p><u>Article 21. to Article 27.</u> (Omitted) (Newly established)</p> <p><u>Article 28. to Article 34.</u> (Omitted) (Newly established)</p> <p><u>Article 35. to Article 38.</u> (Omitted) (Newly established)</p>	<p>2. (Unchanged)</p> <p><u>Article 22. to Article 28.</u> (Unchanged) <u>(Exemption of Directors From Liability)</u></p> <p><u>Article 29.</u></p> <p>1. Pursuant to the provisions of Article 426, paragraph (1) of the Companies Act and by resolution of the Board of Directors, the Company may exempt a Director (including a person who was formerly a Director) from his/her liability for damages under Article 423, paragraph (1) of the same act to the extent permitted by laws and regulations.</p> <p>2. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may conclude a contract with a Director (excluding those who are Executive Directors) to limit his/her liability for damages under Article 423, paragraph (1) of the same act. However, the maximum amount of liability for damages based on the contract shall be the amount stipulated by law.</p> <p><u>Article 30. to Article 36.</u> (Unchanged) <u>(Exemption of Corporate Auditors From Liability)</u></p> <p><u>Article 37.</u></p> <p>1. Pursuant to the provisions of Article 426, paragraph (1) of the Companies Act and by resolution of the Board of Directors, the Company may exempt a corporate auditor (including a person who was formerly a corporate auditor) from his/her liability for damages under Article 423, paragraph (1) of the same act to the extent permitted by law.</p> <p>2. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may conclude a contract with a corporate auditor to limit his/her liability for damages under Article 423, paragraph (1) of the same act. However, the maximum amount of liability for damages based on the contract shall be the amount stipulated by law.</p> <p><u>Article 38. to Article 41.</u> (Unchanged) <u>(Supplementary Provisions)</u></p> <p>1. The establishment of Article 16. (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022.</p> <p>2. These Supplementary Provisions shall be deleted after the amendment to the Articles of Incorporation set forth in the preceding paragraph becomes effective.</p>

**Proposal No. 3:** Election of Twelve (12) Directors

At the conclusion of this General Meeting of Shareholders, the terms of office of all 12 Directors will expire. Therefore, the Company proposes the election of 12 Directors. When selecting candidates for Director, a report was submitted by the Nomination and Remuneration Committee in which independent outside officers make up the majority of the members.

The candidates for Director are as follows:

Candidate No.	Name	Current positions and responsibilities in the Company	Candidate attributes	Attendance at Board of Directors meetings for the fiscal year 2021
1	Kiichi Otani	President and Representative Director	Reelection	11/11 (100%)
2	Masahito Sakurai	Representative Senior Managing Director	Reelection	11/11 (100%)
3	Shoichi Shudo	Representative Senior Managing Director In charge of Store Development	Reelection	11/11 (100%)
4	Toshihide Mizushima	Representative Senior Managing Director In charge of Operating Management, Operational Support and Digital Promotion	Reelection	10/11 (91%)
5	Miya Oishi	Managing Director General Manager in charge of Dispensing Pharmacy Operating Management Division	Reelection	11/11 (100%)
6	Rieko Kimei	Director General Manager of Personnel Division	Reelection	11/11 (100%)
7	Hidehiro Awaji	Director	Reelection	11/11 (100%)
8	Masato Sakai	Director General Manager in charge of Store Development Division, and General Manager of Group Liaison Department	Reelection	11/11 (100%)
9	Noriko Endo	Director	Reelection Outside Independent	11/11 (100%)
10	Junro Ito	Director	Reelection Outside Independent	10/11 (91%)
11	Shigeru Yamazoe	—	New election Outside Independent	—
12	Hideki Kuriyama	—	New election Outside Independent	—

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Kiichi Otani (July 19, 1951)	<p>Feb. 1977      Joined KYORIN Pharmaceutical Co., Ltd.</p> <p>July 1980      President and Representative Director of Otani Corporation (now AIN HOLDINGS INC.)</p> <p>Nov. 1981      Director who established Daiichi Medical Testing Laboratories Co., Ltd. (Asahikawa, now AIN HOLDINGS INC.)</p> <p>July 1983      President and Representative Director</p> <p>May 1985      Managing Director of the Company</p> <p>May 1988      President and Representative Director (current post)</p>	3,238,400 shares
<p>[Reasons for nomination]</p> <p>Mr. Otani has always demonstrated excellent leadership and decisiveness in leading the Company, and as the chairperson of the Board of Directors, he appropriately manages the Board of Directors and supervises the execution of business operations by the Directors.</p> <p>The Company proposes Mr. Otani as a candidate for Director because of his abundant management experience and knowledge in various businesses, including financial and investment strategies, and because the Company believes that he is qualified for the position of Director to continue to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			
2	Masahito Sakurai (August 23, 1949)	<p>Apr. 1972      Joined Ministry of Health and Welfare (now Ministry of Health, Labour and Welfare)</p> <p>Apr. 1987      Head of Administration Section, Fund for Drug ADR Relief</p> <p>July 1996      Head of Air Protection Section, Environment Agency (now Ministry of the Environment)</p> <p>July 1998      Head of Regional Medical Affairs Office for Tokai Hokuriku</p> <p>Jan. 2001      Retired from Ministry of Health and Welfare</p> <p>Feb. 2001      Commissioner of All-Japan Federation of National Health Insurance Organizations</p> <p>Oct. 2008      Advisor of the Company</p> <p>July 2009      Senior Managing Director</p> <p>Nov. 2015      Representative Senior Managing Director (current post)</p>	1,000 shares
<p>[Reasons for nomination]</p> <p>Mr. Sakurai has contributed significantly to the Company's legal affairs, risk management, and safety management in the Dispensing Pharmacy Business, and has made recommendations from an economic and financial perspective through his abundant knowledge and experience gained over many years of service with government ministries and agencies and the healthcare system.</p> <p>The Company proposes Mr. Sakurai as a candidate for Director because it believes that he is qualified for the position of Director to continue to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			



Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Shoichi Shudo (November 16, 1959)	<p>Mar. 1982      Joined Daiichi Medical Testing Laboratories Co., Ltd. (Asahikawa, now AIN HOLDINGS INC.)</p> <p>May 1991      Head of Corporate Planning Division of the Company</p> <p>June 1994      Director and Chief of Administration Department of AIN MEDICAL SYSTEMS Inc. (now AIN HOLDINGS INC.)</p> <p>Feb. 2000      General Manager of Kansai Sales Department, Dispensing Pharmacy Division of the Company</p> <p>July 2000      Director</p> <p>May 2003      Managing Director</p> <p>May 2004      General Manager of Dispensing Pharmacy Division</p> <p>May 2012      Senior Managing Director</p> <p>Nov. 2015      Representative Senior Managing Director in charge of Store Development (current post)</p> <p>May 2020      Chairman of Nippon Pharmacy Association (NPhA) (current post)</p>	9,500 shares
<p>[Reasons for nomination]</p> <p>Mr. Shudo has served as the Head of Corporate Planning Division and in other positions related to the management of the Dispensing Pharmacy Business and has contributed significantly in the areas of store management, store development, and M&amp;A in the Dispensing Pharmacy Business through his management analysis based on changes in the business environment, his wide-ranging personal connections, and his high-level coordination ability. The Company proposes Mr. Shudo as a candidate for Director because it believes that he is qualified for the position of Director to continue to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	Toshihide Mizushima (March 10, 1960)	<p>Apr. 1982      Joined SSP Co., Ltd.</p> <p>Apr. 1986      Joined Otani Corporation (now AIN HOLDINGS INC.)</p> <p>May 2000      General Manager, Drug Store Department, Cosmetic and Drug Store Division of the Company</p> <p>July 2000      Director</p> <p>Feb. 2001      General Manager of Cosmetic and Drug Store Division</p> <p>May 2003      Managing Director</p> <p>May 2012      Senior Managing Director and Chief of Administration Department</p> <p>Nov. 2012      President and Representative Director of WHOLESALE STARS Co., Ltd. (WSS) (current post)</p> <p>Nov. 2015      Representative Senior Managing Director of the Company (current post) In charge of Operating Management and Operational Support</p> <p>July 2018      In charge of Operating Management, Operational Support and Information Technology Management</p> <p>May 2020      In charge of Operating Management, Operational Support and Digital Promotion (current post)</p>	27,600 shares
<p>[Reasons for nomination]</p> <p>Mr. Mizushima has served as the Representative Director of a major subsidiary of the Company and in other positions related to the management of the Dispensing Pharmacy Business and Cosmetic and Drug Store Business, and has contributed significantly to the appropriate promotion of the digital field and the improvement of productivity in both businesses through his strong leadership and decisiveness.</p> <p>The Company proposes Mr. Mizushima as a candidate for Director because it believes that he is qualified for the position of Director to continue to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	Miya Oishi (August 7, 1960)	Sept. 1990    Joined KYOEIDO Co., Ltd. July 1993    Director of DAICHIKU Co., Ltd. (current post) May 2007    Managing Director July 2008    President and Representative Director Apr. 2011    Vice President and Representative Director of AIN MEDICAL SYSTEMS Inc. (now AIN HOLDINGS INC.) Feb. 2012    President and Representative Director July 2012    Director and Deputy General Manager of Dispensing Pharmacy Division of the Company July 2014    Managing Director (current post) Nov. 2015    General Manager in charge of Operating Management Division President and Representative Director of AIN PHARMACIEZ INC. (current post) May 2019    In charge of Dispensing Pharmacy Operating Management of the Company July 2021    General Manager in charge of Dispensing Pharmacy Operating Management Division (current post)	5,000 shares
<p>[Reasons for nomination]</p> <p>Ms. Oishi has served as the Representative Director of a major subsidiary of the Company and as the head of the Dispensing Pharmacy Business, and has contributed significantly to the growth of both businesses through her excellent leadership skills, strong sense of responsibility and sense of ethics from a practical and multilateral perspective. The Company proposes Ms. Oishi as a candidate for Director because it believes that she is qualified for the position of Director to continue to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	Rieko Kimei (February 26, 1962)	<p>Apr. 1986      Joined The Daiei, Inc.</p> <p>Dec. 1995      Joined Daiichi Medical Testing Laboratories Co., Ltd. (Sapporo, now AIN HOLDINGS INC.)</p> <p>May 2003      General Manager of Merchandise Department, Cosmetic and Drug Store Division of the Company</p> <p>May 2004      General Manager of Personnel Department Administration Department</p> <p>May 2009      General Manager of Cosmetic and Drug Store Division, and General Manager of Merchandise Department</p> <p>Aug. 2009      Executive Officer</p> <p>May 2013      Executive Officer, Responsible for Personnel</p> <p>July 2014      Director (current post), Responsible for Personnel</p> <p>Sept. 2015      Vice President and Representative Director of AYURA LABORATORIES INC.</p> <p>July 2016      President and Representative Director</p> <p>Feb. 2018      Director of AIN PHARMACIEZ INC. (current post)</p> <p>July 2018      In charge of Personnel of the Company</p> <p>May 2022      General Manager of Personnel Division (current post)</p>	6,000 shares
<p>[Reasons for nomination]</p> <p>Ms. Kimei has served as the Representative Director of a major subsidiary of the Company, as the head of the Cosmetic and Drug Store Business, and as executive officer in charge of personnel, and has contributed significantly particularly in the areas of organization building, recruitment, and human resource development through her high-level planning ability and leadership.</p> <p>The Company proposes Ms. Kimei as a candidate for Director because it believes that she is qualified for the position of Director to continue to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	Hidehiro Awaji (January 25, 1964)	Dec. 1983      Joined Daiichi Medical Testing Laboratories Co., Ltd. (Asahikawa, now AIN HOLDINGS INC.) Feb. 2000      General Manager of Tohoku Sales Department, Dispensing Pharmacy Division of the Company Aug. 2000      General Manager of Tohoku Branch, Dispensing Pharmacy Division May 2004      General Manager of Hokkaido Branch, Dispensing Pharmacy Division June 2007      General Manager of Tohoku Branch, Dispensing Pharmacy Division Aug. 2009      Executive Officer May 2010      In charge of Western Japan, Dispensing Pharmacy Division July 2014      Director Nov. 2015      Retired from Director Managing Director, General Manager of Dispensing Pharmacy Division, and in charge of Western Japan of AIN PHARMACIEZ INC. May 2018      Senior Managing Director, General Manager of Dispensing Pharmacy Division, and in charge of Western Japan (current post) July 2018      Director of the Company (current post)	4,600 shares
<p>[Reasons for nomination]</p> <p>Mr. Awaji has served in various positions related to the operation and store development of Dispensing Pharmacy Business and Cosmetic and Drug Store Business, and has made particularly strong achievements in store development and M&amp;A, by utilizing his excellent coordination ability and leadership.</p> <p>The Company proposes Mr. Awaji as a candidate for Director because it believes that he is qualified for the position of Director to continue to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
8	Masato Sakai (June 3, 1969)	<p>Apr. 1995      Joined The Nisshin Oil Mills, Ltd.</p> <p>Jan. 1999      Joined the Company</p> <p>May 2004      General Manager of Tohoku Branch, Dispensing Pharmacy Division</p> <p>May 2006      Head of Corporate Planning Division</p> <p>July 2011      Executive Officer and General Manager of Sales Division, Dispensing Pharmacy Division in Tokyo Metropolitan Area</p> <p>Nov. 2012      In charge of Dispensing Pharmacy Division in Tokyo Metropolitan Area, and General Manager of Tokyo Branch</p> <p>June 2014      President and Representative Director of Asahi Pharmacy Co., Ltd.</p> <p>July 2014      Director of the Company</p> <p>Nov. 2015      Retired from Director</p> <p>Dec. 2016      Director in charge of Dispensing Pharmacy Division in Eastern Japan of AIN PHARMACIEZ INC. (current post)</p> <p>July 2018      Director of the Company (current post)</p> <p>May 2019      General Manager in charge of Store Development Division</p> <p>Aug. 2019      General Manager in charge of Store Development Division, and General Manager of Group Liaison Department (current post)</p>	7,400 shares
<p>[Reasons for nomination]</p> <p>Mr. Sakai has served as the Representative Director of a major subsidiary of the Company and in other positions related to the operation and store development of the Dispensing Pharmacy Business, and has made particularly strong achievements in store development, by utilizing his excellent coordination ability and leadership.</p> <p>The Company proposes Mr. Sakai as a candidate for Director because it believes that he is qualified for the position of Director to continue to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
9	Noriko Endo (May 6, 1968)	<p>June 1994      Joined DIAMOND, Inc.</p> <p>Apr. 2004      Head and Director of Tokyo Office, Kyushu University</p> <p>Mar. 2006      Deputy Editor of Diamond Weekly, DIAMOND, Inc.</p> <p>Sept. 2013     Visiting Researcher at Policy Alternatives Research Institute, University of Tokyo</p> <p>Apr. 2015      Project Professor, Graduate School of Media and Governance, Keio University</p> <p>June 2016      Outside Director of NTT DOCOMO, INC.</p> <p>July 2018      Outside Director of the Company (current post)</p> <p>June 2019      Outside Director of Hankyu Hanshin Holdings, Inc. (current post)</p> <p>                    Outside Director of VLC HOLDINGS CO., LTD.</p> <p>Apr. 2020      Specially Appointed Professor of Keio University Global Research Institute (current post)</p> <p>Mar. 2021      Outside Director of Techpoint, Inc. (current post)</p> <p>June 2021      Outside Director of Japan Elevator Service Holdings Co., Ltd. (current post)</p> <p>June 2022      Outside Members of the Board of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (current post)</p>	200 shares
<p>[Reasons for nomination and overview of expected roles]</p> <p>In addition to a wealth of insight and experience from editing economic magazines and researching public policy, Ms. Endo has a wide range of insight of corporate management in the telecommunications, railroad, department store, and other businesses. She has played a sufficient role in providing highly viable supervision of the Company's management, such as by actively providing opinions and proposals from multilateral perspectives regarding the Company's management strategies and other agenda deliberations.</p> <p>The Company proposes Ms. Endo as a candidate for outside Director because it believes that she is qualified for the position of Director to continue to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
10	Junro Ito (June 14, 1958)	Aug. 1990      Joined Seven-Eleven Japan Co., Ltd. May 2009      Director of Seven and i Holdings Co., Ltd. (current post) Executive Officer, Senior Officer, Corporate Development Division Apr. 2011      Senior Officer, CSR Management Division May 2016      Given responsibility for all Group companies July 2016      Senior Officer, Affiliate Company Division Dec. 2016      Managing Executive Officer (current post), and Head of the Corporate Development Office Mar. 2017      Director of Ito-Yokado Co., Ltd. Mar. 2018      General Manager of the Corporate Development Division of Seven & i Holdings Co., Ltd. (current post) July 2019      Outside Director of the Company (current post)	– shares
<p>[Reasons for nomination and overview of expected roles]</p> <p>As a director of a major global retailer, Mr. Ito has a wide range of insight about ESG (environment, society, governance) and experience of managing a Group subsidiary and associate in a corporate entity. He has actively provided opinions and suggestions from a professional perspective on important issues in the Company's management strategy, risk management, sustainability management, and Cosmetic and Drug Store Business, and has played a sufficient role in providing highly viable supervision of the Company's management.</p> <p>The Company proposes Mr. Ito as a candidate for outside Director because it believes that he is qualified for the position of Director to continue to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			



Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
11	Shigeru Yamazoe (August 11, 1955)	<p>Apr. 1978      Joined Marubeni Corporation</p> <p>Apr. 2006      Executive Officer and COO of Power Projects Division</p> <p>Apr. 2009      Managing Executive Officer, COO of Power Projects &amp; Infrastructure Division, and Chief Corporate Officer of Abu Dhabi Trade House Project Department</p> <p>June 2010      Managing Executive Officer, Member of the Board, Advisor to the President for Machinery Group, and Vice Chairman of Investment and Credit Committee</p> <p>Apr. 2012      Senior Managing Executive Officer and Member of the Board</p> <p>Apr. 2015      Senior Executive Vice President, Member of the Board, and Chief Executive Officer of Power Projects &amp; Plant Group</p> <p>Apr. 2018      Vice Chairman and Member of the Board</p> <p>June 2018      Outside Director of Fujitec Co., Ltd. (current post)</p> <p>Apr. 2019      Outside Audit &amp; Supervisory Committee Member of Mizuho Capital Partners Co., Ltd. (now MCP Partners Co., Ltd.) (current post)</p> <p>Apr. 2020      Chairman of Marubeni Power &amp; Infrastructure Systems Corporation</p> <p>Aug. 2020      Outside Director and Audit and Supervisory Committee Member of Bewith, Inc. (current post)</p>	– shares
<p>[Reasons for nomination and overview of expected roles]</p> <p>Mr. Yamazoe has held positions such as a manager of a major trading company, and has a wide range of knowledge and experience in corporate management.</p> <p>The Company proposes Mr. Yamazoe as a candidate for new outside Director because it believes that he is qualified for the position of Director where his insight and experience will be utilized to further improve the Company's management strategy, financial affairs, and Cosmetic and Drug Store Business, responsible for making decisions on management policy and corporate strategy and supervising the execution of business operations.</p>			
12	Hideki Kuriyama (April 26, 1961)	<p>Apr. 2004      Assistant Professor of Hakuoh University</p> <p>Apr. 2008      Professor (current post)</p> <p>Nov. 2011      Manager of Hokkaido Nipponham Fighters</p> <p>Nov. 2021      Manager of Japan National Baseball Team (current post)</p> <p>Jan. 2022      Professor of Hokkaido Nipponham Fighters (current post)</p> <p>Apr. 2022      Specially Appointed Professor of Hokkai-Gakuen University (current post)</p>	– shares
<p>[Reasons for nomination and overview of expected roles]</p> <p>Mr. Kuriyama has a wide range of knowledge and experience regarding governance and human resource development in organizations, of having served as a manager of a professional baseball team and as a professor at universities, among others.</p> <p>The Company proposes Mr. Kuriyama as a candidate for new outside Director because it believes that he is qualified for the position of Director where his insight and experience will be utilized to further improve the Company's legal affairs, risk management and sustainability management, responsible for making decisions on management policy and corporate strategy and supervising the execution of business operations from an independent and objective standpoint.</p>			

(Notes) 1. Candidates for Director Ms. Noriko Endo, Mr. Junro Ito, Mr. Shigeru Yamazoe, and Mr. Hideki Kuriyama are candidates for outside Director. The Company has submitted notification to the Tokyo Stock Exchange that Ms. Noriko Endo and Mr. Junro Ito have been designated as independent officers as provided for by the aforementioned exchange. If their reelection is approved, the Company plans for their designation as independent officers to continue. Mr. Shigeru Yamazoe and Mr.

Hideki Kuriyama also meet the requirements for independent officers based on the provisions of the Tokyo Stock Exchange, Inc., and if their appointments are approved, the Company plans to notify them as independent officers.

2. If Proposal No. 2 for the amendment to the Articles of Incorporation and all four appointments of Ms. Noriko Endo, Mr. Junro Ito, Mr. Shigeru Yamazoe and Mr. Hideki Kuriyama are adopted and approved, we plan to enter into a limited liability agreement between the Company that limits liability for damages up to the specified amount based on the Articles of Incorporation of the Company and in compliance with law.
3. The Company has no plans to enter into a compensation contract with each candidate for the expenses stipulated in Article 430-2, paragraph (1), item (i) of the Companies Act and any losses stipulated in item (ii) of the same paragraph.
4. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses such as amount of indemnification, settlement money and court costs incurred in cases where the insured receives claims for damages from unfair acts based on their position, during the period of insurance. Each candidate will be included as an insured in the policy.
5. Ms. Noriko Endo's name on her family register is Noriko Tsujihiro.
6. Ms. Noriko Endo signed an advisory contract with the Company, but the advisory contract ended at the end of May 2018, and we have determined that there is sufficient independence.
7. There is a lease transaction between the Company and Ito-Yokado Co., Ltd., for which Mr. Junro Ito served as a director from March 2017 to February 2020, but the transaction volume is small, so the degree of interdependence is low and we have determined that there is sufficient independence.
8. Both Mr. Shigeru Yamazoe and Mr. Hideki Kuriyama do not have the origins of the Company's parent companies, sibling companies, major shareholder companies, major business partners, etc., and are judged to have high independence and neutrality.
9. There is no special interest between any of the candidates for Director and the Company.
10. Both Ms. Noriko Endo and Mr. Junro Ito are currently outside Directors of the Company, and the term of office as outside Directors will be four years for Ms. Endo and three years for Mr. Ito as of the conclusion of the General Meeting of Shareholders.

[Reference] Main skills of Directors and corporate auditors after this general meeting

The main skills of Directors and corporate auditors after this general meeting when Proposal No. 3 is approved and adopted as originally proposed are as follows:

Name	Independence (for outside officers only)	Management experience	Finance / Monetary	Legal affairs / Risk management	Sustainable management	Dispensing Pharmacy Business	Cosmetic and Drug Store Business
Kiichi Otani		●	●		●	●	●
Masahito Sakurai			●	●		●	
Shoichi Shudo		●				●	
Toshihide Mizushima		●	●		●	●	●
Miya Oishi		●			●	●	●
Rieko Kimei		●			●		●
Hidehiro Awaji						●	●
Masato Sakai		●	●			●	
Noriko Endo	●		●	●	●		
Junro Ito	●	●		●	●		●
Shigeru Yamazoe	●	●	●				●
Hideki Kuriyama	●			●	●		
Koichi Kawamura			●	●			
Akira Ibayashi	●	●	●	●			
Osamu Muramatsu	●	●	●				●

**Proposal No. 4:** Revision of Remuneration Amount for Directors

The amount of remuneration for Directors of the Company approved at the 44th Ordinary General Meeting of Shareholders held on July 30, 2013 was 300 million yen or less per year (of which 50 million yen or less per year was for outside Directors. Salaries for Directors who also serve as employees were not included).

In consideration of the increasing roles and responsibilities of Directors as the Group is proceeding with initiatives with missions of “Contribute to local healthcare” and “Provide beauty and happiness,” which are its materiality, the Group has decided to review the Director’s remuneration system together with Proposal No. 5 “Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Outside Directors).”

With regard to monthly remuneration and bonuses, which are monetary remuneration, we would like to revise the annual amount remuneration for Directors of the Company to 500 million yen or less per year (of which 50 million yen or less per year is for outside Directors. Salaries for Directors who also serve as employees are not included) in order to enhance the transparency and objectivity of the process of determining performance-linked bonus remuneration, and to strengthen motivation for achieving performance targets.

Upon review of the remuneration system at the Board of Directors meeting held on June 29, 2022, the Company decided to revise the content of the decision policy (listed on pages 22 to 23 for reference information) regarding the content of individual remuneration for Directors of the Company, provided that this proposal and Proposal No. 5 “Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Outside Directors)” are approved and adopted as originally proposed, and it has been determined that the content of this proposal is appropriate since the content is necessary and rational for the payment of remuneration to Directors in line with the policy.

Moreover, the current number of Directors of the Company is 12 (including four outside Directors), and if Proposal No. 3 “Election of Twelve (12) Directors” is approved and adopted as originally proposed, there will be 12 Directors (including four outside Directors).

**Proposal No. 5:** Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Outside Directors)

The amount of remuneration for Directors of the Company approved at the 44th Ordinary General Meeting of Shareholders held on July 30, 2013 was 300 million yen or less per year (of which 50 million yen or less per year was for outside Directors. Salaries for Directors who also serve as employees were not included), and if Proposal No. 4 “Revision of Remuneration Amount for Directors” is approved and adopted as originally proposed, the annual amount will be 500 million yen or less (of which 50 million yen or less per year is for outside Directors. Salaries for Directors who also serve as employees are not included).

As part of the review of the executive remuneration system, the Company would like to begin providing Directors of the Company (excludes outside Directors; hereinafter referred to as “eligible Directors”) with remuneration for granting restricted shares to Directors in addition to the above remuneration framework as an incentive to the eligible Directors to continuously improve the corporate value of the Company, as well as for the purpose of further sharing value with shareholders.

Based on this proposal, the remuneration to be paid to eligible Directors for the granting of restricted shares shall be monetary claims, and the total amount shall be 50 million yen or less per year (salaries for Directors who also serve as employees are not included). Moreover, the Board of Directors will decide the specific timing and allocation of payments to each eligible Director. However, no remuneration for granting restricted shares will be paid to outside Directors.

The current number of Directors is 12 (including four outside Directors), and if Proposal No. 3 “Election of Twelve (12) Directors” is approved and adopted as originally proposed, there will be 12 Directors (including four outside Directors) and eight eligible Directors to whom this proposal applies.

Eligible Directors shall pay all of the monetary claims paid by this proposal as property contributed in kind based on resolution by the Board of Directors of the Company, and their common stock of the Company shall be issued or disposed of, the total number of shares of common stock of the Company to be thereby issued or disposed of shall be not more than 50,000 shares per year (however, after the date when this proposal is approved and adopted, if the common stock of the Company undergo a split (including the free allotment of the common stock of the Company) or reverse split, or in the event of any other reason that requires adjustment of the total number of shares of common stock of the Company issued or disposed of as restricted shares, the total number will be adjusted within the appropriate range).

The amount to be paid per share will be decided by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately before each resolution of the Board of Directors (if the trading is not conducted on that day, the latest trading day prior to that) to the extent that the amount is not particularly favorable to the eligible Director who receives the common stock based on the closing price. Issuance or disposal of the Company’s common stock and the payment of monetary claims as property contributed in kind is subject to conclusion of an agreement on allotment of shares with transfer restrictions (hereinafter referred to as the “Allotment Agreement”) between the Company and the eligible Director that includes the following contents.

Upon review of the remuneration system at the Board of Directors meeting held on June 29, 2022, the Company decided to revise the content of the decision policy (listed on pages 22 to 23 for reference information) regarding the content of individual remuneration for Directors of the Company, provided that this proposal and Proposal No. 4 “Revision of Remuneration Amount for Directors” are approved and adopted as originally proposed, and it has been determined that the content of this proposal is appropriate since the content is necessary and rational for the payment of remuneration to Directors in line with the policy.

[Summary of the Content of the Allotment Agreement]

(1) Transfer Restriction Period

An eligible Director may not transfer, put up as collateral, or otherwise dispose of the Company’s common stock allotted under this Allotment Agreement (hereinafter referred to as the “allotted shares”) from the date of receiving the allotment to the time immediately after retirement or resignation from the position of officer and employee of the Company or its subsidiaries (hereinafter referred to as “transfer restriction period”) predetermined by the Board of Directors of the Company (hereinafter referred to as “transfer restriction”).

(2) Handling upon retirement or resignation

If the eligible Director retires or resigns from the position of officer and employee of the Company or its subsidiaries predetermined by the Board of Directors of the Company before fulfillment of the term predetermined by the Board of Directors of the Company (hereinafter referred to as the “term of service”), the Company will, as a matter of course, acquire the allotted shares free of charge unless there is fulfillment of the term of office, death or other justifiable reason for the retirement or resignation.

(3) Lifting of the transfer restrictions

The Company shall lift the transfer restriction for all allotted shares when the transfer restriction period expires provided that the eligible Director has been in the position predetermined by the Board of Directors of the Company among the positions of officers and employees of the Company or its subsidiaries for the duration of the term of service. However, (i) if the eligible Director retires or resigns from the position of officer and employee of the Company or its subsidiaries predetermined by the Board of Directors of the Company before fulfillment of the term of service, or (ii) if the eligible Director retires or resigns from a position predetermined by the Board of Directors of the Company even after fulfillment of the term of service for reasons other than justifiable reasons before fulfillment of the transfer restriction period, the number of allotted shares subject to lifting of transfer restriction and the timing for lifting the transfer restriction shall be reasonably adjusted as necessary. Immediately after the transfer restrictions have been lifted in accordance with the above provisions, the Company will acquire, as a matter of course and free of charge, allotted shares for which the transfer restrictions have not been lifted.

(4) Handling for organizational restructuring, etc.

Notwithstanding the provision of (1) above, if an event such as a merger agreement in which the Company becomes an extinguished company, share exchange agreement in which the Company becomes a wholly owned subsidiary, share transfer plan, or other organizational restructuring during the transfer restriction period is approved at the General Meeting of Shareholders of the Company (or by the Board of Directors of the Company, if approval by the General Meeting of Shareholders of the Company is not required for the organizational restructuring, etc.), the Company shall, prior to the effective date of the organizational restructuring and by resolution of the Board of Directors of the Company, lift transfer restrictions for the number of allotted shares reasonably determined based on the period from the start date of the transfer restriction period to the date of approval of the relevant organizational restructuring. Immediately after the transfer restrictions have been lifted in accordance with the above provisions, the Company will acquire, as a matter of course and free of charge, allotted shares for which the transfer restrictions have not been lifted.

(5) Other matters

Other matters concerning this Allotment Agreement shall be determined by the Board of Directors of the Company.

[Reference] Decision policy regarding the content of individual remuneration for Directors

While the Company has established a decision policy pertaining to the content of individual remuneration for Directors, the outline for which is described in the business report (pages 38 to 39) (available in Japanese only), the policy will be amended as follows if Proposals No. 4 and No. 5 are approved.

(1) Basic Policy

Directors of the Company are required to plan for improved business performance and achieve sustainable growth while sharing values with our stakeholders so that the Group can satisfy its social role and responsibility of contributing to local healthcare and providing beauty and happiness. The remuneration for Directors of the Company is a remuneration system consisting of monthly fixed remuneration according to roles and responsibilities, bonuses which are performance-linked remuneration that enhance the transparency and objectivity of the remuneration decision process and provide performance incentives, and non-monetary remuneration for recognizing the same perspectives on sustainable growth as shareholders.

However, the remuneration of outside Directors shall be a remuneration system suitable for the roles and responsibilities of supervising the management of the Company from an independent and objective standpoint.

(2) Monthly remuneration decision policy

Monthly remuneration shall be determined after comprehensive consideration of position, responsibilities, years in office, balance with employee wages, trends of other companies in the same industry, and past payment history.

- (3) Bonus decision policy  
Bonuses are determined after comprehensive consideration of consolidated operating income and ROE for each period and value not directly manifested by financial value including such as contribution to environmental and social issues in each period, as well as dividends, balance with employee bonuses, trends of other companies in the same industry, and past payment history.
- (4) Non-monetary remuneration decision policy  
Non-monetary remuneration shall be paid by restricted stock (RS), and a standard amount of monetary remuneration claim determined by position and responsibility shall be granted each year up to a total of 50 million yen, with allocation of common stock through in-kind contribution of monetary remuneration claim. The number of shares of the Company's common stock to be allocated as restricted stock remuneration shall be no more than 50,000 shares per year.
- (5) Remuneration composition ratio  
Taking into consideration the characteristics of the business, business environment, and trends of other companies, the composition ratio of remuneration for Directors other than outside Directors is designed so that the composition ratio of monthly remuneration, bonuses, and non-monetary remuneration is approximately 70:20:10. Only monthly remuneration will be paid to outside Directors.
- (6) Decision policy for details of individual remuneration  
The specific details for amounts of remuneration for each individual is commissioned to the President and Representative Director within the scope of determined parameters by resolution of the Board of Directors after the Nomination and Remuneration Committee prepares a draft of the range of monthly remuneration for each position, the content of evaluation of performance related to bonuses, and the amount of non-monetary remuneration for each position. The Nomination and Remuneration Committee is comprised of a majority of independent outside officers for the purpose of enhancing the fairness, transparency, and objectivity of the procedures for determining remuneration for Directors with matters pertaining to remuneration of Directors determined based on the above policy.