

AIN HOLDINGS INC.

Kiichi Otani, President and Representative Director

(Stock code 9627: Tokyo Prime Market, Sapporo Securities Exchange)

Inquiries: Toshihide Mizushima, Representative Senior Managing Director

TEL: +81-11-814-1000

Notice of Opinion of the Board of Directors Regarding the Shareholder Proposals

As announced in the “Notice Regarding the Receipt of a Shareholder Proposal” dated June 4, 2024, AIN HOLDINGS INC. (“We” or the “Company”) received a document (the “Shareholder Proposal”) stating that the Company’s shareholders (collectively, the “Proposing Shareholder”) are making proposals for the agenda of the 55th Ordinary General Meeting of Shareholders (the “General Meeting of Shareholders”) scheduled to be held on July 30, 2024.

The Board of Directors of the Company, at its meeting held today, has resolved its opinion on the agenda items and proposals regarding the Shareholder Proposal and hereby announces the following.

I. The Proposing Shareholder

OASIS INVESTMENTS II MASTER FUND LTD. and OASIS JAPAN STRATEGIC FUND LTD.

II. Agenda items proposed in the Shareholder Proposal

Agenda 1: Dismissal of two (2) Directors

Agenda 2: Appointment of four (4) Directors

Agenda 3: Determination of the fixed remuneration amount paid to each Outside Director

Agenda 4: Determination of Remuneration for Granting Restricted Shares to Outside Directors

III. Outline of the proposals stated in the Shareholder Proposal and reasons for the proposals

As described in the “Shareholder Proposal” attached hereto as Appendix.

The attached “Shareholder Proposal” is a transcription of the original statements contained in the Shareholder Proposal submitted by the Proposing Shareholder, with some adjustments in the format.

IV. Opinion of the Board of Directors of the Company Regarding the Shareholder Proposal

The Board of Directors of the Company **opposes all agenda items and proposals of the Shareholder Proposal.**

V. Reasons for opposition to the Shareholder Proposal

1. Introduction

As noted during the financial results briefing held on June 12, 2024, the group of the Company (the “Our Group” or the “Group”) achieved the revised plan for the fiscal year ended April 30, 2024 and generated record-high results, with net sales and operating profit respectively increasing by 11.5% and 27.7% year on year on a consolidated basis. We would like to express our sincere gratitude to our customers, business partners, shareholders, and employees for their support.

Our Group will continue to build on its dispensing pharmacy business, centered on the operation of dispensing pharmacies, and cosmetic and drug store business, centered on the development of high-value-added, distinctive stores, to become a company that makes people feel "glad to have AIN in this town," and to become the "No. 1" group, both in name and reality, for all stakeholders.

In the fiscal year ending April 30, 2025, We will continue to aggressively open new stores (increasing from 1,312 to 1,384 locations) as We strive to achieve steady growth in the future through investments, including M&As. We would appreciate your continued support.

It’s against this backdrop of steady growth and development that the Proposing Shareholder has submitted agenda items and proposals to dismiss the Company’s outside directors and nominate new outside director candidates.

However, the Board of Directors of the Company has thus far achieved a steady track record of success and has responded appropriately to various problems that have arisen from time to time. The Board of Directors of the Company wishes to continue to operate the Company with the management team it believes best suit to lead the Company and therefore opposes all proposals set forth in the Shareholder Proposal.

We respectfully request that you, our shareholders, have confidence in the Board of Directors of the Company and vote “FOR” the Company's proposals and “AGAINST” the Shareholder Proposals.

2. Summary of the Board of Directors' opinion on each agenda item and proposal

- (1) In agenda item 1, the Proposing Shareholder argues that the Company's independent outside directors, Mr. Junro Ito (“Director Ito”) and Mr. Shigeru Yamazoe (“Director Yamazoe”) “lack independence” and should be “immediately dismissed” because these two directors keeping their positions as independent outside directors is “harmful to the Company.”

However, as described below, both Director Ito and Director Yamazoe are independent and have, with their respective expertise, surely contributed to improving the Company’s corporate value and securing the common interests of the shareholders, so there is no reason to dismiss both directors “immediately.”

In particular, the Proposing Shareholder states, “In view of the fact that the scandal occurred while members from companies having capital and business alliances with the Company have long been “independent” outside directors, there is an urgent need to appoint individuals who are not from companies having capital and business alliances [original text] and who have no special interests with the Company, and who have relevant expertise and experience and will contribute

to enhancing the Company's corporate values.” However, the incident (the “Case”) where officers (now retired) of the Group were arrested on suspicion of obstructing an auction related to a public contract and convicted in the first trial in connection with the proposal-based competitive bidding conducted by KKR Sapporo Medical Center in November 2020 for on-site pharmacies cannot be attributed to the fact that “members from companies having capital and business alliances with the Company [original text]” serve as outside directors or to the independence of outside directors. Therefore, the Proposing Shareholder’s claim cannot be grounds for dismissing both directors. It is also not clear why the Proposing Shareholder demands that, out of all outside directors, only Director Ito and Director Yamazoe be dismissed.

The occurrence of a compliance incident such as the Case is deeply regrettable to the Company, and we sincerely apologize for it again. We will continue to review and implement what We need to do in order to prevent any similar incident from ever occurring again. To this end, as described in II. 1 and II. 2 of Attachment 1 “Opinion on Each Agenda Item and Proposal (Details),” the Company has conducted a third-party investigation and made every effort to prevent a recurrence. Both directors have fulfilled their roles as board members in making decisions and supervising such actions.

For the above reasons, the Board of Directors of the Company opposes the proposal to dismiss Director Ito and Director Yamazoe (Agenda 1).

As described in I. 1 of Attachment 1 “Opinion on Each Agenda Item and Proposal (Details),” Director Ito and Director Yamazoe are scheduled to retire from the director of the Company upon expiration of their terms of office at the conclusion of the General Meeting of Shareholders. Therefore, the dismissal of both directors at the General Meeting of Shareholders will have no practical significance.

- (2) In agenda item 2, the Proposing Shareholder expresses doubts about the objectivity, neutrality, and professionalism of the investigation into the Case (the “Investigation”) conducted by the investigation team (the “External Investigation Team”) comprised of outside attorneys. They propose that four candidates of the Shareholder Proposal (“Shareholder-proposed Candidates”) be appointed as outside directors of the Company, on the grounds that there is an urgent need to appoint individuals who have no special interest in the Company, have relevant expertise and experience, and will contribute to enhancing the Company's corporate value.

However, the Investigation was conducted by a team that was composed solely of experienced, expert outside attorneys at law and did not include any officers or employees of the Group. The team determined the scope of the investigation without any limits and conducted the investigation over a long period of time without any restrictions on their methods of investigation. Therefore, there is no room for doubt concerning objectivity, neutrality, and professionalism. We have fully cooperated with the investigation team, and there is no reason to doubt its objectivity, neutrality, and professionalism. The fact that the Proposing Shareholder presents an assessment of the case as if a problematic investigation had been conducted is nothing less than a manifestation of the intention to present a one-sided and misguided assessment.

As noted above, neither the facts the Proposing Shareholder uses as a basis for their assessment nor their assessment are true. In addition to that, the Company deems all four Shareholder-

proposed Candidates unfit to serve as its outside directors in light of the one-on-one interviews conducted by the Nomination and Remuneration Committees of the Company with all of them. The Nomination and Remuneration Committees of the Company found that, although they should be highly evaluated for their knowledge, all of the candidates lacked experience as outside directors of listed companies and possessed little knowledge about the Company and the industry in which it operates. If the Shareholder-proposed Candidates become outside directors of the Company, there will be overlap in the candidates with the knowledge and experience that the Board of Directors of the Company deems necessary. This is why the Board of Directors of the Company deems that the outside director candidates it will propose at the General Meeting of Shareholders to be the best candidates. In light of the Case, the Company will also propose to enhance the Board of Corporate Auditors at the General Meeting of Shareholders.

For the above reasons, the Board of Directors of the Company opposes the proposal to appoint four outside directors (Agenda 2).

- (3) In agenda items 3 and 4, the Proposing Shareholder proposes that the amount of remuneration to be paid to each outside director be determined at a general meeting of shareholders and that allowances be made to grant stock compensation to outside directors. However, the Board of Directors of the Company and Nomination and Remuneration cCommittees, based on a resolution passed at a general meeting of shareholders, discuss and draft the range of monthly remuneration for each position, details of performance and other evaluations related to bonuses, and the amount of non-monetary compensation for each position, and the President and Representative Director, who is delegated by the Board of Directors of the Company, then decides the specific amounts to be paid. As a result of these considerations, the Company does not grant stock compensation to outside directors.

As noted in the guidelines published by the Ministry of Economy, Trade and Industry, the Company believes that the burdens and responsibilities of outside directors vary and that it is important that an appropriate level of remuneration be set accordingly. Therefore, the Company does not think it is appropriate to uniformly determine a specific payment amount at a general meeting of shareholders. In addition, the Company is aware that there is a lot of debate around the world over whether to provide stock compensation for outside directors, and presently the Company does not consider it appropriate to provide such compensation.

For the above reasons, the Board of Directors of the Company opposes both the proposal to determine the amount of individual fixed compensation for each outside director at a general meeting of shareholders (Agenda 3) and the proposal to determine remuneration for granting restricted shares to outside directors (Agenda 4).

For the reasons for the above objections, please see Attachment 1 "Opinion on Each Agenda Item and Proposal (Details)," as well.

All of us in the Group will make every effort to meet the expectations of all stakeholders.

We hope that our shareholders will continue to place their confidence in our Board of Directors of the Company and look forward to the sound and sustainable enhancement of our corporate value.

Attachment 1 “Opinion on Each Agenda Item and Proposal (Details)”

(A) Opinion on Agenda 1: Dismissal of two (2) Directors

1. Performance of the two directors and their contribution to improving the Company's corporate value as well as securing the common interests of shareholders

- (1) Performance of Director Ito and his contribution to improving the Company's corporate value as well as securing the common interests of shareholders

Director Ito brings extensive management experience after directing the company's operations for many years as the representative director and chief sustainability officer of Seven & i Holdings Co., Ltd., one of Japan's leading global retailers. In particular, he has extensive knowledge about ESG, risk management, accounting and finance, social marketing, and more. In fact, he has provided substantial advice and oversight on management, such as measures to streamline the operation of each of the Group's stores, thereby contributing significantly to improving the Company's corporate value.

In addition, Director Ito actively expresses his opinions at the Company's board meetings and fully contributes to the function of supervising and checking the Board of Directors' performance of duties. To date, Director Ito, as a director of the Company, has never acted in such a way that would prioritize the interests of our capital and business alliance partner, Seven & i Holdings, over ours and has taken actions with due consideration to protecting the interests of general shareholders.

Director Ito is scheduled to retire from the director of the Company upon expiration of his terms of office at the conclusion of the General Meeting of Shareholders.

- (2) Performance of Director Yamazoe and his contribution to improving of the Company's corporate value as well as securing the common interests of shareholders

Director Yamazoe has been engaged in the management of a major trading company for many years and has extensive knowledge of global economic activities. In particular, he has provided effective advice and supervision on the Company's management strategy as well as finance and accounting, significantly contributing to the improvement of the Company's corporate value. He has also fully served as the function of supervising and checking the execution of business operations by freely expressing his opinions on decisions at the Company's board meetings.

Director Yamazoe is scheduled to retire from the director of the Company upon expiration of his terms of office at the conclusion of the General Meeting of Shareholders.

2. Independence of the two directors

In appointing an independent outside director candidate, We place great importance on not only the externality requirements of the Companies Act, but also whether the candidate will bring a wealth of experience and deep insight into corporate management, etc. In addition, in order to

objectively assess the independence of outside directors, the Company has established the “independence criteria for outside directors and outside corporate auditors” (“Independence Criteria”) and “immaterial criteria for the judgement that the relationship with the Company is unlikely to affect shareholder’s decision concerning the exercise of voting rights” (“Immaterial Criteria”).

The Company's Independence Criteria and Immaterial Criteria provide more specific standards than the independence criteria by Tokyo Stock Exchange (“TSE Criteria”) described in “Practical Matters to Note on Securing Independent Directors/Auditors (Revised Version as of January 2024).” The Board of Directors of the Company believes that assessing the independence of outside directors based on these criteria warrants sufficient rationality and objectivity.

Director Ito and Director Yamazoe do not violate the TSE Criteria, the Company's Independence Criteria and Immaterial Criteria, and the Company has designated both directors as independent officers specified by the Tokyo Stock Exchange. In fact, as stated in 1 above, both directors fully perform the functions of supervising and checking the execution of the Company's business and act from a standpoint that is independent of management.

3. Unreasonableness of the reasons for dismissal asserted by the Proposing Shareholder

The Proposing Shareholder cites the occurrence of the Case as one of the reasons for requesting the dismissal of the two directors. However, Director Ito and Director Yamazoe fulfill their duties adequately in accordance with their respective knowledge and skills, and it is not appropriate to make claims suggesting that the independence of both Directors was the cause of the Case. The Proposing Shareholder biasedly asserts that the independence of the Company's outside directors is questionable and links the independence issue with the occurrence of the Case. This is a leap of logic that goes beyond any reasonable grounds for dismissing the two directors, and these are not grounds for dismissing both directors.

4. Conclusion

As noted above, both Director Ito and Director Yamazoe, as outside directors of the Company, are fully independent and exercise their functions of supervision and check over the execution of business from a fully objective standpoint based on their backgrounds and skills. Furthermore, both directors are scheduled to retire from the director of the Company upon the expiration of their terms of office at the conclusion of the General Meeting of Shareholders, and therefore, the dismissal of both directors will have no practical significance.

Therefore, the Board of Directors of the Company **opposes Agenda 1, the proposal to dismiss both directors.**

(B) Opinion on Agenda 2: Appointment of four (4) Directors

With regard to the Investigation conducted by the External Investigation Team, the Proposing Shareholder claims that “there is no guarantee that objectivity, neutrality, and expertise were actually ensured during

the process for preparation of the investigation report.” The Proposing Shareholder then claims that “there is an urgent need to appoint individuals who are not from companies having capital and business alliances [original text] and who have no special interests with the Company, and who have relevant expertise and experience and will contribute to enhancing the Company's corporate values.”

However, in the first place, the Investigation requested by the Company was carried out by the External Investigation Team. (i) This team consisting of professional experts did not include any officers or employees of the Group. (ii) The team was led by a highly specialized and disciplined attorney who had served as a former prosecutor for the Supreme Public Prosecutors Office and other relevant positions and had no interest in the Group (such as signing an advisory contract) and was composed of attorneys at law with extensive experience in multiple investigation committees. (iii) The External Investigation Team investigated matters it deemed necessary, without any limitation or restriction on the scope of the investigation imposed by the Company. (iv) The External Investigation Team conducted an in-depth investigation, including a digital forensic investigation, over a period of about seven months without any limitation of means. Therefore, it goes without saying that objectivity, neutrality, and professionalism were ensured. In the Investigation, the Company believes that the substance of the investigation is important, as described in 1 below, and that the label given to the investigation team, whether it be a “third-party committee” or “External Investigation Team,” has no real positive significance.

As described above, the Company believes that the Investigation was conducted properly and rigorously while taking due consideration not to affect the progress of the investigation and trial related to the ongoing criminal proceedings of the Case. In fact, the External Investigation Team has not pointed out any lack of cooperation during the Investigation by the Group, and as a matter of fact, no officers or employees of the Group were involved in the preparation of the contents of the investigation report on the Case (the “Investigation Report”).

On that basis, as described below, We believe that the candidates that the Board of Directors of the Company will propose at the General Meeting of Shareholders are the best and most likely to “contribute to enhancing the Company's corporate value” as outside directors.

As noted in 3 below, the Board of Directors of the Company, after deliberation over the proposed candidates by the Nomination and Remuneration Committees of the Company and discussion at the board meeting of the Company based on the committees’ findings, concluded that the director candidates proposed by the Company should bring new knowledge to the Board of Directors of the Company and contribute to various measures to further improve the Company's performance, as well as bolster the compliance system and governance structure. The Board of Directors of the Company also believes that these director candidates possess diverse and sufficient skills, including legal and compliance skills relevant to the Case. In addition, each candidate not only has a solid track record in their respective fields of expertise, but also has experience as an outside officer at other listed companies and valuable international experience.

As described above, a board of directors composed of director candidates proposed by the Board of Directors of the Company will not only be well-balanced in light of the skills matrix, having members equipped with the right skills and experience required for the Board of Directors of the Company, but also appropriately sized to conduct substantive and active discussions.

On the other hand, although they might bring a wealth of knowledge to the table, the Board of Directors

of the Company deems all four Shareholder-proposed Candidates unfit to serve as its outside directors since they have no experience as outside directors of listed companies and little knowledge about the Company and the industry in which it operates. These Shareholder-proposed Candidates also did not seem to have any strong desire to serve as outside directors of the Company. In addition to that, as detailed below, if these candidates become outside directors of the Company, there would be an overlap in the candidates with the knowledge and experience that the Board of Directors of the Company deems necessary. If the Shareholder-proposed Candidates were elected as outside directors, the size of the board of directors would deviate significantly from the size the Board of Directors of the Company considers to be appropriate. Considering all these factors as well as the individual circumstances of each candidate, the Company has determined that their election as outside directors would not be desirable for the Company.

Therefore, the Board of Directors of the Company **opposes Agenda 2, the proposal to elect four Shareholder-proposed Candidates.**

Below is additional information on the reason for the proposal made by the Proposing Shareholder in agenda item 2.

1. Occurrence of the Case and investigation

- (1) We announced the occurrence of the Case in its May 10, 2024 press release entitled “Notice Regarding the Establishment of Special Website for Recommendations on Measures to Prevent Recurrence and Voluntary Return of Officer Remuneration” and in the notice on the Company website released on the same date, entitled “Report on the investigation by the External Investigation Team comprised of external experts, and initiatives based on their recommendations on measures to prevent reoccurrence.”

First of all, the Board of Directors of the Company would like to once again apologize to all concerned that the Case occurred.

- (2) Following the arrest of the officers on August 31, 2023, We commenced an external investigation on the same day. On October 5 of the same year, We as noted above, established the External Investigation Team, consisting of five outside attorneys at law with a high level of expertise and professional discipline with no interest in the Company, to investigate the facts, including the existence of similar cases, determine the cause, and formulate measures to prevent any recurrence. On May 9, 2024, We received the Investigation Report from the External Investigation Team.
- (3) The Investigation Report points out that the cause of the Case lies in a lack of awareness on the part of the executives and managers about the risks involved in the sales activities for opening new pharmacies in the On-site Pharmacy business (awareness-related cause), as well as deficiencies in the internal control and risk management system for the risks involved in the sales activities for opening new pharmacies in the On-site Pharmacy business (system-related cause). At the same time, the Investigation Report points out that the Group's internal control and internal audit functions are concentrated on risk management, efficiency, compliance, etc. related to operations at each store and audits of those operations, but does not indicate any deficiencies in the supervision of the establishment and operation of the

Group's overall internal control system. It rather recognizes a high level of awareness about the importance of compliance with anti-bribery and anti-corruption measures as well as self-control imposed by the Group whose business involves frequent contact with doctors and other personnel of national hospitals and the like, public officials, etc.

(4) The Proposing Shareholder claims that, with regard to the investigation of the Case by the External Investigation Team, “the Company did not disclose this fact for more than six months” and that “governance by the outside directors ... has been inadequate” on the grounds that the External Investigation Team is not a “third-party committee” and that “there is no guarantee that objectivity, neutrality, and expertise were actually ensured during the process for preparation of the investigation report.” However, according to the following facts, all these arguments are used to set up the issue in an external and abstract manner and are clearly misdirective.

- The reason why We refrained from disclosing information on the Case was that We were concerned that the content of the Investigation and its report could affect the trials of individuals in criminal cases and was following the advice of its general counsel. In fact, on April 18, 2024, the day the first ruling on the criminal case was issued, We disclosed the background of the Case, the fact that We had established the External Investigation Team to investigate the facts of the Case, including the existence of similar cases, the investigation of the cause, the formulation of measures to prevent any recurrence, and future policies. Upon receiving the Investigation Report from the External Investigation Team on May 9 of the same year, We disclosed the said report and published its recommendations for measures to prevent a recurrence on the following day. In this way, We have disclosed information in accordance with laws and regulations every time there has been an event that should be made known to the public, with due consideration not to disclose erroneous or inaccurate information.
- The Japan Federation of Bar Associations’ guidelines for third-party committees in corporate misconduct cases (“Third-party Committee Guidelines”) require a corporation that has established an external investigation team to disclose information, such as the scheduled date of publishing investigation results with respect to the investigation by the external investigation team. In the case of the Investigation conducted by the External Investigation Team, however, since We were unable to schedule such date in consideration of the possibility that the content of its investigation report might affect individual criminal trials, We simply did not adopt the “formality” of following the Third-party Committee Guidelines, but otherwise, the Company’s investigation team complied with the Third-party Committee Guidelines, and the Investigation and the contents of Investigation Report are sufficiently objective, neutral, and professional.

2. Our approach to the Case

(1) Our Group is dedicated to improving the health and happiness of our customers by supporting their health and beauty through its business activities. To attain this goal, which

is enshrined in the Group Statement, Our Group is primarily engaged in the dispensing pharmacy business (business related to the operation of dispensing pharmacies and consulting related to the establishment of dispensing pharmacies) and the cosmetic and drug store business (business related to the management of cosmetics and drug stores). As each of these businesses is responsible for the health of people, Our Group recognizes that it is essential to continue sound and transparent business activities that place the utmost importance on compliance. The Internal Audit Office, which is under the direct control of the President and is independent from business management, conducts on-the-spot audits to ensure thorough compliance with relevant laws and regulations as well as internal rules and regulations. In addition, Our Group has established the Compliance Committee consisting of all Directors and Corporate Auditors to widely spread and establish corporate ethics and legal compliance systems not only among the management but also all employees, and the Sustainability Committee (chairperson: President and Representative Director) to further strengthen CSR and ESG activities, and We have been working to enhance corporate governance.

- (2) Under such circumstances, the occurrence of a compliance incident such as the Case is deeply regrettable to the Company, and we sincerely apologize for it. We will continue to review and implement what Our Group needs to do in order not to cause a similar situation again. Specifically, We disclosed that it would steadily implement the measures to prevent recurrence, which was formulated on May 10, 2024, based on the findings of the External Investigation Team and recommendations for measures to prevent recurrence. As measures to prevent recurrence, the following measures have been implemented up to the date of this Press Release disclosure (For details of other measures to prevent recurrence, please visit our website “Report on the investigation by the external investigation team comprised of external experts, and initiatives based on their recommendations on measures to prevent reoccurrence.”).
- Under the direction of President and Representative Director, Kiichi Otani, We strictly and concretely implemented improvements for the executives and employees involved in the on-site pharmacy business to prevent similar events from occurring again (review of the flow and establishment of prohibitions when making a proposal under the public solicitation proposal method).
 - Revision of regulations and development of audit systems necessary to fulfill the roles and responsibilities of the Compliance Committee more appropriately for the purpose of developing, disseminating, and establishing a compliance promotion system (in particular, establishment of direct reporting lines from the Internal Audit Division to the Board of Corporate Auditors, etc.).
 - Development of risk management rules necessary for strengthening risk management
 - Preparation and distribution of practical manuals for sales representatives (pocket manuals describing responses to public medical institutions in sales activities)
 - Conducting internal study sessions including legal considerations in sales activities for executives and employees of the Group

- (3) The Board of Directors of the Company recognizes that promptly identifying and evaluating situations such as the Case, and formulating, implementing and verifying measures to prevent recurrence are required responses to scenes where compliance issues and corporate governance issues intersect. And We believe that it is a scene where We should show that its corporate governance is fully functioning while ensuring that all stakeholders, including our shareholders as well as customers, business partners and employees, are aware of the status of the Group through fair and transparent disclosure.

From this perspective, the Board of Directors of the Company has already begun to further strengthen the compliance promotion system promptly with the advice of experts. In addition, the Board of Directors of the Company is implementing measures such as the analysis of the cause of the Case in order to establish a further effective governance system. However, there is no goal in the process of seeking better governance, and it is necessary to continuously examine and improve the system, and, once again recognizing these facts, We will continue to work to strengthen the system. As part of this, We have decided to submit a proposal for the election of candidates for outside corporate auditors, including Ms. Ayako Sano, who is attorney at law and has expertise and experience in legal affairs and compliance, such as experience in the risk case review team as an outside director of another company, to this General Meeting of Shareholders as a company proposal (For details, please refer to "Notice Concerning Election of Candidates for Directors and Corporate Auditors" dated June 26, 2024), thus We also plan to renew the outside corporate auditors whose terms of office expire at the conclusion of this General Meeting of Shareholders, and to expand the corporate auditors' audit to implement measures to prevent the recurrence of the Case, which is a compliance case.

- (4) The Proposing Shareholder has also claimed that the Case has already had a material adverse effect on the Company's business, but please note that this is a factual error or speculation. As of the date of this Press Release disclosure, there has been no substantial adverse effect on the Company's business. In fact, as of December 1, 2023, We were suspended from bidding for 55 cases by government agencies and local governments following the Case and were unable to participate in public solicitation conducted by such organizations for a certain period of time. However, 54 cases of nomination suspension have ended by the date of this Press Release disclosure, and no auctions were conducted during this period, so, there was no substantial impact on the Company's business. In addition, even after the Case was reported, no particular change has occurred in customers or business partners who use Our Group. We will continue to strive to repay our customers and business partners.

3. From the viewpoint of improving the Company's corporate value, the Board of Directors of the Company that is composed of candidates proposed by the Company is appropriate and best

- (1) In light of the Case, etc., the Board of Directors of the Company discussed candidates for director after the Nomination and Remuneration Committees of the Company deliberated on the candidate proposals, and took into consideration the findings from the Nomination and Remuneration Committees of the Company, in order to further strengthen the compliance promotion system and governance system, and in turn, improve the corporate

value of the Company.

As a result, at this General Meeting of Shareholders, the Board of Directors of the Company decided to make a proposal relating to the election of director candidates who are listed in the Attachment 2 “Summary of Director Candidates Related to Company Proposal” (the “Company Proposal”), as these candidates are expected to bring new expertise to the Board of Directors of the Company and contribute to various measures for further improvement of business performance and strengthening of the compliance promotion and governance systems.

If the director candidates related to the Company Proposal are approved as proposed at the General Meeting of Shareholders, the skill matrix of the Board of Directors of the Company will be as described in Attachment 2 “Summary of Director Candidates Related to Company Proposal.”

- (2) The policy and process of the Board of Directors of the Company for selecting candidates for director at the General Meeting of Shareholders are as follows.
- Appointments, dismissals and nominations of senior management and director candidates are comprehensively judged on the basis that they are capable of making accurate and prompt decisions while taking into consideration the balance of expertise, experience and abilities of the management and the Board of Directors of the Company as a whole, and that each individual is popular and has insight into compliance with laws and regulations and corporate ethics. In addition, the Board of Directors of the Company will comprehensively consider the balance that can cover each function and division of the Company, the perspective of the right person for accurate and prompt decision-making, and other factors in the election of Directors, and will also endeavor to give consideration of diversity.
 - As mentioned in (A)1. and (A)2. above, in selecting candidates for independent outside directors, the Company selects candidates who are independent and are specifically expected to contribute to the enhancement of the corporate value of the Company. In accordance with this policy, We have gone through a careful decision process from the viewpoint of improving the corporate value of the Company and securing common interest of shareholders regarding the director candidates related to the Company Proposal to be submitted to the General Meeting of Shareholders: after deliberation by the Nomination and Remuneration Committees of the Company, with conducting the necessary research including interviews with the candidates for director over a period of approximately 10 months from September 2023 to June 2024, and reviewing the composition of the Board of Directors of the Company and the necessary talent.
 - The Nomination and Remuneration Committees of the Company were established as advisory committees chaired by President and Representative Director Kiichi Otani and composed of independent outside director Ms. Noriko Endo and Director Yamazoe for the purpose of enhancing the fairness, transparency, and objectivity of the procedures pertaining to appointments, dismissals and nominations of directors. The Nomination and Remuneration Committees of the Company have a system in which a

majority of their members are independent outside directors to ensure their independence and to enable them to provide accurate advice and recommendations.

- In the process of considering the Company's proposals, the Nomination and Remuneration Committees of the Company interviewed each of the candidates proposed by the Proposing Shareholder and conducted a face-to-face interview regarding their expertise, understanding of the Company and the Company's business and industry, relationship with the Proposing Shareholder, and views on being elected as a director of the Company, etc. Based on the interview results, the Nomination and Remuneration Committees of the Company evaluated each candidate.
- (3) Based on the above basic policy and process as well as the findings from the Nomination and Remuneration Committees of the Company, the Board of Directors of the Company has carefully discussed the proposal and determined that the candidates listed in the Attachment 2 “Summary of Director Candidates Related to Company Proposal” are the best candidates for Director of the Company.
- At the Board of Directors of the Company composed of the director candidates related to the Company Proposal, five(5) out of the total number of 11 Directors are independent outside directors (the ratio of independent outside directors rose from 36% to 45%.); the supervisory functions are further strengthened compared to the past; and the Board of Directors of the Company have an appropriate size and sufficient supervisory functions for fulfilling discussions at the Board of Directors of the Company. In addition, four(4) of the 11 directors will be female. In such a case, not only will the ratio of female directors on the Board of Directors of the Company be 36%, which is much higher than the average of companies listed on the Prime Market of the Tokyo Stock Exchange as of the end of July 2023 (approximately 13.6%), but also the ratio of female directors will be 43% of the total number of executives of the Company (14) including corporate auditors, which will enable the Company's executives to get closer to being a management team where many women are active and fulfill their talents.
 - The Board of Directors of the Company that will be composed of the director candidates related to the Company Proposal continues to have management experience in listed companies, broad expertise in finance, governance and human resource development in organizations, and abundant skills and experience in the pharmacy and retail businesses. As described in the reasons for the election of the director candidates related to the Company Proposal in the Attachment 2 “Summary of Director Candidates Related to Company Proposal”, the Board of Directors of the Company will continue to have the necessary and sufficient skills and experience to exercise the supervisory function for the improvement of the Company's corporate value over the medium to long term.
 - Moreover, in order to strengthen the Company's management structure, the following competencies are required with high priority: (i) further enhancement of legal function and compliance in light of this Case, etc., (ii) strengthening of skills in financial strategies such as investment decision-making, including M&As, which has important

significance for improving medium- to long-term corporate value of the Company, which places the dispensing pharmacy business and cosmetic and drug store business as its core business, and (iii) strengthening of skills in providing substantial advice and supervision in store opening strategies and building sales floors for further growth and expansion of the steadily growing cosmetic and drug store business, which is growing steadily, with a focus on AINZ & TULPE, which is expanding its business by making its product mixes and building sales floors unique from other stores. In accordance with these requirements, the Company proposes the following three candidates for new independent outside directors: (i) Ms. Mariko Watahiki (“Ms. Watahiki”), who has served as a judge for long years and been involved in a large number of civil cases including corporate legal affairs and labor issues. Through her experience in judicial administration, she also has a record of accomplishment in organizational management such as thorough establishment of compliance/governance, human resource management/human resource development, and crisis management; (ii) Mr. Nobumichi Hattori (“Mr. Hattori”), who, after experiencing supervising M&A advisory services, is currently teaching at a graduate school on M&As and corporate value assessment, etc. He has substantive expertise in corporate value assessment in capital markets and, from his experience as an outside director of another listed company, possesses a great insight into corporate management such as retail; and (iii) Mr. Shigeki Kimura (“Mr. Kimura”), who has extensive management experience as a director of a major retail business and possesses expertise related to the Company's cosmetic and drug store business, as well as broad expertise and experience in accounting management, legal affairs and compliance, risk management, etc.

- In order to improve the corporate value of the Company over the medium to long term, in the dispensing pharmacy business and the cosmetic and drug store business, the Company will expand the scale through the use of organic store openings and M&As, promote its pharmacy and store management strategies such as improving its specialization and expanding product selection, and strengthen its management foundation through human capital strategies, DX and capital finance strategies, and sustainability management. In addition, in consideration of the interests of shareholders, the Company has set a medium-term target of 13% ROE and a long-term target of 15% ROE. In order to achieve these targets, it is necessary to improve profits through higher business efficiency, implement measures to reduce SG&A expense ratios through scale expansion, pursue further shareholder returns and capital efficiency through acquisition of own shares and other measures, and grow business through strategic investments. The Board of Directors of the Company believes that the Board of Directors of the Company that is composed of the director candidates related to the Company Proposal has sufficient skills and experience necessary for the realization of these measures and is the best structure from the viewpoint of achieving sound and sustainable growth, improving corporate value over the medium to long term, and ultimately improving common interests of shareholders.

- (4) On the other hand, as outlined below, there are concerns regarding the election of the candidates proposed by the Proposing Shareholder for outside director of the Company.

- None of the candidates proposed by the Proposing Shareholder has experience as an outside director of a listed company. In addition, it must be said that they do not have an active awareness of the characteristics of the Company's cosmetic and drug store business as well as the dispensing pharmacy business, which is the core business of the Group.

The Board of Directors of the Company does not necessarily consider executive experience at other listed companies or expertise of the Company and the industry to be a necessary condition for a new candidate for outside director. However, in light of the current status of the Company, which operates stores nationwide and has the largest dispensing pharmacy business in the industry, and where AINZ & TULPE business is rapidly expanding and is positioned as one of the Company's future focus areas, candidates without such experience and expertise should have clear and specific reasons and grounds for the Company to believe that, without such experience and expertise, they will be able to conduct substantial and sufficient activities during their one-year term. However, the Company was not able to find such reasons and grounds for each candidate and had to conclude that they do not meet preconditions to act as outside director of the Company.

If the candidates proposed by the Proposing Shareholder become outside directors of the Company, there will be overlap with the candidates for Director with expertise and experience deemed necessary by the Board of Directors of the Company. In addition, if the candidates proposed by the Proposing Shareholder become outside directors of the Company, the skills matrix would be less balanced compared to that obtained when only candidates proposed by the Board of Directors of the Company become outside directors. There is also a concern that the size of the Board of Directors of the Company would be deviated from that considered to be appropriate by the Board of Directors of the Company.

- In fact, as a result of interviews conducted by the Nomination and Compensation Committees of the Company with each candidate proposed in the Shareholder Proposal, we could not confirm that they are capable of demonstrating their abilities to enhance the corporate value of the Company, as described below.

① Mr. Hajime Yoshitake

Mr. Hajime Yoshitake is described as having expertise in compliance and internal audit. In fact, the content of the explanation in the interview indicates his expertise, which are highly respectful. However, for the roles when the Board of Directors of the Company wants to get advice only on his field of expertise such as consulting on internal audits and related matters from a specialized perspective, he cannot be considered to be the most suitable candidate for outside director, which is expected to provide a wide range of advice including management. As described in 1. and 2. above, the Board of Director of the Company is already implementing various measures in light of the Case to enhance compliance promotion system and build more effective governance system. And as described in (3) above, among the director candidates related to the Company Proposal, there

are the most suitable candidates from the viewpoint of strengthening compliance and internal audit of the Company, including Ms. Watahiki and Mr. Kimura. In addition, if Mr. Hajime Yoshitake becomes an outside director of the Company, there could be duplication of candidates for director with expertise and experience deemed necessary by the Board of Directors of the Company.

② Mr. Shogo Maeda

The Shareholder Proposal indicates that Mr. Shogo Maeda has expertise in finance in general. However, according to his background and responses to interviews, his experience is mainly related to asset management within the financial industry, and he did not provide specific explanations that he has abundant specific experience and expertise in finance in general such as M&As.

We believe that an urgent priority for the Company, whose core business is the pharmacy business centered on dispensaries and the cosmetic and drug store business centered on store development characterized by high added value, is to enhance skills in specific financial strategies, such as investment decision-making including M&As, which are important measures to improve the medium- to long-term corporate value of the Company. Based on this view, the Board of Director of the Company proposes to newly appoint Mr. Hattori, who clearly possesses such skills and has a solid record of accomplishment in M&As, as a candidate proposed by the Company. Mr. Hattori is evaluated as possessing sufficient knowledge of capital markets as well as expertise in investments such as M&As, and has extensive experience as an outside director of a listed company. Therefore, he is considered to be a candidate who can contribute to the improvement of the Company's corporate value. In addition, if Mr. Shogo Maeda becomes an outside director of the Company, there could be duplication of candidates for director with expertise and experience deemed necessary by the Board of Directors of the Company.

③ Mr. Alexander Dmitrenko

Mr. Alexander Dmitrenko is considered to be a legal expert and not in a position to directly engage in business experience or corporate business execution. If We want to acquire a legal expert related to compliance as an outside director rather than as a legal advisor, etc. (for global expansion of the business), it should, with the Case in mind, seek an individual with expertise and experience based on Japanese law. Therefore, as an outside director candidate, the Board of Directors of the Company has proposed Ms. Watahiki. The Board of Directors of the Company believes that it is optimal to utilize her skills in legal affairs and compliance from an independent standpoint. In addition, if Mr. Alexander Dmitrenko becomes an outside director of the Company, there could be duplication of candidates for director with expertise and experience deemed necessary by the Board of Directors of the Company.

④ Mr. Kenji Shinmori

Mr. Kenji Shinmori is described as having experience and expertise in various types of consumer business both in Japan and overseas. However, the drugstore business he was in charge of and the dispensing pharmacy business and cosmetic and drug store business that the Company operates are two completely different business types in terms of their strategic positioning from the perspective of their brand image, product mixes, and building store floors. Individuals who can fully demonstrate their roles as supervisors and checkers on the back of their familiarity with the business are required to have experience and expertise different from those in the drugstore business. In addition, his experience and expertise do not relate to a business that operates stores throughout Japan as the Group does. The Board of Directors of the Company has proposed Mr. Kimura as a candidate with expertise of the business conducted by the Company. He not only has extensive management experience as a director of a listed company engaged in a major retail business operating nationwide, but also has deep understanding in the Company's cosmetic and drug store business, which is characterized by its unique product mixes and building sales floors. Mr. Kimura is considered to be a candidate who can more contribute to the enhancement of the corporate value of the Company. In addition, if Mr. Kenji Shinmori becomes an outside director of the Company, there could be duplication of candidates for director with expertise and experience deemed necessary by the Board of Directors of the Company.

4. Conclusion

Based on the above basic policy and process, the Board of Directors of the Company has carefully discussed each candidate. As a result, the Board of Directors of the Company has determined that the Board of Directors of the Company that is composed of the director candidates related to the Company Proposal described in the Attachment 2 “Summary of Director Candidates Related to Company Proposal” is appropriate and best for the Company to realize sound and sustainable growth, and to achieve improvement in corporate value over the medium to long term, as well as improvement in common interests of shareholders.

Therefore, the Board of Directors of the Company **opposes the proposal for Appointment of four (4) Directors (Agenda 2), which proposes the four candidates mentioned above.**

(C) Opinion on Agenda 3 “Determination of the fixed remuneration amount paid to each Outside Director”

1. Reason for opposition

- (1) After discussion by the Nomination and Remuneration Committees of the Company and the Board of Directors of the Company, the Company adopted a system in which the remuneration of the Company's directors consists of three combinations: (i) monthly remuneration, which is fixed remuneration in accordance with the roles and responsibilities of the directors; (ii) bonuses, which are performance-linked remuneration that enhance the transparency and

objectivity of the remuneration determination process and serve as performance incentives; and (iii) non-monetary remuneration, which aims to raise awareness of sustainable growth from the same perspective as shareholders. However, the remuneration for outside directors shall be based on a remuneration structure appropriate to the roles and responsibilities of supervising the management of the Company from an independent and objective standpoint. Specifically, only (i) monthly remuneration shall be paid.

- (2) With respect to the amount of remuneration for each individual director, the Nomination and Remuneration Committees of the Company prepare drafts on the range of monthly remuneration for each position, the content of evaluation of performance, etc. related to bonuses, and the amount of non-monetary remuneration for each position within the range of the maximum amount of remuneration determined by the General Meeting of Shareholders in advance. After resolution by the Board of Directors of the Company on the drafts, the President and Representative Director is delegated to make decisions on specific content within the scope of the resolution. As described above, the amount of remuneration for each individual outside director is also determined with the involvement of the Nomination and Remuneration Advisory Committees of the Company, whose independence is ensured, and by a process that ensures independence from the Board of Directors of the Company, which is the decision-making body for business execution.
- (3) On the other hand, if the amount payable to each outside director is decided in advance at a shareholders meeting, as the Shareholder Proposal argues, it will be difficult to design flexible remuneration in light of changes in the external environment and the market environment, which, in turn, will hinder flexibility in accordance with the role and responsibility required of outside directors, disable the Company from determining the appropriate amount of remuneration, and make it difficult to acquire excellent individuals. For example, the Practical Guidelines for Corporate Governance Systems (CGS Guidelines) released by the Ministry of Economy, Trade and Industry on July 19, 2022 also point out the importance of an appropriate level of remuneration for outside directors in accordance with their burdens and responsibilities. We believe that, in principle, remuneration for outside directors should also be determined for each individual outside director in light of the fact that each of them is responsible for a different role.
- (4) The Proposing Shareholder claims that the current remuneration for outside directors “cannot secure competent individuals,” but there is no doubt that the outside directors of the Company at present are extremely capable individuals. The candidates for outside directors proposed by the Company are also competent individuals. The Company has nominated them with the expectation that they will contribute to the improvement of the Company's corporate value based on their backgrounds and skills if they are elected as outside directors at the General Meeting of Shareholders. Thus, the assumption that the Company cannot secure competent individuals as outside director is incorrect.
- (5) Note that there are some cases where the Proposing Shareholder submits a shareholder proposal related to the determination of the amount of remuneration to each outside director (although the specific amount differs from the amount of the Shareholder Proposal) when the Proposing Shareholder submits to other companies a shareholder proposal for the election of

outside directors. It cannot be ruled out that this is one of the manifestations of a case where the Proposing Shareholder, while aiming at the election of the outside directors it proposes, offers certain conditions and assurances, at the stage of sounding out candidates, regarding remuneration to be paid to its candidates if they are successfully elected as outside directors, with an aim to motivate them to conform to the wishes of the Proposing Shareholder.

2. Conclusion

Based on the above, the Board of Directors of the Company opposes **the Remuneration Proposal (Agenda 3)**.

(D) Opinion on Agenda 4: Determination of Remuneration for Granting Restricted Shares to Outside Directors

1. Reason for opposition

- (1) At the 53rd Ordinary General Meeting of Shareholders held on July 28, 2022, the Company passed a resolution to introduce a restricted stock compensation plan for directors excluding outside directors, with the aim of providing incentives for continuously improving the Company's corporate value and promoting further value sharing with shareholders. This plan (the restricted stock compensation plan) excludes outside directors from the scope of eligibility. As described in (D) 1 above, the Company presently uses a compensation system for outside directors consisting of only a basic remuneration paid in a fixed amount.
- (2) We are aware that there is a lot of debate going on across the globe on the pros and cons of providing restricted stock compensation to outside directors, as stated in the Shareholder Proposal, and believe that due consideration should be given to whether such compensation is appropriate in the first place. In fact, voting against such a proposal to introduce a stock compensation plan is currently the general practice of many institutional investors in Japan.
- (3) Note that there are some cases, similar to (D) 1. (5) above, where the Proposing Shareholder has submitted a shareholder proposal concerning the determination of the amount of remuneration to each outside directors in order to grant them restricted shares (although the specific amount differs from the amount stated in the Shareholder Proposal) when the Proposing Shareholder submits to other companies a shareholder proposal for the election of outside directors. It cannot be ruled out that this is one of the manifestations of a case where the Proposing Shareholder, while aiming at the election of the outside directors it proposes, offers certain conditions and assurances, at the stage of sounding out candidates, regarding remuneration to be paid to its candidates if they are successfully elected as outside directors, with an aim to motivate them to conform to the wishes of the Proposing Shareholder.
- (4) Based on the above, at least at the present stage, a consensus has not been formed to actively introduce restricted stock compensation for outside directors, and it is appropriate for the Company to closely monitor future discussions on compensation design, mainly by the Nomination and Remuneration cCommittees, and the Company does not see any need to

implement it.

- (5) The Company has confirmed with the outside director candidates proposed by the Company that they do not intend to accept restricted stock compensation if the proposal to elect them as well as agenda item 4 is approved. Therefore, if agenda item 4 is passed, restricted stock compensation will be granted only to outside director candidates proposed by the Proposing Shareholder.

2. Conclusion

Based on the above, the Board of Directors of the Company opposes **the Remuneration Proposal (Agenda 4)**.

(E) Conclusion

Based on the above considerations, the Board of Directors of the Company **opposes all agenda items and proposals stated in the Shareholder Proposal.**

Attachment 2 “Summary of Director Candidates Related to Company Proposal”


Candidate No.	Name	Gender	Current positions and responsibilities in the Company	Candidate attributes	Attendance at Board of Directors meetings for the fiscal year 2023
1	Kiichi Otani	Male	President and Representative Director	Reelection	12/12 (100%)
2	Shoichi Shudo	Male	Representative Senior Managing Director in charge of Store Development and Dispensing Pharmacy Operations Management	Reelection	12/12 (100%)
3	Toshihide Mizushima	Male	Representative Senior Managing Director in charge of Cosmetic and Drug Store Operations Management, Operational Support and Digital Promotion	Reelection	12/12 (100%)
4	Miya Oishi	Female	Representative Senior Managing Director in charge of External Affairs	Reelection	12/12 (100%)
5	Rieko Kimei	Female	Director Division Manager of Personnel	Reelection	12/12 (100%)
6	Nobuyuki Takakura	Male	Director in charge of Risk Management	Reelection	10/10 (100%)
7	Noriko Endo	Female	Outside Director	Reelection Outside Independent	11/12 (92%)
8	Hideki Kuriyama	Male	Outside Director	Reelection Outside Independent	10/12 (83%)
9	Mariko Watahiki	Female	–	New election Outside Independent	–
10	Nobumichi Hattori	Male	–	New election Outside Independent	–
11	Shigeki Kimura	Male	–	New election Outside Independent	–


Reelection Candidate for Director to be reelected


New election Candidate for Director to be newly elected


Outside Candidate for outside Director


Independent Independent officer as stipulated by the Tokyo Stock Exchange


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	 <p data-bbox="419 573 568 640">Kiichi Otani (July 19, 1951)</p> <p data-bbox="440 645 547 674">Reelection</p> <p data-bbox="339 685 647 819">Number of years in office at the conclusion of this general meeting of shareholders: 44 years</p> <p data-bbox="339 831 647 891">Attendance at Board of Directors meetings: 12/12 (100%)</p>	<p data-bbox="667 248 1297 315">July 1980 President and Representative Director of Otani Corporation (now AIN HOLDINGS INC.)</p> <p data-bbox="667 327 1297 427">Nov. 1981 Founder and Director of Daiichi Medical Testing Laboratories Co., Ltd., Asahikawa (now AIN HOLDINGS INC.)</p> <p data-bbox="667 439 1190 468">July 1983 President and Representative Director</p> <p data-bbox="667 479 1174 508">May 1985 Managing Director of the Company</p> <p data-bbox="667 519 1270 580">May 1988 President and Representative Director (current post)</p>	3,239,704 shares
<p data-bbox="331 904 579 934">[Reasons for nomination]</p> <p data-bbox="331 945 1493 1111">Mr. Otani has always demonstrated excellent leadership and decisiveness in leading the Company, and has grown the dispensing pharmacy business of the Group into one of the largest in Japan. His proactive approach to the expansion of the business has resulted in 24 consecutive years of growth as of the fiscal year ended April 30, 2024. As chairman of the Sustainability Committee he has also promoted sustainable management and made significant contributions to increases in corporate value.</p> <p data-bbox="331 1122 1477 1254">The Company proposes Mr. Otani as a candidate for Director because of his management experience and knowledge in financial affairs, sustainable management and both businesses, 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>			


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
2	 <p>Shoichi Shudo (November 16, 1959) <u>Reelection</u> Number of years in office at the conclusion of this general meeting of shareholders: 24 years Attendance at Board of Directors meetings: 12/12 (100%)</p>	<p>Mar. 1982 Joined Daiichi Medical Testing Laboratories Co., Ltd. (Asahikawa, now AIN HOLDINGS INC.)</p> <p>May 1991 Division Manager of Corporate Planning of the Company</p> <p>June 1994 Director and Division Manager of Administration of AIN MEDICAL SYSTEMS Inc. (now AIN HOLDINGS INC.)</p> <p>Feb. 2000 Department Manager of Kansai Sales, Dispensing Pharmacy Business of the Company</p> <p>July 2000 Director</p> <p>May 2003 Managing Director</p> <p>May 2004 Division Manager of Dispensing Pharmacy Business</p> <p>May 2012 Senior Managing Director</p> <p>Nov. 2015 Representative Senior Managing Director (current post) in charge of Store Development</p> <p>May 2020 Chairman of Nippon Pharmacy Association (NPhA)</p> <p>Nov. 2023 President and Representative Director of AIN PHARMACIEZ INC. (current post)</p> <p>Dec. 2023 In charge of Store Development and Division Manager of Dispensing Pharmacy Operations Management of the Company</p> <p>May 2024 In charge of Store Development and Dispensing Pharmacy Operations Management (current post)</p>	10,089 shares
<p>[Reasons for nomination]</p> <p>Having previously served as the Division Manager of Corporate Planning of the Company, Mr. Shudo has taken responsibility for investment decisions as the head of the Dispensing Pharmacy Business and of store development, including M&A, he has contributed significantly to the expansion of the Group's business through his wide-ranging personal connections and his high-level coordination abilities.</p> <p>The Company proposes Mr. Shudo as a candidate for Director because of his management experience and knowledge in financial affairs and the Dispensing Pharmacy Business, 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>			


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	 <p>Toshihide Mizushima (March 10, 1960) [Reelection]</p> <p>Number of years in office at the conclusion of this general meeting of shareholders: 24 years</p> <p>Attendance at Board of Directors meetings: 12/12 (100%)</p>	<p>Apr. 1986 Joined Otani Corporation (now AIN HOLDINGS INC.)</p> <p>May 2000 Department Manager of Drug Store, Cosmetic and Drug Store Business of the Company</p> <p>July 2000 Director</p> <p>Feb. 2001 Division Manager of Cosmetic and Drug Store Business</p> <p>May 2003 Managing Director</p> <p>May 2012 Senior Managing Director and Division Manager of Administration</p> <p>Nov. 2012 President and Representative Director of WHOLESale STARS Co., Ltd. (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</p> <p>Dec. 2023 In charge of Cosmetic and Drug Store Operations Management, Operational Support and Digital Promotion (current post)</p>	28,089 shares
<p>[Reasons for nomination]</p> <p>Utilizing his strong leadership and decisiveness in charge of the management of the Dispensing Pharmacy Business, Cosmetic and Drug Store Business, and Operational Support of the Company, Mr. Mizushima has appropriately promoted business process improvement projects and the digital field, and contributed significantly to the improvement of productivity in both businesses. As deputy chairman of the Sustainability Committee he has also promoted sustainable management and made contributions to increases in corporate value.</p> <p>The Company proposes Mr. Mizushima as a candidate for Director because of his management experience and knowledge in financial affairs, sustainable management and both businesses, 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>			


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	 <p data-bbox="411 640 576 703">Miya Oishi (August 7, 1960)</p> <p data-bbox="440 707 547 741">Reelection</p> <p data-bbox="339 748 647 882">Number of years in office at the conclusion of this general meeting of shareholders: 12 years</p> <p data-bbox="339 891 647 954">Attendance at Board of Directors meetings: 12/12 (100%)</p>	<p data-bbox="667 248 1286 282">July 1993 Director of DAICHIKU Co., Ltd. (current post)</p> <p data-bbox="667 288 1015 322">May 2007 Managing Director</p> <p data-bbox="667 329 1190 362">July 2008 President and Representative Director</p> <p data-bbox="667 369 1267 463">Apr. 2011 Vice President and Representative Director of AIN MEDICAL SYSTEMS Inc. (now AIN HOLDINGS INC.)</p> <p data-bbox="667 470 1190 504">Feb. 2012 President and Representative Director</p> <p data-bbox="667 510 1289 582">July 2012 Director and Deputy Department Manager of Dispensing Pharmacy Business of the Company</p> <p data-bbox="667 589 1015 622">July 2014 Managing Director</p> <p data-bbox="667 629 1267 723">Nov. 2015 Division Manager of Operating Management President and Representative Director of AIN PHARMACIEZ INC.</p> <p data-bbox="667 730 1267 801">May 2019 In charge of Dispensing Pharmacy Operations Management of the Company</p> <p data-bbox="667 808 1241 880">July 2021 Division Manager of Dispensing Pharmacy Operations Management</p> <p data-bbox="667 887 1286 958">May 2023 Director of AIN PHARMACIEZ INC. (current post)</p> <p data-bbox="667 965 1254 1059">July 2023 Representative Senior Managing Director, in charge of External Affairs of the Company (current post)</p>	7,456 shares
<p data-bbox="331 1068 579 1102">[Reasons for nomination]</p> <p data-bbox="331 1108 1477 1243">As the President and Representative Director of a major subsidiary of the Company and the head of the Dispensing Pharmacy Business, Ms. Oishi has contributed significantly to the expansion of the Group's business scale through her excellent leadership skills and strong sense of responsibility from a practical and multilateral perspective. As the person in charge of materiality for the Dispensing Pharmacy Business, she has also contributed to increases in corporate value.</p> <p data-bbox="331 1249 1477 1384">The Company proposes Ms. Oishi as a candidate for Director because of her management experience and knowledge in sustainable management and both businesses, and because the Company 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
5	 <p>Rieko Kimei (February 26, 1962) [Reelection] Number of years in office at the conclusion of this general meeting of shareholders: 10 years Attendance at Board of Directors meetings: 12/12 (100%)</p>	<p>Dec. 1995 Joined Daiichi Medical Testing Laboratories Co., Ltd. (Sapporo, now AIN HOLDINGS INC.)</p> <p>May 2003 Department Manager of Merchandise, Cosmetic and Drug Store Business of the Company</p> <p>May 2004 Department Manager of Personnel, Administration Division</p> <p>May 2009 Division Manager of Cosmetic and Drug Store Business and Department Manager of Merchandise</p> <p>Aug. 2009 Executive Officer</p> <p>May 2013 In charge of Personnel</p> <p>July 2014 Director (current post)</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 Division Manager of Personnel (current post)</p>	6,325 shares
<p>[Reasons for nomination]</p> <p>Having previously served as the person in charge of the Cosmetic and Drugstore Business, in her role as Division Manager of Personnel she has demonstrated outstanding planning abilities and leadership by building an organization for investing in human capital and improving employee engagement, and reforming the personnel system, making significant contributions to increases in corporate value. She has also worked to promote opportunities for women in the workplace, leading to major subsidiaries receiving Eruboshi certification and Platinum Kurumin certification.</p> <p>The Company proposes Ms. Kimei as a candidate for Director because of her management experience and knowledge in sustainable management and the Cosmetic and Drug Store Business, and because the Company 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	 <p data-bbox="395 987 587 1055">Nobuyuki Takakura (January 14, 1957)</p> <p data-bbox="437 1059 545 1088"><u>Reelection</u></p> <p data-bbox="339 1095 651 1267">Number of years in office at the conclusion of this general meeting of shareholders: 1 year Attendance at Board of Directors meetings: 10/10 (100%)</p>	<p data-bbox="667 248 1297 315">Apr. 1981 Joined Ministry of Health and Welfare (now Ministry of Health, Labour and Welfare)</p> <p data-bbox="667 322 1297 427">Aug. 2002 Director, Economic Affairs Division of Health Policy Bureau, Ministry of Health, Labour and Welfare</p> <p data-bbox="667 434 1297 501">July 2004 Director, Pension Division of Pension Bureau, Ministry of Health, Labour and Welfare</p> <p data-bbox="667 508 1297 613">Aug. 2007 Director, General Affairs Division of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare</p> <p data-bbox="667 620 1297 725">July 2009 Deputy Assistant Minister for International Affairs, Minister's Secretariat, Ministry of Health, Labour and Welfare</p> <p data-bbox="667 732 1297 837">July 2010 Deputy Director General, Minister's Secretariat, Ministry of Internal Affairs and Communications (In charge of Public Enterprise)</p> <p data-bbox="667 844 1297 949">July 2011 Assistant Commissioner of the Fire and Disaster Management Agency, Ministry of Internal Affairs and Communications</p> <p data-bbox="667 956 1297 1061">Sept. 2012 Councilor for Pension Service, Minister's Secretariat, Ministry of Health, Labour and Welfare</p> <p data-bbox="667 1068 1297 1135">July 2013 Retired from Ministry of Health, Labour and Welfare</p> <p data-bbox="667 1142 1297 1171">Oct. 2013 Senior Adviser of TEIJIN LIMITED</p> <p data-bbox="667 1178 1297 1245">Apr. 2014 Teijin Group Corporate Officer, Deputy Chief Social Responsibility Officer</p> <p data-bbox="667 1252 1297 1391">Apr. 2016 Teijin Group Corporate Officer, Chief Social Responsibility Officer, in charge of corporate auditing department, and in charge of utilization of factory sites</p> <p data-bbox="667 1397 1297 1503">Apr. 2017 Teijin Group Corporate Officer, Chief Social Responsibility Officer, and in charge of corporate auditing department</p> <p data-bbox="667 1509 1297 1538">Apr. 2019 Senior Adviser (part-time)</p> <p data-bbox="667 1545 1297 1574">Apr. 2020 Adviser of the Company</p> <p data-bbox="667 1581 1297 1648">July 2020 Senior Managing Director of AIN PHARMACIEZ INC. (current post)</p> <p data-bbox="667 1655 1297 1722">July 2023 Director in charge of Risk Management of the Company (current post)</p>	1,198 shares
<p data-bbox="331 1731 579 1760">[Reasons for nomination]</p> <p data-bbox="331 1767 1497 2007">Helped by his abundant knowledge of CSR issues, Mr. Takakura has played a central role in the systematization of sustainability management, including identifying material issues (materiality) for the Company. As the person in charge of Risk Management at the Company he has also promoted the strengthening of risk management and compliance, and made significant contributions to increases in corporate value. The Company proposes Mr. Takakura as a candidate for Director because of his knowledge in legal and compliance and sustainable management, 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>			

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	 <p data-bbox="427 607 563 779"> Noriko Endo (May 6, 1968) <u>Reelection</u> <u>Outside</u> <u>Independent</u> </p> <p data-bbox="339 786 651 958"> Number of years in office at the conclusion of this general meeting of shareholders: 6 years Attendance at Board of Directors meetings: 11/12 (92%) </p>	<p data-bbox="667 253 1297 1010"> June 1994 Joined DIAMOND, Inc. Mar. 2006 Deputy Editor of Diamond Weekly, DIAMOND, Inc. Sept. 2013 Visiting Researcher at Policy Alternatives Research Institute, University of Tokyo Apr. 2015 Project Professor, Graduate School of Media and Governance, Keio University July 2018 Outside Director of the Company (current post) June 2019 Outside Director of Hankyu Hanshin Holdings, Inc. (current post) Apr. 2020 Specially Appointed Professor of Keio University Global Research Institute (current post) Mar. 2021 Outside Director of Techpoint, Inc. June 2021 Outside Director of Japan Elevator Service Holdings Co., Ltd. (current post) June 2022 Outside Members of the Board of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (current post) Apr. 2024 Professor of the Research Council, Waseda University (current post) </p>	200 shares
<p data-bbox="331 1032 879 1059">[Reasons for nomination and overview of expected roles]</p> <p data-bbox="331 1066 1493 1312"> Ms. Endo has a wealth knowledge through her journalistic activities as the editor of an economic magazine with responsibility for numerous sectors, including retail and distribution. She is also well-versed in energy and environmental problems as a result of her research into public policy as it pertains to energy, in which area she possesses a wide range of insights. In addition, through her experience as an outside Director of other listed companies she has developed a deep knowledge of corporate management in the IT, telecommunications, railroad, real estate, and other businesses. Since being appointed outside Director of the Company, at meetings of the Board of Directors and at other times she has offered advice mainly on business strategy and compliance. </p> <p data-bbox="331 1319 1477 1453"> The Company proposes Ms. Endo as a candidate for outside Director because of her knowledge in financial affairs, legal and compliance, and sustainable management, and because the Company 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>			
<p data-bbox="331 1469 866 1496">Reason for concluding that the candidate is independent</p> <p data-bbox="331 1503 1493 1709"> The candidate fulfills the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., the independence criteria for outside Directors and outside Corporate Auditors set out by the Company, and also the immaterial criteria for the judgement that the relationship with the Company is unlikely to affect shareholder's decision concerning the exercise of voting rights, and is thus deemed to have a high degree of independence. Until May 2018, Ms. Endo had an advisory contract with the Company, but the advisory fees in question were less than 10 million yen per annum, and she fulfills the above requirements. </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	 <p>Hideki Kuriyama (April 26, 1961)</p> <p>Reelection Outside Independent</p> <p>Number of years in office at the conclusion of this general meeting of shareholders: 2 years Attendance at Board of Directors meetings: 10/12 (83%)</p>	<p>Apr. 2004 Assistant Professor of Hakuoh University Apr. 2008 Professor (current post) Nov. 2011 Manager of Hokkaido Nipponham Fighters Nov. 2021 Manager of Japan National Baseball Team Jan. 2022 Professor of Hokkaido Nipponham Fighters Apr. 2022 Specially Appointed Professor of Hokkai-Gakuen University (current post) July 2022 Outside Director of the Company (current post) Jan. 2024 Chief Baseball Officer of Hokkaido Nipponham Fighters (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, having served as a manager of a professional baseball team and of the Japan national baseball team, and as a professor of faculty of business administration at universities, among other roles. Since being appointed outside Director of the Company, at meetings of the Board of Directors and at other times he has offered advice mainly from the perspective of investing in human capital management.</p> <p>The Company proposes Mr. Kuriyama as a candidate for outside Director because of his knowledge in sustainable management such as organizational governance and human capital management, 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>			
<p>Reason for concluding that the candidate is independent</p> <p>The candidate fulfills the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., the independence criteria for outside Directors and outside Corporate Auditors set out by the Company, and also the immaterial criteria for the judgement that the relationship with the Company is unlikely to affect shareholder's decision concerning the exercise of voting rights, and is thus deemed to have a high degree of independence.</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	 <p>Mariko Watahiki (May 2, 1955) <u>New election</u> <u>Outside</u> <u>Independent</u></p> <p>Number of years in office at the conclusion of this general meeting of shareholders: - years Attendance at Board of Directors meetings: -/-</p>	<p>Apr. 1980 Assistant Judge of the Tokyo District Court Mar. 2009 Senior Judicial Research Official, the Supreme Court of Japan (civil affairs) Mar. 2012 Chief Judge of the Utsunomiya District Court July 2014 Chief Judge of the Yokohama Family Court June 2015 Judge of the Tokyo High Court (Presiding Judge) Apr. 2016 President of the Sapporo High Court Sept. 2018 President of the Nagoya High Court Aug. 2020 Registered as an attorney at law Aug. 2020 Joined Okamura Law Office (current post) June 2021 Outside Director of Toshiba Corporation June 2021 Outside Director, Member of Nomination Committee and Member of Governance Committee of LIXIL Corporation June 2022 Outside Director, Member of Nomination Committee, Member of Governance Committee and Member of Compensation Committee Oct. 2022 Chair of Expert Committee of Daiko Advertising Inc. June 2023 Outside Director, Chairperson of Compensation Committee, Member of Nomination Committee and Member of Governance Committee of LIXIL Corporation Aug. 2023 Chairperson of Third-party Investigation Committee of Nihon University June 2024 Outside Director, Chairperson of Nomination Committee, Member of Compensation Committee and Member of Governance Committee of LIXIL Corporation (current post) June 2024 President of Family Problems Information Center(current post)</p>	- shares
<p>[Reasons for nomination and overview of expected roles] Ms. Watahiki has many years of experience as a judge, and in addition to having resolved numerous civil cases, including some related to corporate legal and labor issues, she has served as the president of multiple high courts. She has a thorough understanding of compliance and governance, and a long track record of involvement in organizational management in such areas as personnel management, human resources development and crisis management. She has also experience as Chairperson of Third-party Investigation Committee. The Company proposes Ms. Watahiki as a candidate for outside Director because of her knowledge in legal affairs and compliance, and because the Company believes that she is qualified for the position of Director to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			
<p>Reason for concluding that the candidate is independent The candidate fulfills the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., the independence criteria for outside Directors and outside Corporate Auditors set out by the Company, and also the immaterial criteria for the judgement that the relationship with the Company is unlikely to affect shareholder's decision concerning the exercise of voting rights, and is thus deemed to have a high degree of independence.</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	 <p data-bbox="387 692 596 757">Nobumichi Hattori (December 25, 1957)</p> <p data-bbox="427 763 557 792"><u>New election</u></p> <p data-bbox="451 799 533 828"><u>Outside</u></p> <p data-bbox="432 835 552 864"><u>Independent</u></p> <p data-bbox="339 875 647 1048">Number of years in office at the conclusion of this general meeting of shareholders: - years Attendance at Board of Directors meetings: -/-</p>	<p data-bbox="667 248 1286 1198"> Apr. 1981 Joined Nissan Motor Co., Ltd. June 1989 Joined New York Headquarters of Goldman Sachs & Co. Nov. 1998 Managing Director of Goldman Sachs (Japan) Ltd. (now Goldman Sachs Japan Co., Ltd.) Oct. 2003 Visiting Associate Professor of School of International Corporate Strategy of Hitotsubashi University June 2005 Outside Director of Miraka Holdings, Inc. (now H.U. Group Holdings, Inc.) Nov. 2005 Outside Director of FAST RETAILING CO., LTD. (current post) Oct. 2006 Visiting Professor of School of International Corporate Strategy of Hitotsubashi University Apr. 2009 Visiting Professor of Graduate School of Finance, Accounting and Law (now Graduate School of Business and Finance) of Waseda University (current post) Mar. 2015 Outside Corporate Auditor of Frontier Management Inc. June 2015 Outside Director of Hakuholdo DY Holdings Inc. (current post) July 2016 Special Guest Professor of Graduate School of Business Administration of Keio University Apr. 2017 Guest Professor of Graduate School of Business Administration of Keio University (current post) </p>	– shares
<p data-bbox="331 1211 879 1240">[Reasons for nomination and overview of expected roles]</p> <p data-bbox="331 1247 1498 1489">Having gained experience in the supervision of the M&A advisory business at a major U.S. investment bank, Mr. Hattori is currently engaged in teaching M&A, corporate valuation, and other concepts at a graduate institute of education, and is well-versed in corporate valuation in the capital markets. In addition, his experience as an outside Director at other listed companies has given him a deep knowledge of corporate management in the retail industry and other areas. The Company proposes Mr. Hattori as a candidate for outside Director because it believes that his knowledge in financial affairs makes him qualified for the position of a Director who performs the function of supervising the decision making of the Company's management policies and corporate strategies and the execution of business.</p>			
<p data-bbox="331 1503 863 1532">Reason for concluding that the candidate is independent</p> <p data-bbox="331 1538 1498 1668">The candidate fulfills the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., the independence criteria for outside Directors and outside Corporate Auditors set out by the Company, and also the immaterial criteria for the judgement that the relationship with the Company is unlikely to affect shareholder's decision concerning the exercise of voting rights, and is thus deemed to have a high degree of independence.</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	 <p>Shigeki Kimura (March 16, 1962)</p> <p>New election Outside Independent</p> <p>Number of years in office at the conclusion of this general meeting of shareholders: - years Attendance at Board of Directors meetings: -/-</p>	<p>Mar. 1986 Joined Seven-Eleven Japan Co., Ltd.</p> <p>May 2013 Division Manager of Financial Accounting and Division Manager of Corporate Behavior Promotion Office</p> <p>Mar. 2014 Executive Officer</p> <p>May 2016 Senior Officer of Secretary Office of Seven & i Holdings Co., Ltd.</p> <p>Dec. 2016 Executive Officer and Senior Officer of Corporate Development Department</p> <p>July 2017 Outside Director of the Company</p> <p>Mar. 2019 Division Manager of the Corporate Personnel Planning of Seven & i Holdings Co., Ltd. Director of Seven-Eleven Japan Co., Ltd.</p> <p>May 2019 Director of Seven & i Holdings Co., Ltd.</p> <p>July 2019 Retired as outside Director of the Company</p> <p>Mar. 2020 In charge of Affiliates Governance of Seven & i Holdings Co., Ltd. Director, Senior Managing Executive Officer and Division Manager of Management of Seven- Eleven Japan Co., Ltd.</p> <p>Apr. 2020 In charge of President Office and Group Liaison of Seven & i Holdings Co., Ltd.</p> <p>May 2022 Retired as Director of Seven & i Holdings Co., Ltd.</p> <p>Mar. 2024 Director, Executive Vice President and Division Manager of Management of Seven-Eleven Japan Co., Ltd. (current post)</p>	– shares
<p>[Reasons for nomination and overview of expected roles]</p> <p>As a Director of a major retailer, Mr. Kimura not only has abundant knowledge of management roles but also possesses wide-ranging insights and experience in such areas as management accounting, and risk management. Furthermore, he served as an outside Director of the Company between July 2017 and July 2019, and during this period offered advice mainly on finance, compliance and governance at meetings of the Board of Directors and at other times. The Company proposes Mr. Kimura as a candidate for outside Director because of his management experience, knowledge in financial affairs, legal and compliance, and the Cosmetic and Drug Store Business, and because the Company believes that he is qualified for the position of Director to make decisions on management policy and corporate strategy and to supervise the execution of business operations.</p>			
<p>Reason for concluding that the candidate is independent</p> <p>The candidate fulfills the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., the independence criteria for outside Directors and outside Corporate Auditors set out by the Company, and also the immaterial criteria for the judgement that the relationship with the Company is unlikely to affect shareholder's decision concerning the exercise of voting rights, and is thus deemed to have a high degree of independence.</p> <p>Seven-Eleven Japan Co., Ltd., where he is a Director, and subsidiaries of the Company, have transactions such as real estate leasing, however, the amount of such transactions is less than 1% of the annual consolidated net sales of both companies, and therefore meets the above criteria.</p>			

(Notes)

Independent officer

Ms. Noriko Endo, Mr. Hideki Kuriyama, Ms. Mariko Watahiki, Mr. Nobumichi Hattori and Mr. Shigeki Kimura are candidates for outside Director. The Company has submitted notification to the Tokyo Stock Exchange that Ms. Noriko Endo and Mr. Hideki Kuriyama have been designated as independent officers as provided for by the aforementioned exchange. If they are reelected, the Company plans for their designation as independent officers to continue. The Company plans to notify the stock exchange concerning the appointment of Ms. Mariko Watahiki, Mr. Nobumichi Hattori and Mr. Shigeki Kimura as Independent Officers.

Ms. Noriko Endo, Mr. Hideki Kuriyama, Ms. Mariko Watahiki, Mr. Nobumichi Hattori and Mr. Shigeki Kimura fulfill the requirements for an independent officer as provided for by the aforementioned exchange, the independence criteria for outside Directors and outside Corporate Auditors set out by the Company, and also the immaterial criteria for the judgement that the relationship with the Company is unlikely to affect shareholder's decision concerning the exercise of voting rights.

[Reference] The skill sets and main skills of Directors and Corporate Auditors after this general meeting of shareholders

The Company has a business strategy of growth in both the Dispensing Pharmacy Business and the Cosmetic and Drugstore Business, and after deliberations by the Nomination and Remuneration Committee regarding skills for providing supervisory functions that contribute to increases in corporate value over the medium to long term, the Board of Directors has been reviewing the required skills. Recently, the Board has made a partial review of the skill sets, adding “experience in financial strategies such as investment decision-making, including M&A” to the skills content of “finance,” and changing “legal affairs and risk management” to “legal and compliance,” and has identified them as follows.

Required skill	Details of skill	Reason for selecting
Management experience	Has management experience in a listed company or core business company	Necessary for building appropriate management strategies for increasing corporate value over the medium to long term, and providing effective supervision of execution by management
Finance	Holds certified public accountant or tax accountant qualifications, or has operational experience in financial institutions or accounting departments, or has experience in financial strategy, such as investment decisions, including M&A	Necessary for achieving sound management and promoting financial strategy that is congruent with management strategy
Legal / Compliance	Holds attorney at law qualifications, or has experience as a corporate auditor, or has operational experience in legal affairs, risk management, internal audit, or compliance departments, or possesses specialist knowledge	Because a proper awareness and management of various risks associated with corporate activities and of compliance is necessary for appropriate execution by management
Sustainable management	Has operational or management experience of sustainable management, such as human capital or environmental conservation, or possesses specialist knowledge	Necessary for the promotion of appropriate management strategies to achieve sustainable growth of the business and increases in corporate value over the medium to long term
Dispensing Pharmacy Business	Knowledge and experience of the Dispensing Pharmacy Business, such as market development (store operation, development, implementation of new initiatives, etc.), or healthcare policy (formulation and execution of strategies aimed at revisions in laws and regulations, etc.)	Necessary for achieving a bird’s eye view of the business in general, including such issues as healthcare industry insurance systems, and legal regulations, and for effectively supervising execution of business
Cosmetic and Drug Store Business	Knowledge and experience of the Cosmetic and Drug Store Business, including market and product development, or brand development	Necessary for achieving a bird’s eye view of the business in general, including market trends in the retail industry, and for effectively supervising execution of business

The main skills of Directors and Corporate Auditors after this general meeting of shareholders when the Company Proposals are approved and adopted as originally proposed are as follows:

Name	Independence (for outside officers only)	Management experience	Finance	Legal / Compliance	Sustainable management	Dispensing Pharmacy Business	Cosmetic and Drug Store Business
President and Representative Director Kiiichi Otani	—	●	●		●	●	●
Representative Senior Managing Director Shoichi Shudo	—	●	●			●	
Representative Senior Managing Director Toshihide Mizushima	—	●	●		●	●	●
Representative Senior Managing Director Miya Oishi	—	●			●	●	●
Director Rieko Kimei	—	●			●		●
Director Nobuyuki Takakura	—			●	●		
Outside Director Noriko Endo	●		●	●	●		
Outside Director Hideki Kuriyama	●				●		
Outside Director Mariko Watahiki	●			●			
Outside Director Nobumichi Hattori	●		●				
Outside Director Shigeki Kimura	●	●	●	●			●
Standing Corporate Auditor Koichi Kawamura	—		●	●			
Outside Corporate Auditor Ayako Sano	●		●	●			
Outside Corporate Auditor Minako Mizutani	●		●				

(Note) This is an indication of the skills expected by the Company and does not represent all the skills possessed.

Experience, etc. providing the basis for skills

Management experience: President and Representative Director of the Company / Finance: Promotes financial strategy as Representative Director / Sustainable management: Promotes sustainable management as chairman of the Sustainability Committee / Dispensing Pharmacy Business: Holds pharmacist qualifications, founded and has driven the expansion of the business / Cosmetic and Drug Store Business: Founded and has driven the expansion of the drugstore business

Management experience: Representative Director of the Company, President and Representative Director of AIN PHARMACIEZ INC. / Finance: In charge of Store Development for the Company / Dispensing Pharmacy Business: In charge of Dispensing Pharmacy Operations Management of the Company

Management experience: Representative Director of the Company / Finance: Promotes financial strategy as person in charge of Operational Support/ Sustainable management: Promotes sustainable management as the deputy chairman of the Sustainability Committee / Dispensing Pharmacy Business: In charge of Operating Management of the Company, President and Representative Director of WHOLESALE STARS Co., Ltd. / Cosmetic and Drug Store Business: In charge of Cosmetic and Drug Store Operations Management of the Company

Management experience: Representative Director of the Company, President and Representative Director of AIN PHARMACIEZ INC. / Sustainable management: Promotes initiative as person responsible for the materialities of: contribute to local healthcare; safety, piece of mind and trust; ensure sound management base; cooperate with local communities and businesses / Dispensing Pharmacy Business: Holds pharmacist qualifications, Division Manager of Dispensing Pharmacy Operating Management of the Company / Cosmetic and Drug Store Business: President and Representative Director of AIN PHARMACIEZ INC.

Management experience: Director of the Company, President and Representative Director of AYURA LABORATORIES Inc. / Sustainable management: as Division Manager of Personnel of the Company, leads initiatives for diversity and opportunities for women in the workplace / Cosmetic and Drug Store Business: Division Manager of Cosmetic and Drug Store Business of the Company and President and Representative Director of AYURA LABORATORIES Inc.

Legal and compliance: Person in charge of Risk Management, Chief Social Responsibility Officer at Teijin Group and CSR Officer, experience having led responses of said group's compliance and risk management efforts from a CSR perspective / Sustainable management: Experience having played a central role in systematizing the Company's sustainable management, experience having led the promotion of CSR at Teijin Group as Chief Social Responsibility Officer and CSR Officer

Financial: Knowledge of international finance, fiscal policy, macro economy, and other areas as the editor of an economics magazine / Legal and compliance: Research at university into risk and security governance / Sustainable management: Knowledge of energy and environmental problems obtained through research into public policy as it pertains to energy

Sustainable management: Knowledge in organizational governance and human capital management, gained through efforts to develop human resources as a manager of a professional baseball team and of the Japan national baseball team

Legal and compliance: Holds attorney at law qualifications, experience as a judge

Financial: Managing Director of Goldman Sachs (Japan) Ltd. (now Goldman Sachs Japan Co., Ltd.), Visiting Professor of School of International Corporate Strategy of Hitotsubashi University, Visiting Professor of Graduate School of Business and Finance of Waseda University, Guest Professor of Graduate School of Business Administration of Keio University

Management experience: Director of Seven & i Holdings Co., Ltd., Director of Seven-Eleven Japan Co., Ltd. / Financial: Division Manager of Financial Accounting and Division Manager of Management of Seven-Eleven Japan Co., Ltd. / Legal and compliance: Division Manager of Management of Seven-Eleven Japan Co., Ltd. / Cosmetic and Drug Store Business: Director of Seven & i Holdings Co., Ltd., Director of Seven-Eleven Japan Co., Ltd.

Financial: Department Manager of Accounting Dept. and Corporate Auditor of AIN MEDICAL SYSTEMS Inc. (now AIN HOLDINGS INC.), Standing Corporate Auditor of the Company / Legal and compliance: Department Manager of Administration Dept. of the Company, Standing Corporate Auditor of the Company

Financial: Was employed by Goldman Sachs (Japan) Ltd. (now Goldman Sachs Japan Co., Ltd.), tax attorney procedures / Legal and compliance: Holds attorney at law qualifications, has experience as member of risk review team as outside director of another company, outside audit & supervisory board member of another company

Financial: Holds tax accountant qualification

Appendix: “Shareholder Proposal”

- * The Shareholder Proposal is a transcription of the original statements contained in the Shareholder Proposal submitted by the Proposing Shareholder, with some adjustments in the format.

I. Proposed Agenda Items

Agenda 1: Dismissal of two (2) Directors

Agenda 2: Appointment of four (4) Directors

Agenda 3: Determination of the fixed remuneration amount paid to each Outside Director

Agenda 4: Determination of Remuneration for Granting Restricted Shares to Outside Directors

II. Outline of the proposals and reasons for the proposals

1. Agenda 1: Dismissal of two (2) Directors

The general reasons applicable to each of the proposals falling within Agenda 1 and Agenda 2 above are as follows:

Taking into account that there is a possibility that the Company's Stock Handling Rules require that reasons provided for each proposal must not exceed 400 letters in Japanese, we have drafted the reasons for Agenda 1 and Agenda 2 combined using less than 2400 letters in Japanese.

As publicized in the Company's press release dated April 18, 2024, former directors of the Company and its subsidiary (the "**Defendants**") were arrested and charged with obstruction of public contract-related auctions, and subsequently convicted (although the Defendants have since appealed). The Company explained that an investigation team was set up on October 5, 2023, but the Company did not disclose this fact for more than six months - until the press release dated on April 18, 2024, which was publicized in response to the guilty verdict against the Defendants. The "investigation team" cannot be said to be a "third-party committee" following the "Third-Party Committee Guidelines" and the "Scandal Response Principles", which means there is no guarantee that objectivity, neutrality, and expertise were actually ensured during the process for preparation of the investigation report (the "**Investigation Report**") by the investigation team.

From the perspective of corporate governance, the above scandal reveals the existence of serious problems in the Company. In this regard, the Investigation Report clearly points out that the sales approach adopted by the Company and its subsidiary, "can be viewed as illegal activities or, even if not so, as improper or wrong conduct, not only from the view point of competitor companies, but also from the viewpoint of common sense, which may evoke substantial reputational risk". Furthermore, it was revealed that such sales approach (i.e., proposal replacement) had been used for other cases than the Case, such as Case X and Case Y, as well.

Additionally, the Investigation Report confirmed the fact that the Company's board has never, in substance, reviewed "the legal and compliance risk with respect to the business activities for development of in-hospital pharmacies" nor controlled nor supervised such business activities, which means that the Board of Directors of the Company failed to develop effective corporate governance. The Investigation Report indicates the enhancement of governance by outside officers as a preventative measure against recurrence of incidents like the Case. The fact that enhancement of governance by outside officers should act as a preventative measure against such scandals shows such governance by the outside directors to date has been inadequate. In this regard, individuals who lack substantive independence have assumed the position of the Company's "independent directors" for such a long time and therefore, it cannot be said that the Company's governance has been working effectively, and this led to the scandal. Therefore, it is necessary to invite competent outside directors who can truly exercise their governance functions and rebuild the Company's corporate governance structure as soon as possible.

For example, Mr. Yamazoe had been working for years and held the position of Senior Executive Vice President and Vice Chairman in Marubeni Corporation ("**Marubeni**") which has a close relationship with the Company

since Marubeni's investment in Ain in 1999. The Company has continuously accepted more than seven (7) directors from among individuals who are working for (or had worked for) Marubeni from 1999 to date. Mr. Yamazoe holds a position of director thanks to his long career at Marubeni and, thus, has a conflict in that he could prioritize interests of Marubeni, a company has a business relationship with the Company, rather than the common interests of the Company's shareholders.

Furthermore, Mr. Yamazoe once held an independent outside director position in FUJITEC CO., LTD. ("**Fujitec**"), when Fujitec was accused of corporate governance issues regarding related-party transactions with Fujitec's founding family. Mr. Yamazoe, as an independent outside director, held a lead position in the investigation and eventually concluded, as chairman of the board, that there were no issues with the board of directors' resolution from either a legal or corporate-governance viewpoint. However, there were later claims that the investigation was inadequate, so an additional investigation by a third-party committee was required. That ended with the abnormal situation that the third-party committee abandoned the investigation saying they could not build a trust relationship with Fujitec management. Furthermore, Fujitec itself acknowledged a part of the suspicion of defamation and intimidation or other influence against candidates for director proposed through shareholder's proposals arose. Each of these events occurred when Mr. Yamazoe was required to show his supervisory responsibility and explicitly reveals his inadequacy as independent outside director.

Mr. Ito is a Representative Director of Seven & i Holdings Co., Ltd. ("**Seven & i**") which has been in a capital and business alliance with the Company since 2008. Members from Seven & i, as well as Marubeni, have held director positions for generations even before Mr. Ito became an outside director. Thus, Mr. Ito, like Mr. Yamazoe, has a conflict with the Company and the Company's general shareholders in that he could prioritize Seven & i's interests. Outside directors are required to represent the common interests of all shareholders including minority shareholders, independent from the management, but these two individuals lack substantive independence.

The Company has faced a critical event where the Defendants were arrested and charged with obstruction of public contract-related auctions, and subsequently convicted in the first trial in relation to the Company's business and drastic corporate governance structure reform is an urgent issue. In this situation, not only the fact that Mr. Yamazoe and Mr. Ito lack substantive independence (a fundamental requirement for proper function of outside directors), but also past incidents show Mr. Yamazoe's inability to perform his supervisory responsibilities. It is necessary to dismiss Mr. Yamazoe and Mr. Ito immediately since the two directors keeping their positions as "independent" outside directors is harmful to the Company.

In view of the fact that the scandal occurred while members from companies having capital and business alliances with the Company have long been "independent" outside directors, there is an urgent need to appoint individuals who are not from companies having capital and business alliances and who have no special interests with the Company, and who have relevant expertise and experience and will contribute to enhancing the Company's corporate values. In order to achieve this purpose, Oasis proposes to appoint Mr. Hajime Yoshitake, Mr. Shogo Maeda, Mr. Alexander Dmitrenko, and Mr. Kenji Shinmori, and as candidates for the Board of Directors.

- (1) Proposal 1
 - (A) Summary
Dismissal of Director Mr. Shigeru Yamazoe Shigeru
 - (B) Reasoning
As given above
- (2) Proposal 2
 - (A) Summary
Dismissal of Director Mr. Junro Ito
 - (B) Reasoning
As given above

2. Agenda 2: Appointment of four (4) Directors

The common reasoning for Agenda 2 is as given above. Each of the candidates is proposed to be approved to be a director of the Company. Agenda 2 of this shareholder's proposal requires separate appointment of each candidate.

- (1) Proposal 1
 (A) Summary
 Appointment of Mr. Hajime Yoshitake as Director
 (B) Reasoning
 As given above
 (C) Biography and other information about the candidate

Hajime Yoshitake	Birthday: July 1, 1956 Number of shares of the Company owned: 0 Shares
■Biography, position, responsibilities, and status of important concurrent positions	
Apr, 1979	The Kyowa Bank Ltd. (currently Resona Bank, Limited.)
Apr, 1991	Manager, New York Branch, The Kyowa Saitama Bank, Limited,
Apr, 2002	Nihon Unisys, Ltd. (currently BIPROGY Inc.)
Oct, 2007	Part-time Lecturer, Professional Graduate School of Meiji University (current position)
Jun, 2008	Director, The Institute of Internal Auditors-Japan (current position)
Jun, 2009	Executive Officer and General Manager of Internal Audit Division, Resona Holdings, Inc.,
Jun, 2011	Full-time Company Auditor, Saitama Resona Bank Limited
Apr, 2013	Part-time Lecturer, College of Law of Nihon University
Jun, 2016	Full-time Outside, Independent Company Auditor, TAIYO YUDEN CO., LTD.
May, 2021	Advisor, Specified Non-profit Corporation Japan Platform
July, 2023	Special Advisor to International Internal Audit Standards Board, The Institute of Internal Auditors, Inc.
May, 2024	Auditor, Specified Non-profit Corporation Japan Platform (current position)
July, 2024	The Institute of Internal Auditors, Inc. Institute Relations Committee Member (scheduled to assume the position in July 2024)
<Status of important concurrent positions> Part-time Lecturer, Professional Graduate School of Meiji University Director, The Institute of Internal Auditors-Japan Specified Non-profit Corporation Japan Platform, Auditor The Institute of Internal Auditors, Inc. Institute Relations Committee Member	
There is no special interest between the candidate and the Company.	
■Reasons for Nomination as a Director Candidate Mr. Yoshitake has many years of experience as a company auditor in the private sector, as well as leading teaching positions at educational institutions as an internal audit professional and as director of the Institute of Internal Auditors-Japan. He is a leader in internal auditing and related fields in Japan. He also has experience working at major financial institutions and IT vendors, and a wealth of expertise in finance and IT and DX. In the Investigation Report addressing the case in which the directors of the Company and its subsidiary were arrested, it is confirmed that the Internal Audit Section of the Company had not conducted the necessary audit and warning and, therefore, drastic improvement in the corporate governance system on a company-wide basis (including internal auditing) is now required. It is expected that Mr. Yoshitake will provide useful advice and supervisory functions to the management of the Company based on his expertise and experience in corporate governance including internal auditing cultivated over many years. For these reasons, Oasis proposes to appoint Mr. Yoshitake as a Director.	

Note: Mr. Hajime Yoshitake is a candidate for Outside Director.

- (2) Proposal 2
 (A) Summary
 Appointment of Mr. Shogo Maeda as Director.
 (B) Reasoning
 As given above
 (C) Biography and other information about the candidate

Shogo Maeda	Birthday: January 1, 1957
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	Number of shares of the Company owned: 0 Shares
■Biography, position, responsibilities, and status of important concurrent positions	
Jul, 1981	Japan Equity Analyst at Overseas Investment Advisor Office, Nomura Securities Co., Ltd.
Oct, 1985	Investment Banking Group, New York Headquarter, Manufacturers Hanover Trust Company
Nov, 1987	Nomura Investment Management Co., Ltd. (currently Nomura Asset Management Co., Ltd.)
Sep, 1989	Senior Portfolio Manager, Nomura Investment Management Co., Ltd.
Sep, 1994	Head of Japanese Equities, Goldman Sachs Asset Management Co., Ltd.
Apr, 2002	Director, Asia-Pacific Equities CIO, and Head of Japan Equities, Goldman Sachs Asset Management Co., Ltd.
Jan, 2006	Head of Japan Equities, Schroder Investment Management Limited
Dec, 2012	Director and Head of Japan Equities, Schroder Investment Management (Japan) Limited
Mar, 2018	Executive Director, The Grew Bancroft Foundation (current position)
<Status of important concurrent positions>	
Executive Director, The Grew Bancroft Foundation	
There is no special interest between the candidate and the Company.	
■Reasons for Nomination as a Director Candidate	
Mr. Maeda has held important positions, such as director, in various financial institutions, and has a deep expertise in finance in general and capital markets in particular.	
The Company's stock price has been stagnant for a long period of time, and its total shareholder return (TSR) has been significantly lower than TOPIX on a long-term basis. Although the Company is in an emergent situation as the directors of the Company and its subsidiary were arrested, the Company's communication with investors was insufficient such that appropriate disclosure to investors concerning the investigation into such scandal was delayed. Under these circumstances, as Mr. Maeda has a deep expertise in finance and capital markets, it can be expected that Mr. Maeda can provide useful advice and supervision to the management of the Company, not only for implementation of appropriate M&A and business investment, but also in considering actions for enhancing the corporate value and dialogue with shareholders given that one of the Company's important business challenges is to engage in and/or respond to the future restructuring of the industry.	
For these reasons, Oasis proposes to appoint Mr. Maeda as a Director.	

Note: Mr. Shogo Maeda is a candidate for Outside Director.

- (3) Proposal 3
- (A) Summary
Appointment of Mr. Alexander Dmitrenko as Director
- (B) Reasoning
As given above
- (C) Biography and other information about the candidate

Alexander Dmitrenko	Birthday: May 25, 1977 Number of shares of the Company owned: 0 Shares
■Biography, position, responsibilities, and status of important concurrent positions	
Mar 2001	Roy Elliott O'Connor LLP
Oct 2006	Dewey & LeBoeuf LLP
Oct 2009	Sojitz Corporation
Jul 2013	Debevoise & Plimpton LLP
Sep 2015	Freshfields Bruckhaus Deringer LLP
October 2019	Counsel and Head of Asia Sanctions, Freshfields Bruckhaus Deringer LLP
Nov 2019	Chairperson, Japan Sub-Committee, Asia Advisory Committee, Temple Law School's Center for Compliance and Ethics (current position)
Jan 2020	Adjunct Professor, Temple Law School Japan Campus (current position)
May 2021	Counsel and Head of Sanctions, Freshfields Bruckhaus Deringer LLP
Nob 2021	Partner elect, Ashurst LLP
Jan 2022	Partner, Ashurst LLP (current position)

	<Status of important concurrent positions> Adjunct Professor, Temple Law School Japan Campus Chairperson, Japan Sub-Committee, Asia Advisory Committee, Temple Law School's Center for Compliance and Ethics Partner, Ashurst
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There is no special interest between the candidate and the Company.

■Reasons for Nomination as a Director Candidate

During his more than 20 years practicing law both inside and outside Japan, Mr. Dmitrenko has provided advice to companies across Asia and, in particular, Japanese corporations, with respect to all aspects of cross-border transactions, compliance, and crisis management and also teaches at Temple Law School and has extensive expertise in this area. As the Company is in need of drastically improving its corporate governance system, Mr. Dmitrenko is expected to provide useful advice and supervisory functions to the Company's management from both a legal and strategic standpoint.

In addition, Mr. Dmitrenko undertakes the position of chairperson at a non-profit organization for sexual minorities (LLAN) and at the Tokyo English Life Line (TELL Japan) and, through these volunteer activities, has gained broad expertise on diversity and human rights issues, areas relevant to the Company's business, and is expected to provide useful advice and supervision to the Company in these areas.

For these reasons, Oasis proposes to appoint Mr. Dmitrenko as a Director.

Note: Mr. Dmitrenko is a candidate for Outside Director.

- (4) Proposal 4
 - (A) Summary
Appointment of Mr. Kenji Shinmori as Director
 - (B) Reasoning
As given above
 - (C) Biography and other information about the candidate

Kenji Shinmori	Birthday: June 2, 1959
	Number of shares of the Company owned: 0 Shares

■Biography, position, responsibilities, and status of important concurrent positions

Apr, 1982	Sumitomo Corporation
Apr, 2006	Head of Human Resources, Sumitomo Corporation
Apr, 2010	Deputy General Manager of Lifestyle & Retail Business, Sumitomo Corporation
Apr, 2011	General Manager of Lifestyle & Retail Business Unit, Sumitomo Corporation
Apr, 2014	General Manager of Public Relations Department, Sumitomo Corporation
Apr, 2018	Executive Officer and General Manager of Public Relations Department, Sumitomo Corporation
Apr, 2019	President & CEO, Jupiter Shop Channel Co., Ltd.
Apr, 2020	Advisor, Sumitomo Corporation
Apr, 2022	Special Advisor, Jupiter Shop Channel Co., Ltd.
Nov, 2023	Executive Director, Smileseed Cooperative Association (current position)
	<Status of important concurrent positions> Executive Director, Smileseed Cooperative Association

There is no special interest between the candidate and the Company.

■Reasons for Nomination as a Director Candidate

Mr. Shinmori engaged in consumer business at a trading house and has substantive expertise and experience in various types of consumer business. In particular, Mr. Shinmori, as General Manager of the Lifestyle & Retail Business Unit at Sumitomo Corporation, supervised the drugstore business operated by Tomod's Inc. and, thus, has experience in the Company's business area. Mr. Shinmori also held key positions in the corporate division of Sumitomo Corporation.

The scandal the Company is now facing may require strategic reconstruction of its in-hospital pharmacy business that is a strategic pillar of the Company's business. Additionally, the issue of insufficiency of dialogue with stakeholders concerning crisis management has been raised. Based on his expertise in consumer business and the

pharmaceutical industry, and his experience as General Manager of Public Relations Department, among other positions at one of the top Japanese companies, Mr. Shinmori is expected to provide useful advice and supervision concerning the Company's management and disclosure.

For the above reasons, Oasis proposes to appoint Mr. Shinmori as a Director.

Note: Mr. Shinmori is a candidate for Outside Director.

3. Agenda 3: Determination of the fixed remuneration amount paid to each Outside Director

(A) Summary

We hereby propose to set 10,000,000 JPY as the fixed compensation amount paid to each outside Director for each business year.

(B) Reason

In order to properly supervise the operation of the board of directors which operates under the strong influence of the Company's founder, Mr. Otani, and to enhance corporate value, the Company must appoint individuals who are significantly experienced, highly competent, and truly independent as outside directors. To that end, the Company should pay outside directors fair compensation corresponding to their role and responsibility. However, the Company's compensation for outside directors has been around 5,000,000 JPY per annum on average for the past many years. This low compensation cannot secure competent individuals. It is also necessary to increase the predictability of compensation in order to make the outside director position attractive to people with truly high qualifications. Furthermore, by deciding the amount payable to each Director at the shareholders' meeting, it may ensure transparency in the decision-making process and may also improve the independence of the outside directors. Therefore, Oasis proposes to set a fixed remuneration in the amount of 10,000,000 JPY per annum for each outside director.

4. Agenda 4: Determination of Remuneration for Granting Restricted Shares to Outside Directors

(A) Summary

While the Company adopted, as a separate stock compensation additional to cash-based remuneration, a remuneration for granting shares with restriction on transfer, targeting Directors (other than Outside Directors) with the upper limit of 50 million JPY and 50,000 shares per annum (the "**Current Stock Compensation Plan**") at the 53rd Annual General Meeting of Shareholders held on July 28, 2022, the Company should newly introduce a separate stock compensation plan (the "**Plan**"), targeting Outside Directors, which is based on the Current Stock Compensation Plan, but making the following changes. The Plan is another compensation arrangement, which is separate from "Proposal No. 4: Revision of Remuneration Amount for Directors" and "Proposal No. 5: Determination of Remuneration for Granting Restricted Shares to Directors (Excluding outside Directors)", which were approved at the 53rd Annual General Meeting of Shareholders held on July 28, 2022.

(1) The content of the Plan

The remuneration to be paid to Outside Directors (the "**Eligible Directors**") for the purpose of granting restricted shares under the Plan shall be monetary claims, and the total amount of such claims shall be within 50 million JPY per year. Moreover, the Board of Directors will decide the specific timing and allocation of payments to each Eligible Director.

The Eligible Directors shall contribute all of the monetary claims provided by this Plan as contributions-in-kind based on resolution by the Board of Directors of the Company, and then they shall receive the common stock of the Company issued or disposed of by the Company. The total number of shares of common stock of the Company to be thereby issued or disposed of shall be 50,000 shares or less per year (provided, however, in the event where the common stock of the Company undergoes a split (including the gratis allotment of the common stock of the Company) or reverse split or other event which requires adjustment of the total number of shares of common stock of the Company to be issued or disposed of by the Company as restricted shares after the date of the Plan being approved and adopted, the total number of the common stock issued or disposed of shall be adjusted within the appropriate range).

The amount to be paid per share will be decided by the Board of Directors within the range not

constituting an especially favorable price to the Eligible Director who receives the common stock, 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). The issuance or disposal of the Company's common stock and the contribution of monetary claims as contributions-in-kind shall be subject to execution of an agreement for allotment of shares with transfer restrictions (the "**Allotment Agreement**") entered into by and between the Company and the Eligible Director, which includes the following terms:

(2) Summary of the Terms of the Allotment Agreement

(i) Transfer Restriction Period

An Eligible Director shall not transfer, render as collateral, or otherwise dispose of the Company's common stock allotted under this Allotment Agreement (the "**Allotted Shares**") from the date of receiving the allotment until retirement from the position of Outside Director of the Company (the "**Transfer Restriction Period**") (the "**Transfer Restriction**").

(ii) Handling upon retirement

If an Eligible Director resigns from Outside Director of the Company before expiration of the term determined by the Board of Directors of the Company in advance (the "**Term of Service**"), the Company will, as a matter of course, acquire the Allotted Shares free of charge except for the cases of resignation due to expiration of his/her term of office or death, or any other justifiable reason.

(iii) Lifting of the Transfer Restriction

The Company shall lift the Transfer Restriction for all Allotted Shares when the Transfer Restriction Period expires subject to the condition that the Eligible Director has been in the position of Outside Director of the Company throughout his/her Term of Service. Provided, however, (i) if the Eligible Director resigns from the position of Outside Director of the Company due to justifiable reasons before expiration of the Term of Service, or (ii) if the Eligible Director resigns from a position determined by the Board of Directors of the Company in advance after expiration of the Term of Service but before expiration of the Transfer Restriction Period for any reasons other than justifiable reasons, 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 mentioned, the Company will acquire, as a matter of course and free of charge, the Allotted Shares for which the Transfer Restrictions have not been lifted.

(iv) Handling in case of group reorganization, etc.

Notwithstanding item (i) above, if (a) a merger agreement in which the Company becomes an extinguished company, (b) a share exchange agreement or a share transfer plan, in which the Company becomes a wholly owned subsidiary, or (c) other items related to the Company's reorganization is approved by 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.) during the Transfer Restriction Period, the Company shall, prior to the effective date of the subject organizational restructuring and by resolution of the Board of Directors of the Company, lift the 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 reorganization.

Immediately after the Transfer Restriction has been lifted in accordance with the above mentioned, the Company will acquire, as a matter of course and free of charge, the Allotted Shares for which the Transfer Restrictions have not been lifted.

(v) Other matters

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

(B) Reason for the proposal

The Company has already adopted an arrangement of the Remuneration for Granting Restricted Shares as non-cash-based remuneration. However, such arrangement is available only to Directors other than Outside Directors. The guidelines of the Ministry of Economy, Trade and Industry¹ mention granting stock compensation of which the number of shares is not affected by performance as a key option for enhancing Outside Directors' sense of ownership as members of the board and aligning their interests with those of the shareholders. Taking into account the case that, last year, the Director of the Company was arrested, prosecuted, and convicted in the first trial, the Company is now facing a situation that requires improvement of governance, and, for the Company's mid- and long-term growth, it is indispensable for the Board of Directors of the Company to work as one team including Outside Directors to aggressively undertake the necessary actions aimed at enhancing the Company's corporate value. . To that end, the Company needs to adopt the Plan in order to retain exceptional candidates with rich diversity and have a sense of ownership as Outside Directors.

END

¹ Page 65 of the Ministry of Economic, Trade and Industry's "Practical Guide for Corporate Governance System (CGS Guidelines)" (https://www.meti.go.jp/policy/economy/keiei_innovation/keizaihousei/pdf/cgs/guideline2022.pdf)