Translation

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Tokyo, December 14, 2020
Alfresa Holdings Corporation

Notice regarding a Suspected Violation of the Antimonopoly Act and Alfresa Group's Recurrence Prevention Measures

Several media have recently reported that our Company's consolidated subsidiary, Alfresa Corporation (head office: Chiyoda-ku, Tokyo; hereafter "Alfresa") and its employees were indicted by the Tokyo District Public Prosecutors Office on December 9, 2020. It is a fact that we haven't received written indictments from the Tokyo District Public Prosecutors Office at the timing of the disclosure of this announcement. As we reported, Alfresa and its employees were named in an accusation lodged by the Japan Fair Trade Commission for allegedly violating the Antimonopoly Act when bidding to supply ethical pharmaceuticals ordered by the Japan Community Health care Organization (JCHO) on December 9, 2020. These developments are extremely regrettable. We sincerely apologize for the great inconvenience and concern that they may cause to our shareholders, customers, business partners, and all other stakeholders.

Since an on-site inspection by the Fair Trade Commission held on November 27, 2019, the Alfresa Group (hereafter "The Group") has been reviewing and strengthening our compliance systems. In line with our action plans announced in a press release titled "Measures to Enhance Alfresa Group's Governance" on May 12, 2020, we have introduced various systems and measures designed to strengthen our governance capabilities, expanded education and training programs on the Antimonopoly Act for executives as well as employees, and worked to enhance our monitoring of the status of legal compliance in the Ethical pharmaceutical wholesaling business.

The Group takes this incident seriously and, to reflect that, the directors have decided to voluntarily return a portion of their remuneration.

Going forward, we will work tirelessly to ensure deeper compliance with laws and regulations, and the entire Group will do its utmost to restore the trust of stakeholders as soon as possible.

1. The "Measures to Enhance the Alfresa Group's Governance" which were announced on May 12, 2020, and some updates thereto

(1) Reform the management structure in the Company and Alfresa

The Company reorganized its management structure through the 17th Ordinary General Meeting of Shareholders held on June 25, 2020. The details of the changes made are replacement of the Representative Directors and President as announced in a press release titled "Notice regarding Appointments and Resignations for Representative Directors" on May 12, 2020, as well as an increase of the number of outside directors from three to four and an increase of the number of standing Audit & Supervisory Board members from one to two. In addition, the Company assigned an executive officer in charge of compliance to reinforce the management and supervisory function throughout the Group in April 2020. Apart from such replacements at the Company, Alfresa also replaced its Representative Directors and President on June 18, 2020.

(2) Reinforce the functions of the Nomination and Remuneration Committee for Directors and Executive Officers chaired by an independent outside director

The Company has set up the Nomination and Remuneration Committee for Directors and Executive Officers, which is an advisory body with an independent outside director as the chair, and this committee mainly deliberates the appointment and dismissal of the Company's directors and executive officers and their remuneration periodically. The internal regulations of this committee were partially amended on April 1, 2020 to add to the subjects of deliberation by including the appointment and dismissal of directors and executive officers at Alfresa. The committee will continue following a process to ensure transparency and objectivity regarding the appointment and dismissal of directors and executive officers at both companies.

(3) Establish the Risk Management Subcommittee and hold regular meetings

In April 2020, the Company partially amended the internal regulations of the Compliance & Risk Management Committee, which effectively promotes compliance and risk management activities in the Group, to permit the establishment of subcommittees dedicated to specific highly specialized business fields. After the Company established a subcommittee for its consolidated subsidiaries in the Ethical pharmaceutical wholesaling business in May 2020, the subcommittee has made efforts to invite attorneys who are experts in antitrust at the regular meetings, share relevant compliance and risk information, and solve certain compliance issues that may arise from operation of the business.

(4) Use various publications to build compliance awareness

The Company has been raising this topic in various company publications including business reports, an integrated report, and an internal Group magazine. We will continue to aim for the strengthening of governance and promote compliance awareness among executives and employees in the Group.

2. The "Measures to Prevent Recurrence at Subsidiaries" which were announced on May 12, 2020 and some updates thereto

Alfresa and other subsidiaries in the Ethical pharmaceuticals wholesaling business are implementing the following measures to enhance governance that will thoroughly observe the Antimonopoly Act, etc.

(1) Declaration and internal dissemination of compliance by top management in subsidiaries

The top management of Alfresa and other subsidiaries in the Ethical pharmaceuticals wholesaling business have declared their intention to uphold the Antimonopoly Act to all officers and employees, and have repeated the declaration on numerous occasions, such as company management meetings, various internal meetings and even training programs in each subsidiary. In addition, the professional advice from attorneys who are experts in antitrust has been directly sent out to all managers and staff in the sales division.

(2) Development of a code of conduct for salespersons, etc.

Alfresa compiled a "Code of Conduct for Compliance with the Antimonopoly Act", which stipulates detailed rules surrounding contacts with other companies in the same industry and participation in various meetings. Alfresa also prepared FAQs on real-life cases to ensure full awareness thereof in the salespersons of not only Alfresa but other subsidiaries as well.

The Code of Conduct and FAQs are updated as needed and the renewed contents are shared and disseminated among the subsidiaries.

Every salesperson including management position in each subsidiary in the Ethical pharmaceuticals wholesaling business has pledged to compliance with the Antimonopoly Act.

(3) Set up of specific compliance departments and dedicated counselling hotlines for the Antimonopoly Act

Each subsidiary in the Ethical pharmaceuticals wholesaling business set up a specialized department to promote and supervise compliance and dedicated internal and external hotlines on the Antimonopoly Act. These resources ensure that they have an established system that can effectively respond to a broad range of questions and internal whistleblowing reports.

(4) Enhancement of in-house education and training programs relating to the Antimonopoly Act

Each subsidiary in the Ethical pharmaceuticals wholesaling business conducted online training

with attorneys who are experts in antitrust, and holds reading sessions of the Code of Conduct for Compliance with the Antimonopoly Act and FAQs. The subject employees are working hard to increase compliance understanding through taking tests to measure their level of understanding of the Antimonopoly Act and taking follow-up training if they did not meet a certain level of understanding.

(5) Monitoring compliance with the Antimonopoly Act by internal audit departments

The internal audit department at each subsidiary in the Ethical pharmaceuticals wholesaling business conducts monitoring of the status of legal compliance related to the Antimonopoly Act as a part of internal control activities.

3. Voluntary Return of Directors' Remuneration

The Company takes this situation very seriously. As such, we decided to clarify the responsibility of individual directors in the Company and Alfresa and they agreed to voluntary return a portion of their remuneration as follows.

(1) Alfresa Holdings Corporation

Director & Chairman	40% of monthly remuneration over 3 months
Representative Director & President	20% of monthly remuneration over 3 months
Other directors*1	20% of monthly remuneration over 3 months

(2) Alfresa Corporation

Director & Chairman	40% of monthly remuneration over 3 months
Representative Director & President	20% of monthly remuneration over 3 months
Other directors*2	20% of monthly remuneration over 3 months

*1. Excludes independent outside directors and directors not in charge of business execution
*2. Excludes those newly appointed in June 2020

About **Alfresa Group**
The Alfresa Group is a leader in Japanese healthcare industry which is dedicated to make its corporate philosophy "we create and deliver a fresh life for all" come true through a wide range of business lines, including ethical pharmaceuticals wholesaling, OTC pharmaceuticals wholesaling, pharmaceutical manufacturing, and operating dispensing pharmacies. Alfresa Holdings Corporation (TSE:2784) reported its consolidated revenue of ¥2.7 trillion (US$25 billion) for the fiscal year ended March 31, 2020. For more information, please see:

https://www.alfresa.com/eng/index.html