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Securities Code: 3141

May 1, 2020

To Shareholders with Voting Rights:

Tadahisa Matsumoto
President and Representative Director
WELCIA HOLDINGS CO., LTD.
2-2-15, Sotokanda, Chiyoda-ku, Tokyo

NOTICE OF THE 12TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

You are cordially invited to attend the 12th Annual General Meeting of Shareholders of WELCIA HOLDINGS CO., LTD. (the “Company”). The meeting will be held as described below.

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your votes for or against the proposals on the enclosed Voting Rights Exercise Form and send it back to us, or vote online through our designated website for the exercise of voting rights (<https://vote.tr.mufg.jp/>) by 6 p.m. (JST) on Wednesday, May 20, 2020.

Moreover, we will live stream the General Meeting of Shareholders via the Internet for those shareholders not in attendance on the day of the meeting. For further details, please refer to “Information on Live Streaming of the General Meeting of Shareholders,” provided separately. However, please exercise your voting rights in advance accordingly.

1. Date and Time: Thursday, May 21, 2020 at 10 a.m. (JST)

2. Place: 2-5-1, Nakacho, Urawa-ku, Saitama City, Saitama
4F Royal Crown, ROYAL PINES HOTEL URAWA

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements, and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements for the Company’s 12th Fiscal Year (March 1, 2019 - February 29, 2020)
 2. Non-consolidated Financial Statements for the Company’s 12th Fiscal Year (March 1, 2019 - February 29, 2020)

Proposals to be resolved:

Proposal 1: Election of Ten (10) Directors

Proposal 2: Election of One (1) Corporate Auditor

Proposal 3: Revision of Director Remuneration Amounts and Partial Revision of Amounts and Content of Performance-linked Stock Remuneration, etc. for Directors

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Ten (10) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this General Meeting of Shareholders. In order to further strengthen the management structure, the Company would like to add one (1) more Director, and therefore proposes the election of ten (10) Directors in total.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
1	Takamitsu Ikeno (September 20, 1943)	<p>April 1966 Joined Zenyaku Kogyo Co., Ltd.</p> <p>June 1971 Established Ikeno Drug Co., Ltd.</p> <p>March 2002 Joined Greencross - Coa Co., Ltd. through merger</p> <p>November 2002 Vice President and Director; General Manager, Merchandise Headquarters, Greencross - Coa Co., Ltd.</p> <p>November 2004 Vice President and Director; General Manager, Sales Headquarters, Greencross - Coa Co., Ltd.</p> <p>September 2008 Director; General Manager, Group General Affairs Headquarters, the Company</p> <p>December 2008 Director, Welcia Kanto Co., Ltd.</p> <p>January 2009 President and Representative Director, Terashima Co., Ltd.</p> <p>November 2009 Director, the Company</p> <p>September 2010 President and Representative Director, Welcia Kanto Co., Ltd.</p> <p> Director, Terashima Co., Ltd.</p> <p>November 2010 Vice President and Director, the Company</p> <p>September 2011 Chairman and Representative Director, Terashima Co., Ltd.</p> <p>March 2013 Chairman and Representative Director, the Company (to present)</p> <p> Chairman and Representative Director, Welcia Kanto Co., Ltd.</p> <p>May 2014 Chairman and Representative Director, WELCIA KAIGO SERVICE Co., Ltd.</p> <p>September 2014 Chairman and Representative Director, WELCIA YAKKYOKU Co., Ltd.</p> <p>May 2018 Chairman and Director, WELCIA YAKKYOKU Co., Ltd. Director, WELCIA KAIGO SERVICE Co., Ltd.</p> <p>March 2019 Director, WELCIA YAKKYOKU Co., Ltd.</p>	546,933
<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Takamitsu Ikeno has held positions as Chairman and Representative Director and President and Representative Director of the Company and Group subsidiaries, and has a wealth of achievements and experience as a corporate manager. We nominate him as a candidate for Director because we believe that he is capable of realizing our corporate philosophy, strengthening corporate governance as well as supervising the execution of duties.</p>			

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
2	Hideharu Mizuno (January 22, 1954)	<p>June 1992 Joined Suzuki Pharmacy Ltd., Director; General Manager, Sales Division</p> <p>September 1997 Director, Greencross - Coa Co., Ltd. through merger</p> <p>November 2001 Managing Director; General Manager, Sales Headquarters, Greencross - Coa Co., Ltd.</p> <p>November 2004 Managing Director; General Manager, Merchandise Headquarters, Greencross - Coa Co., Ltd.</p> <p>December 2008 Senior Managing Director; General Manager, Sales Headquarters, Greencross - Coa Co., Ltd.</p> <p>May 2009 Vice President and Director; General Manager, Sales Headquarters, Greencross - Coa Co., Ltd.</p> <p>November 2010 Director, the Company</p> <p>September 2011 President and Representative Director, Terashima Co., Ltd. Vice President and Director, Welcia Kanto Co., Ltd.</p> <p>November 2011 Director and Executive Officer; General Manager, Group Sales Planning Headquarters, the Company</p> <p>March 2013 Vice President, Director and Executive Officer; General Manager, Group Sales Planning Headquarters, the Company President and Representative Director, Welcia Kanto Co., Ltd.</p> <p>November 2013 Chairman and Representative Director, Terashima Co., Ltd. Chairman and Representative Director, Takada Yakkyoku Co., Ltd.</p> <p>May 2014 President and Representative Director, Executive Officer and Chief Operating Officer; General Manager, Group Sales Planning Headquarters, the Company</p> <p>September 2014 President and Representative Director, Executive Officer and Chief Operating Officer, the Company President and Representative Director, WELCIA YAKKYOKU Co., Ltd.</p> <p>May 2015 Director, CFS Corporation</p> <p>March 2017 Executive Officer; Chief Officer of Drugstore & Pharmacy Business, AEON CO., LTD.</p> <p>March 2019 Vice Chairman and Director, the Company (to present) Chairman and Representative Director, WELCIA YAKKYOKU Co., Ltd.</p> <p>March 2020 Chairman, Representative Director and Chief Store Development Officer, WELCIA YAKKYOKU Co., Ltd. (to present)</p>	72,506
<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Hideharu Mizuno has considerable insight and achievements in regard to sales and merchandise departments, of which he has been mainly in charge at the Group, and has held positions of Chairman and Representative Director and President and Representative Director at Group subsidiaries. Since May 2014, he has demonstrated excellent management capability as President and Representative Director, Executive Officer and Chief Operating Officer of the Company. We nominate him as a candidate for Director because we believe that he, as Vice Chairman from March 2019, is capable of further strengthening our competitiveness by promoting the business model of the Company.</p>			

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
3	Tadahisa Matsumoto (September 21, 1958)	<p>April 1983 Joined SUNDRUG CO., LTD.</p> <p>June 1991 Joined Iino Co., Ltd.</p> <p>December 2004 President and Representative Director, Iino Co., Ltd.</p> <p>March 2006 Vice President and Director; Deputy General Manager, Sales Headquarters, Welcia Kanto Co., Ltd. through merger</p> <p>March 2008 Vice President and Director; General Manager, Merchandise Headquarters, Welcia Kanto Co., Ltd.</p> <p>September 2008 Director; General Manager, Group Corporate Planning Headquarters, the Company</p> <p>November 2009 Director and Executive Officer; General Manager, Group Sales Planning Headquarters, the Company</p> <p>September 2010 President and Representative Director, Terashima Co., Ltd. Director, Welcia Kanto Co., Ltd.</p> <p>November 2011 Managing Director, the Company President and Director, Lianhua Merrylin Business (Shanghai) Co., Ltd. (currently Merrylin Business (Shanghai) Co., Ltd.)</p> <p>March 2013 Vice President and Director, the Company</p> <p>September 2014 Vice President, Director and Executive Officer; in charge of Overseas Business, the Company Vice President and Director; responsible for Sales and Merchandise Department and General Manager, Dispensing Pharmacy and Home-based Care Headquarters, WELCIA YAKKYOKU Co., Ltd.</p> <p>May 2015 Vice President and Director; General Manager, Dispensing Pharmacy and Home-based Care Headquarters, WELCIA YAKKYOKU Co., Ltd. Director, SHIMIZU YAKUHIN Co., Ltd.</p> <p>March 2016 Chairman, Merrylin Business (Shanghai) Co., Ltd.</p> <p>February 2017 Vice President and Director, WELCIA YAKKYOKU Co., Ltd.</p> <p>March 2017 Managing Director, Welcia-BHG (Singapore) Pte. Ltd.</p> <p>May 2018 Vice President and Director; responsible for Sales Supervision Headquarters and Dispensing Pharmacy Administration Headquarters, WELCIA YAKKYOKU Co., Ltd.</p> <p>March 2019 President, Representative Director, Executive Officer and Chief Operating Officer, the Company (to present) President and Representative Director, WELCIA YAKKYOKU Co., Ltd. (to present) Director, Welcia-BHG (Singapore) Pte. Ltd. (to present)</p>	21,416
<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Tadahisa Matsumoto has extensive business experience related to sales, dispensing pharmacy sales, merchandise departments and corporate planning as well as overseas operations in China and Singapore in the Group. We nominate him as a candidate for Director because we believe that he is capable of further strengthening our competitiveness by refining the business model of the Company, and of promoting diversified and flexible business management.</p>			

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
4	Norimasa Sato (June 27, 1957)	<p>October 1984 Joined ASCII Corporation</p> <p>January 2000 Joined Greencross - Coa Co., Ltd.</p> <p>November 2000 Director; General Manager, Accounting Division, Greencross - Coa Co., Ltd.</p> <p>November 2004 Director; General Manager, Finance and Accounting Headquarters, Greencross - Coa Co., Ltd.</p> <p>September 2008 Director; General Manager, Group Finance and Accounting Headquarters and Group Public Relations/IR Headquarters, the Company</p> <p>November 2009 Director and Executive Officer; General Manager, Group Finance and Accounting Headquarters and Group Corporate Planning Headquarters, the Company</p> <p>November 2010 Director, Welcia Kanto Co., Ltd.</p> <p>November 2010 Managing Director and Executive Officer; General Manager, Group Management Administration Headquarters, the Company</p> <p>November 2011 Corporate Auditor, Lianhua Merrylin Business (Shanghai) Co., Ltd. (currently Merrylin Business (Shanghai) Co., Ltd.)</p> <p>November 2013 Senior Managing Director and Executive Officer; General Manager, Group Management Administration Headquarters, the Company</p> <p>September 2014 Senior Managing Director, Executive Officer and Chief Financial Officer, the Company (to present)</p> <p>Senior Managing Director; responsible for Administration Department, WELCIA YAKKYOKU Co., Ltd.</p> <p>May 2015 Senior Managing Director, WELCIA YAKKYOKU Co., Ltd.</p> <p>December 2015 Senior Managing Director; General Manager, Personnel Headquarters, WELCIA YAKKYOKU Co., Ltd.</p> <p>March 2019 Senior Managing Director; in charge of Finance and Accounting/Corporate Planning, WELCIA YAKKYOKU Co., Ltd.</p> <p>March 2020 Senior Managing Director, WELCIA YAKKYOKU Co., Ltd. (to present)</p>	20,271
<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Norimasa Sato had been in charge of corporate planning and finance and accounting departments of the Company, and since September 2014, has been supervising the finance and corporate strategies of the entire Group as Chief Financial Officer, accumulating a wealth of experience and achievements. We nominate him as a candidate for Director because we believe that he is capable of promoting the establishment of a stable financial position that will act as a source of the Group's growth investment, as a person who will contribute to increasing the corporate value of the Company in finance and accounting field.</p>			

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
5	Juichi Nakamura (May 15, 1955)	<p>April 1980 Joined Nomura Securities Co., Ltd.</p> <p>January 2005 Joined Keiozu Co., Ltd.</p> <p>August 2006 Senior Managing Director, JPBM Securites Co., Ltd.</p> <p>July 2008 Joined Welcia Kanto Co., Ltd.</p> <p>November 2009 Executive Officer; General Manager, IR/Public Relations Division, Group Corporate Planning Headquarters and General Manager, Internal Control Promotion Division, and in charge of Secretariat and Liaison Operations, the Company</p> <p>September 2014 Executive Officer; General Manager, IR/Planning Division and General Manager, General Affairs Division, the Company</p> <p>Director and Executive Officer; General Manager, Personnel & General Affairs Headquarters, WELCIA YAKKYOKU Co., Ltd.</p> <p>November 2014 Director and Executive Officer; General Manager, IR/Planning Division and General Manager, General Affairs Division, the Company</p> <p>December 2015 Director and Executive Officer; in charge of IR Division, Public Relations Division, Planning Division and General Affairs Division, the Company</p> <p>Director and Executive Officer; General Manager, General Affairs Headquarters and Deputy General Manager, Personnel Headquarters, WELCIA YAKKYOKU Co., Ltd.</p> <p>May 2016 Managing Director and Executive Officer; in charge of IR Division, Public Relations Division, Planning Division and General Affairs Division, the Company</p> <p>March 2017 Managing Director and Executive Officer; in charge of IR Division, Public Relations Division, Corporate Planning Division, General Affairs Division and Legal Division, the Company</p> <p>May 2017 Director, SHIMIZU YAKUHIN Co., Ltd.</p> <p>March 2018 Managing Director and Executive Officer; in charge of IR/Public Relations Division, Corporate Planning Division, General Affairs Division and Legal Division, the Company</p> <p>Managing Director; General Manager, Training Headquarters and Deputy General Manager, General Affairs Headquarters and Deputy General Manager, Personnel Headquarters, WELCIA YAKKYOKU Co., Ltd.</p> <p>March 2019 Managing Director and Executive Officer; in charge of IR/Public Relations Division, Operations Division and Legal Division, the Company</p> <p>Managing Director; in charge of Administration and General Manager, Training Headquarters, WELCIA YAKKYOKU Co., Ltd.</p> <p>March 2020 Managing Director, WELCIA YAKKYOKU Co., Ltd. (to present)</p> <p>Managing Director and Executive Officer; in charge of IR Division, Public Relations Division, Operations Division and Legal Division, the Company (to present)</p>	2,817
<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Juichi Nakamura had been in charge of IR, corporate planning and general affairs departments at the Company and has a wealth of experience and achievements in the areas of internal control and corporate governance, including risk and compliance management. We nominate him as a candidate for Director because we believe that he is capable of strengthening corporate governance of the entire Group as well as supervising business departments.</p>			

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held	
6	Takashi Abe (September 21, 1960)	April 1983 March 2000 March 2002 January 2005 October 2008 September 2011 September 2014 September 2017 May 2018	Joined Ikeno Drug Co., Ltd. Director, Ikeno Drug Co., Ltd. Joined Greencross - Coa Co., Ltd. through merger General Manager, Merchandise Division General Manager, Sales Division, Greencross - Coa Co., Ltd. Executive Officer; General Manager, Sales Promotion Office, Greencross - Coa Co., Ltd. General Manager, Sales Planning Division, the Company Director; General Manager, Logistics/Information System Headquarters, WELCIA YAKKYOKU Co., Ltd. Director; General Manager, Information System Headquarters, WELCIA YAKKYOKU Co., Ltd. (to present) Director and Executive Officer in charge of IT, Group Operational Reform, the Company (to present)	1,314
		<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Takashi Abe has been in charge of information systems and logistics departments of the Group, and has a wealth of experience and achievements. We nominate him as a candidate for Director because we believe that he is capable as a person who will contribute to increasing the corporate value of the Company by pursuing improvement of management efficiency of the entire Group.</p>		
7 *	Kazuhiko Hata (November 27, 1961)	April 1984 January 1986 December 1992 May 2005 May 2010 November 2013 September 2014 September 2016 September 2017 March 2020	Joined Pharma Neo Voluntary Group Business Cooperative Transferred to Pharma Tsuchiya Co., Ltd. Director, Pharma Tsuchiya Co., Ltd. President, Heartland Co., Ltd. Senior Managing Director; General Manager, Sales Supervision Headquarters, Eleven Co., Ltd. Director, WELCIA YAKKYOKU Co., Ltd. Director and Executive Officer; General Manager, No. 4 Sales Headquarters, WELCIA YAKKYOKU Co., Ltd. Director; General Manager, Tokai Branch Office, WELCIA YAKKYOKU Co., Ltd. Director; General Manager, Sales Supervision Headquarters, WELCIA YAKKYOKU Co., Ltd. Director; General Manager, Merchandise Headquarters, WELCIA YAKKYOKU Co., Ltd. (to present)	94,242
		<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Kazuhiko Hata has been in charge of merchandise departments of the Group, and has a wealth of experience and achievements in fields served by the sales and merchandise departments. We nominate him as a candidate for Director because we believe that he is capable as a person who will contribute to increasing the corporate value of the Company by drawing on his work experience and knowledge in those fields as a Director.</p>		

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
8	Motoya Okada (June 17, 1951)	<p>March 1979 Joined JUSCO Co., Ltd. (currently AEON CO., LTD.)</p> <p>May 1990 Director, JUSCO Co., Ltd.</p> <p>February 1992 Managing Director, JUSCO Co., Ltd.</p> <p>May 1995 Senior Managing Director, JUSCO Co., Ltd.</p> <p>June 1997 President and Representative Director, JUSCO Co., Ltd.</p> <p>May 2002 Director and Advisor, AEON MALL Co., Ltd. (to present)</p> <p>May 2003 Director, President and Representative Executive Officer, AEON CO., LTD.</p> <p>November 2005 Outside Director and Advisor, TSURUHA HOLDINGS INC. (to present)</p> <p>March 2012 Director, President and Representative Executive Officer and Group CEO, AEON CO., LTD.</p> <p>August 2014 Outside Director, KUSURI NO AOKI CO., LTD.</p> <p>November 2014 Director, the Company (to present)</p> <p>March 2015 Director and Advisor, United Super Markets Holdings Inc. (to present)</p> <p>November 2016 Outside Director, KUSURI NO AOKI HOLDINGS CO., LTD. (to present)</p> <p>March 2020 Director, Chairman and Representative Executive Officer, AEON CO., LTD. (to present)</p>	—
<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Motoya Okada has been in charge of managing the entire AEON Group as Director, Chairman and Representative Executive Officer of AEON CO., LTD., the parent company of the Company, and has a wealth of experience and achievements. We nominate him as a candidate for Director because we believe that he is capable of increasing the competitiveness of the Company by capitalizing on the know-how and infrastructure of the AEON Group, as well as supervising the execution of duties.</p>			

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
9	Yukari Narita (October 24, 1964)	<p>November 1990 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)</p> <p>February 2001 President, Yukari Narita Certified Public Accountant Firm (to present)</p> <p>February 2004 President, Yukari Narita Yukari Tax Accountant Firm</p> <p>May 2010 Professor, Graduate School of Economics and Management, Tohoku University (to present)</p> <p>November 2013 Outside Director, Cyber Solutions Inc. (to present)</p> <p>May 2015 Outside Director, the Company (to present)</p> <p>July 2015 Representative Partner, PG Tax Accountants Corporation</p> <p>January 2019 Joined Asahi Sendai Tax Corporation (to present)</p>	—
<p>(Reason for nomination as candidate for Outside Director)</p> <p>Ms. Yukari Narita has extensive knowledge and experience as a professor of a university's graduate school, expertise and insight as a certified public accountant and a tax accountant as well as a perspective of women invaluable for the business decision making of the Company. Ms. Narita has served as Director of the Company since May 2015. We nominate her as a candidate for Outside Director because we believe that the function of the Board of Directors will be strengthened with her continued supervision of the execution of duties from an independent standpoint. Although she has never been involved in corporate management other than serving as an Outside Director or Outside Corporate Auditor, we believe that she is capable of appropriately performing duties as an Outside Director based on the aforementioned reasons.</p>			
10	Tomoko Nakai (November 17, 1972)	<p>April 1997 Joined the Legal Training and Research Institute of Japan</p> <p>April 1999 Completed training at the Legal Training and Research Institute of Japan</p> <p> Joined Kazuo Kitamura Law Office</p> <p>November 2002 Joined Makoto Nakamachi Law Office</p> <p> Member, the Management Lawyers Council (to present)</p> <p>January 2012 Partner, Makoto Nakamachi Law Office (to present)</p> <p>November 2014 Adjunct Teacher, Keio University Law School (to present)</p> <p>April 2016 Adjunct Associate Professor, School of Law, the University of Tokyo Graduate Schools of Law and Politics</p> <p>May 2019 Outside Director, the Company (to present)</p>	—
<p>(Reason for nomination as candidate for Outside Director)</p> <p>Ms. Tomoko Nakai has expertise and insight as an attorney in the judicial world as well as a perspective of women invaluable for increasing the corporate value of the Company. We nominate her as a candidate for Outside Director because we believe that she will enhance the effectiveness of the decision-making function and the supervisory function of the Board of Directors as an expert in law from an independent standpoint. Although she has never been involved in corporate management other than serving as an Outside Director or Outside Corporate Auditor, we believe that she is capable of appropriately performing duties as an Outside Director based on the aforementioned reasons.</p>			

Notes:

1. There are no special interests between the candidates for Directors and the Company.
2. The asterisk (*) indicates a new candidate for Director.
3. Ms. Yukari Narita and Ms. Tomoko Nakai are candidates for Outside Director.
4. The Company has determined that Ms. Yukari Narita and Ms. Tomoko Nakai satisfy the standards for independent director/auditor stipulated by the Tokyo Stock Exchange. If their reappointments are approved, the Company intends to continue their designations as independent director/auditor and register them as such with the Exchange.
5. The term of office of Ms. Yukari Narita as Outside Director of the Company will be five (5) years at the conclusion of this General Meeting of Shareholders.
6. The term of office of Ms. Tomoko Nakai as Outside Director of the Company will be one (1) year at the conclusion of this General Meeting of Shareholders.
7. The Company stipulates in its Articles of Incorporation (Article 29) that it may enter into an agreement with Directors (except for Executive Directors, etc.) to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, if the applicable requirements set forth in laws and regulations are satisfied. The limit of liability under the above agreement is the amount stipulated by laws and regulations. If the reappointments of Ms. Yukari Narita and Ms. Tomoko Nakai are approved, the Company intends to enter into such liability limitation agreement with them.

Proposal 2: Election of One (1) Corporate Auditor

The term of office of Corporate Auditor, Mr. Hirohisa Kagami, will expire at the conclusion of this General Meeting of Shareholders. The Company therefore proposes the appointment of one (1) Corporate Auditor.

The consent of the Board of Corporate Auditors has been obtained with regard to the submission of this proposal to the General Meeting of Shareholders.

The candidate for Corporate Auditor is as follows.

Name (Date of birth)	Career summary, positions and significant concurrent positions	Number of shares of the Company held
Hirohisa Kagami (July 13, 1954)	April 1983 Appointed as a judge April 1995 Registered as an attorney at law with the Tokyo Bar Association October 2001 Founding Partner, Nishiuchi & Kagami Law Office June 2008 Outside Audit & Supervisory Board Member, Nitto Kohki Co., Ltd. (to present) April 2010 Adjunct Teacher, Keio University Law School November 2012 Outside Corporate Auditor, the Company (to present) June 2013 Outside Corporate Auditor, BML, Inc. (to present) September 2013 Head of Kagami Law Office (to present)	1,665
(Reasons for selecting the candidate for Outside Corporate Auditor) Mr. Hirohisa Kagami has longstanding experience in the judicial world, expertise and insight as a judge and attorney. Mr. Kagami has served as Corporate Auditor of the Company since November 2012. We nominate him as a candidate for Outside Corporate Auditor because we believe that the function of the Board of Directors will be strengthened with his continued supervision of the execution of duties from an independent standpoint. Although he has never been involved in corporate management other than serving as an Outside Director or Outside Corporate Auditor in the past, we believe that he is capable of appropriately performing duties as an Outside Corporate Auditor based on the aforementioned reasons.		

Notes:

1. There are no special interests between the candidate for Corporate Auditor and the Company.
2. Mr. Hirohisa Kagami is a candidate for Outside Corporate Auditor.
3. The Company has determined that Mr. Hirohisa Kagami satisfies the standards for independent director/auditor stipulated by the Tokyo Stock Exchange. If his reappointment is approved, the Company intends to continue his designation as independent director/auditor and register him as such with the Exchange.
4. The term of office of Mr. Hirohisa Kagami as Outside Corporate Auditor of the Company will be seven (7) years and six (6) months at the conclusion of this General Meeting of Shareholders.
5. The Company stipulates in its Articles of Incorporation (Article 37) that it may enter into an agreement with Corporate Auditors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, if the applicable requirements set forth in laws and regulations are satisfied. The limit of liability under the above agreement is the amount stipulated by laws and regulations. If the reappointment of Mr. Hirohisa Kagami is approved, the Company intends to enter into such liability limitation agreement with him.

Proposal 3: Revision of Director Remuneration Amounts and Partial Revision of Amounts and Content of Performance-linked Stock Remuneration, etc. for Directors

1. Reasons for the proposal and rationale for the proposed remuneration

The Company's remuneration for Directors consists of basic remuneration (no more than 300 million yen per year) and performance-linked stock remuneration (no more than 600 million yen per year and no more than 210,000 points with one point equivalent to one (1) share of the Company's stock, over three (3) fiscal years). Whereas the three (3) fiscal years covered by the performance-linked stock remuneration plan have elapsed (from the fiscal year ended February 28, 2018 through the fiscal year ended February 29, 2020), the Company seeks approval to partially revise content thereof to ensure that the performance-linked stock remuneration plan is continued in the fiscal year ending February 28, 2021 and thereafter. As for monetary remuneration for Directors, the Company seeks approval to revise the maximum remuneration amount encompassing the performance-linked bonus.

Upon approval of this proposal, monetary remuneration for Directors will amount to no more than 400 million yen per year including the performance-linked bonus, from no more than 300 million yen per year in the form of fixed remuneration previously. Meanwhile, stock remuneration over three (3) fiscal years, including that for Executive Officers, will be reduced to no more than 500 million yen and no more than 100,000 points, from no more than 600 million yen and no more than 210,000 points previously.

(1) Revision of basic remuneration amounts

As for the maximum remuneration amount for the Company's Directors, basic remuneration amounting to no more than 300 million yen per year was approved at the 9th Annual General Meeting of Shareholders held on May 23, 2017, and has remained unchanged since that time. The Company now seeks to set the maximum remuneration amount, including bonus payments, to no more than 400 million yen (of which, the amount for Outside Directors is to be no more than 30 million yen) per year. Under the bonus plan, amounts paid are to be determined in accordance with the extent to which performance targets have been achieved (net income attributable to owners of the Parent, etc.), thereby further reinforcing the link between Director remuneration and corporate performance.

Going forward, the Board of Directors will determine payments of basic remuneration and bonus for Directors at amounts set within the range of annual remuneration limits as approved with respect to this proposal, in accordance with respective Director's roles and contribution, subsequent to deliberation by the Executive Remuneration Advisory Council, a majority of whose membership consists of Outside Directors and Outside Corporate Auditors.

As before, amounts of remuneration for Directors are not to include the employee salary portion of those Directors concurrently serving as employees, and Outside Directors who perform duties from an independent standpoint are ineligible for the bonus.

If Proposal 1, "Election of Ten (10) Directors" gains approval as proposed, then ten (10) Directors of the Company will become subject to the revised amounts of remuneration per this proposal.

(2) Partial revision of content on performance-linked stock remuneration

The Company has adopted the stock remuneration plan (the "Plan") for Directors (excluding Outside Directors and Directors who are non-residents of Japan; the same applies hereinafter) of the Company and one (1) of its subsidiaries (WELCIA YAKKYOKU Co., Ltd.), upon having gained approval from its shareholders at the 9th Annual General Meeting of Shareholders held on May 23, 2017.

The Plan is to be partially revised with the aims of improving medium- to long-term corporate performance and fueling motivation in terms of contributing to increase corporate value by clearly stipulating links to the Group's performance and shareholder value. As such, the revision entails adding the following to the list of those eligible under the plan: Executive Officers (excluding Executive Officers who are non-residents of Japan; the same applies hereinafter) with whom the Company and WELCIA YAKKYOKU Co., Ltd. have concluded delegation agreements, and; the Presidents (Directors and Executive Officers of the Company and WELCIA YAKKYOKU Co.,

Ltd. collectively referred to as the “Eligible Directors, etc.” hereinafter) of two (2) of the Company’s subsidiaries (SHIMIZU YAKUHIN Co., Ltd. and Marudai Sakurai Pharmacy Co., Ltd.; those two subsidiaries and WELCIA YAKKYOKU Co., Ltd. collectively referred to as the “Relevant Subsidiaries,” hereinafter; the Company and the Relevant Subsidiaries collectively referred to as the “Relevant Companies,” hereinafter). Matters of continuing the Plan and partially revising its content have undergone deliberation in the Executive Remuneration Advisory Council, a majority of whose membership consists of Outside Directors and Outside Corporate Auditors.

If Proposal 1, “Election of Ten (10) Directors” gains approval as proposed, then this will apply to seven (7) Directors of the Company and one (1) Executive Officer eligible under the Plan.

2. The Plan’s remuneration amounts and content, etc.

(1) Overview of the Plan

The Plan is a stock remuneration plan whereby a trust acquires Company shares using the amount of remuneration for the Eligible Directors, etc. contributed by the Relevant Companies, and whereby the Company shares and monetary equivalent to the Company shares converted into cash (the “Company Shares, etc.”) are delivered and paid (“Delivery, etc.”) to the Eligible Directors, etc. through the trust. (For further details, refer to (2) below and thereafter.)

Content of the Plan subsequent to its revision is as follows.

(i) Persons eligible for the Delivery, etc. of the Company Shares, etc. under this proposal	<ul style="list-style-type: none"> • Directors of the Company and WELCIA YAKKYOKU Co., Ltd. (excluding Outside Directors and Directors who are non-residents of Japan) • Executive Officers with whom the Company and WELCIA YAKKYOKU Co., Ltd. have concluded delegation agreements (excluding Executive Officers who are non-residents of Japan) • Presidents of SHIMIZU YAKUHIN Co., Ltd. and Marudai Sakurai Pharmacy Co., Ltd.
(ii) Effect of the Company shares subject to this proposal on the total number of shares issued and outstanding	
Maximum amount of money to be contributed by the Company to acquire Company shares subject to Delivery, etc. to the Eligible Directors, etc. (as stated in (3) below)	<ul style="list-style-type: none"> • 1,050 million yen for the applicable period consisting of three (3) fiscal years (of which, the Company’s portion amounts to 500 million yen)
Method of acquiring Company shares (as stated in (3) below) and maximum number of Company Shares, etc. for Delivery, etc. to the Eligible Directors, etc. (as stated in (4) below)	<ul style="list-style-type: none"> • For the applicable period consisting of three (3) fiscal years, the maximum number of points granted to the Eligible Directors, etc. is 210,000 points (of which, the maximum number of points granted to the Company’s Directors and Executive Officers is 100,000 points) • One (1) point equates to one (1) Company share, and the number of shares equivalent to the maximum number of points granted to the Eligible Directors, etc. during the applicable period consisting of three (3) fiscal years amounts to approximately 0.2% of the Company’s total number of shares issued and outstanding (as of February 29, 2020; net of treasury stock) • The Trust will acquire Company shares from the stock market upon this continuation of the Plan

(iii) Content on conditions for achieving performance targets (as stated in (4) below)	<ul style="list-style-type: none"> • Consolidated net sales and ratio of consolidated ordinary income to net sales for respective fiscal years, and ROE of the final fiscal year of the period covered by the mid-term business plan, etc.
(iv) Timing of Delivery, etc. of the Company Shares, etc. to the Eligible Directors, etc. (as stated in (5) below)	<ul style="list-style-type: none"> • Upon resignation of Directors and Executive Officers of the Company and all of its subsidiaries

(2) Persons eligible for the Delivery, etc. of the Company Shares, etc. under the Plan

Under the Plan, those eligible for Delivery, etc. of the Company Shares, etc. are to include the Directors (excluding Outside Directors and Directors who are non-residents of Japan; the same shall apply hereinafter in this proposal) and Executive Officers (excluding Executive Officers who are non-residents of Japan; the same shall apply hereinafter in this proposal) of the Company and WELCIA YAKKYOKU Co., Ltd., as well as the Presidents of two (2) of the Company's subsidiaries (SHIMIZU YAKUHIN Co., Ltd. and Marudai Sakurai Pharmacy Co., Ltd.).

(3) Maximum amount of money to be contributed by the respective Relevant Companies

The Plan shall encompass three (3) consecutive fiscal years (encompassing the three (3) consecutive fiscal years beginning from the fiscal year ending on February 28, 2021, until the fiscal year ending on February 28, 2023; in the event that the trust period is extended, the respective three (3) fiscal years thereafter; referred to as the "Applicable Period" hereinafter), with the initial fiscal year constituting that containing the date on which the trust has been established (including extension of the trust period set forth below; the same applies hereinafter). The Company shall contribute a maximum of 500 million yen during each Applicable Period, consisting of money to be contributed as remuneration to the Company's Directors and Executive Officers in conjunction with money to be contributed by the Relevant Subsidiaries to their Directors and Executive Officers (the maximum sum total is 1,050 million yen, consisting of maximum amount of money to be contributed by the Company of 500 million yen in each Applicable Period, and a maximum sum total of money to be contributed by the Relevant Subsidiaries of 550 million yen in each Applicable Period). The Company shall also establish a trust (the "Trust") such that has a trust period of three (3) years and whose beneficiaries are to consist of the Eligible Directors, etc. who fulfill the beneficiary requirements thereto. The Trust is to acquire Company shares from the stock market or the Company (disposal of treasury stock) using the entrusted money in accordance with instructions of the trust administrator (dilution of Company shares does not occur under the Plan because the Trust makes acquisitions from the stock market with respect to this continuation of the Plan). The respective Relevant Companies are to grant points to the Eligible Directors, etc. during the trust period (as stated in (4) below), and the Trust is to make Delivery, etc. of the Company Shares, etc.

Upon expiration of its trust period, the Trust may be continued by modifying the trust agreement and entrusting additional funds in lieu of establishing a new trust. In such cases, the trust period of the Trust shall be extended to a period equal to the initial trust period, and accordingly the Applicable Period shall become the three (3) fiscal years subsequent to extension of the trust period. For respective trust periods extended, the Relevant Subsidiaries shall make additional contributions to the Company consisting of money within a range approved by resolution of the general meetings of shareholders of the Relevant Subsidiaries as remuneration for the Directors and Executive Officers of the Relevant Subsidiaries. Meanwhile, the Company shall entrust additional funds, in conjunction with money it has additionally contributed as remuneration for its Directors and Executive Officers, and money contributed by the Relevant Subsidiaries (the maximum sum total is 1,050 million yen, consisting of maximum amount of money to be additionally contributed by the Company of 500 million yen in each Applicable Period, and a maximum sum total of money to be additionally contributed by the Relevant Subsidiaries of 550 million yen in each Applicable Period). Respective Relevant Companies shall continue granting points to the Eligible Directors, etc. during the extended trust period. The Trust shall continue Delivery, etc. of Company Shares, etc. during the extended trust period.

However, in cases where such additional contributions are to be made, when there are any

shares of the Company's stock (excluding Company Shares, etc., equivalent to points granted to the Eligible Directors, etc., such that Delivery, etc. has not yet been executed) and money remaining in the trust property (the "Residual Shares, etc.") as of the last day of the trust period prior to the extension, the sum total of the Residual Shares, etc. and trust funds additionally contributed by the Company and the Relevant Subsidiaries shall amount to no more than 1,050 million yen (of which, the Company's portion amounts to 500 million yen and the Relevant Subsidiaries' portion amounts to 550 million yen).

- (4) Method of calculating the number of Company Shares, etc. for Delivery, etc. to the Eligible Directors, etc., and maximum number thereof

On the last day of February every year during the trust period, persons serving as Eligible Directors, etc. of the respective Relevant Companies shall be granted a prescribed number of points (the "Assigned Points") based on factors such as their positions and achievement of corporate performance targets during the fiscal year ending on that same day (the "Fiscal Year Subject to Evaluation"). Moreover, subsequent to the conclusion of the final fiscal year of the Applicable Period, in addition to points granted based on factors such as achievement of corporate performance targets during a respective Fiscal Year Subject to Evaluation, the sum total number of points to be granted during the Applicable Period is to be increased or decreased based on factors such as achievement of corporate performance targets as set forth in the mid-term business plan. The number of Company shares for Delivery, etc. to the Eligible Directors, etc. under the Plan is to be determined on the basis of one (1) point corresponding to one (1) share of Company stock, according to the accumulated value of the Assigned Points (the "Accumulated Points"). If the total number of Company shares increases or decreases due to a share split, an allotment of shares without contribution, a share consolidation, or other such development, the Company is to adjust the number of Company Shares, etc. for Delivery, etc. per one (1) point according to the proportion of such increase or decrease.

The total number of Assigned Points to be granted to the Company's Directors and Executive Officers shall amount to a maximum of 100,000 points (equivalent to 100,000 shares) for a respective Applicable Period of three (3) fiscal years, and the total number of Assigned Points granted to the Eligible Directors, etc. including the Directors and Executive Officers of the Relevant Subsidiaries shall amount to a maximum of 110,000 points (equivalent to 110,000 shares) as the sum total for a respective Applicable Period of three (3) fiscal years. This maximum number of Assigned Points is to be established upon having referred to share price trends, taking into account the maximum amount of money to be contributed by the Relevant Companies as described in (3), above.

- (5) Timing of Delivery, etc. of shares to the Eligible Directors, etc.

In principle, the Eligible Directors, etc. who have fulfilled the beneficiary requirements (including persons who have been appointed as Director or Executive Officer of a Company subsidiary other than one of the Relevant Subsidiaries subsequent to their resignation as Eligible Director, etc.; the same applies hereinafter in (5)) shall receive Delivery, etc. of Company Shares, etc. based on their Accumulated Points, subsequent to their having resigned as Director and Executive Officer of the Company and all of the Company's subsidiaries. At that time, such Eligible Directors, etc. shall receive delivery of Company shares corresponding to 70% of their Accumulated Points (fractional shares less than one trading unit will be rounded down). As for the remaining points, such Eligible Directors, etc. shall receive payment of money from the Trust equivalent to the converted value of such points upon their having been converted into cash under the Trust.

In the event of the death of an Eligible Director, etc. who is serving during the trust period, an heir of such Eligible Director, etc. shall receive payment from the Trust of a cash sum derived from the cash value of Company shares whose number reflects his or her Accumulated Points as of the time of death of the Eligible Director, etc. If an Eligible Director, etc. who fulfills the beneficiary requirements becomes a non-resident of Japan upon having been posted overseas during the trust period, the Eligible Director, etc. shall receive payment from the Trust of a cash sum derived from the cash value of Company shares whose number reflects his or her Accumulated Points as of that date.

(6) Voting rights related to the Company's shares under the Trust

Voting rights related to the Company's shares under the Trust may not be exercised during the trust period in order to ensure neutrality of the Company's management.

(7) Handling of dividends of surplus pertaining to the Company's shares under the Trust

The dividends of surplus pertaining to Company shares under the Trust are to be received by the Trust and allocated to its trust fees and trust expenses. Any money remaining upon the ultimate termination of the Trust subsequent to allocation of trust fees and trust expenses is to be contributed to organizations that are irrelevant to the Relevant Companies and the Eligible Directors, etc.

(8) Other details of the Plan

Other details related to the Plan are to be determined by the Board of Directors on occasions of establishing the Trust, modifying the trust agreement, and making additional contributions to the Trust.

Reference:

For further details regarding the Plan, please refer to the news release, "Notice Regarding Continuation of the Performance-linked Stock Remuneration Plan and Partial Revision Thereof," dated April 17, 2020.