Translation

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May 15, 2025
Alfresa Holdings Corporation

Notice Regarding Revision of the Performance-Linked Stock Compensation Plan in Relation to the Transition to a Company with Audit and Supervisory Committee Structure

As announced in the news release "Notice Regarding Transition to a Company with Audit and Supervisory Committee Structure" published on February 26, 2025, Alfresa Holdings Corporation (hereafter, "the Company") will transition to a company with audit and supervisory committee structure subject to approval at the 22nd Ordinary General Meeting of Shareholders to be held on June 25, 2025 (hereafter, "this Shareholders Meeting").

In relation to this change, at the Board of Directors meeting held earlier today, the Company resolved to submit a proposal for revision of the performance-linked stock compensation plan (hereafter, "this Plan"), which covers Directors*1 and Executive Officers of the Company, and Directors*2 and Executive Officers of Alfresa Corporation, Alfresa Healthcare Corporation, and Alfresa Pharma Corporation (hereafter, collectively referred to as "Directors, Etc."*3), which are the core operating companies of the Company's main segments (hereafter, the three companies are collectively referred to as the "Core Operating Companies").

*1 Excluding Directors who are Audit and Supervisory Committee members, Directors whose primary duties are as Directors of the Company's subsidiaries, Outside Directors, and persons who reside outside of Japan.
*2 Excluding Directors whose primary duties are as Directors of the Company and persons who reside outside of Japan.
*3 Among the Directors, Executive Officers, etc., of the Core Operating Companies, excluding persons who reside outside of Japan.

1. Regarding the Revision of this Plan

(1) The Company implemented this Plan to increase the motivation of Directors, Etc., toward achieving performance goals and at the same time to ensure that its values are aligned with those of shareholders and Directors, Etc.

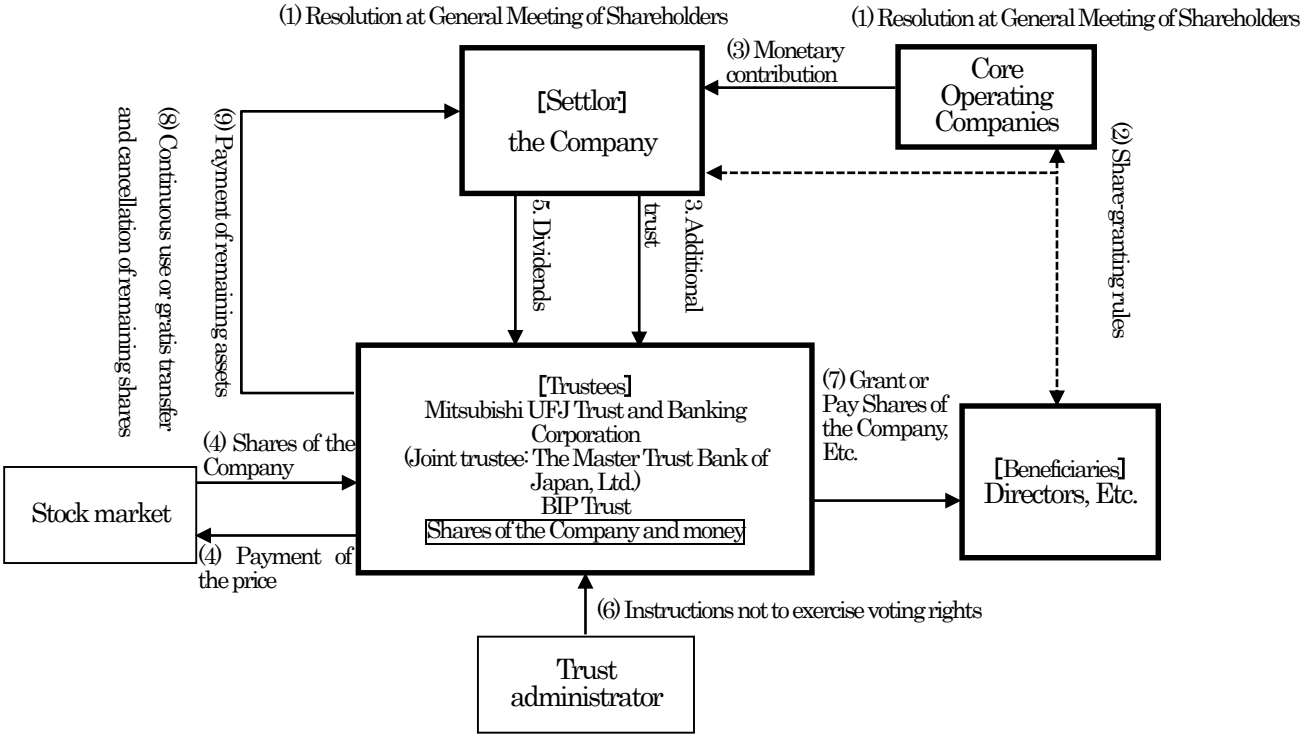
(2) This Plan is a stock compensation plan utilizing an officer remuneration Board Incentive Plan trust (hereafter, "BIP Trust"). Similar to U.S. performance-linked stock compensation (Performance Share) and restricted stock compensation (Restricted Stock), the BIP Trust is a framework to grant or pay (hereafter, "Grant or Pay") shares of the Company or money equivalent to shares of the Company converted into cash (hereafter, "Shares of the Company, Etc.") to officers in accordance with their rank, level of achievement of performance goals, etc.

(3) In relation to the transition to a company with audit and supervisory committee structure, the

Company will revise this Plan and make additional contributions to the BIP Trust subject to approval at this Shareholders Meeting.

(4) To ensure objectivity, transparency, and independence in the remuneration decision-making process, the Company has established the Nomination and Remuneration Committee for Directors and Executive Officers, with an Independent Outside Director as chair and with a majority of Independent Outside Directors, as an optional advisory body to the Board of Directors, and the Nomination and Remuneration Committee for Directors and Executive Officers has held deliberations regarding the revision of this Plan.

2. BIP Trust Framework



(1) The Company and the Core Operating Companies obtain officer remuneration resolutions concerning revisions to this Plan, as necessary, at their General Meetings of Shareholders.

(2) The Company and the Core Operating Companies revise the share-granting rules concerning this Plan at their Board of Directors meetings.

(3) The Company and the Core Operating Companies place additional money in trust within the range of the resolutions approved at the General Meetings of Shareholders in (1) and extend the period of the trust with Directors, Etc., who fulfill the beneficiary requirements stated in 3. (3) below as the beneficiaries (hereafter, "this Trust").

(4) This Trust acquires shares of the Company from the stock market, using the money entrusted in (3) in accordance with the instructions of the trust administrator.

(5) The dividends for shares of the Company in this Trust are distributed in the same manner as other shares of the Company.

(6) Voting rights are not to be exercised for shares of the Company in this Trust throughout the trust period.

(7) During the trust period, in accordance with the share-granting rules, a beneficiary is given a certain number of points and is then granted shares of the Company equivalent to 50% of the concerned points (discarding fractions less than one point), the shares of the Company corresponding to the remaining points are converted to money within the trust in accordance with the provisions of the trust agreement, and the beneficiary receives money equivalent to the concerned conversion value.

(8) In cases where this Trust is continuously used as this Plan or as a similar stock compensation plan, the remaining shares that emerge when the trust period has expired are subject to being Granted or Paid to Directors, Etc. In cases where this Trust is terminated from the expiration of the trust period, as a policy for returns to shareholders, this Trust is to transfer the concerned remaining shares to the Company gratis, and the Company plans to cancel them following the prescribed procedures.

(9) The remaining amounts of dividends pertaining to shares of the Company within this Trust that emerge when the trust period has expired will be used as share acquisition funds in cases where this Trust is continuously used, but in cases where this Trust is terminated by the expiration of the trust period, the portion exceeding the allowances for trust expenses will be donated to organizations that have no conflicts of interest with the Company or with Directors, Etc.

Note: During the trust period, in cases where there is a possibility that the number of shares in this Trust may be insufficient versus the shares of the Company equivalent to the prescribed number of share grant points (prescribed in 3. (5) below, the same hereafter) regarding Directors, Etc., during the trust period or that the money in the trust assets may be insufficient to pay the trust compensation and trust expenses, additional money may be entrusted to this Trust within the maximum limit of trust money in 3. (7), below.

3. Contents of this Plan after Revision

In transitioning to a company with audit and supervisory committee structure, persons subject to this Plan will be revised while ensuring that its fundamental contents remain unchanged. The contents of this Plan after revision are as follows.

(1) Outline of this Plan

This Plan is a plan to Grant or Pay Shares of the Company, Etc., to Directors, Etc., through this Trust in accordance with their rank, level of achievement of performance goals, etc., during the medium-term management plan over the three business years that are the subject period of the medium-term management plan set forth by the Company (hereafter, the "Subject Period").

(2) Resolutions at General Meetings of Shareholders Pertaining to the Implementation of this Plan

The Company and the Core Operating Companies will obtain resolutions on the maximum amount of trust money to be contributed to this Trust, the maximum number of Shares of the Company Etc., to Grant or Pay to Directors, Etc., and other necessary matters at their respective General Meetings of Shareholders.

(3) Persons Subject to this Plan (Beneficiary Requirements)

The number of Shares of the Company, Etc., to Grant or Pay to Directors, Etc., from this Plan will be in accordance with the number of their share grant points (prescribed in (5) below) on the conditions that they fulfill the following beneficiary requirements.

① Being a Director, Etc., during the Subject Period.

② Not being a person who resigned at one's own accord (excluding resignations at one's own accord

due to injury, illness, or other compelling reasons) or a person who resigned or was dismissed because of certain illegal acts or serious violations of work rules, internal rules, etc., while in office.

③ Fulfilling other requirements deemed necessary to achieve the purport of this Plan.

(4) Trust Period after Extension

The trust period will be extended for approximately three years until the end of August 2028 (scheduled).

When the trust period expires, this Trust may be continued by changing the trust agreement and implementing an additional trust. In that case, the trust period will be extended by an additional three years. For each extended trust period, the Company and the Core Operating Companies will make additional contributions within the maximum amounts to be contributed to this Trust approved by resolutions at their respective General Meetings of Shareholders, and during the extended trust periods points will continue to be given to the Directors, Etc. However, in cases where the concerned additional contributions are made and there are remaining shares of the Company (excluding shares of the Company equivalent to points given to Directors, Etc., that have not yet been granted) or money in the trust assets on the last day of the trust period before extension (hereafter, "Remaining Shares, Etc."), the total of the amount of the Remaining Shares, Etc., plus the additionally contributed trust money shall be within the maximum amount of the trust money approved by resolutions at the respective General Meetings of Shareholders.

(5) Shares of the Company, Etc., to Grant or Pay to Directors, Etc.

The number of Shares of the Company, Etc., to Grant or Pay to Directors, Etc. (including shares subject to conversion into cash), will be determined by "the number of share grant points." One share of the Company shall be granted for one share grant point, with fractions of less than one point discarded.

The share grant points shall be calculated as follows based on the base points given each business year during the Subject Period based on the rank of the Director, Etc., and on the level of achievement of the performance goals of the medium-term management plan.

Share grant points = accumulated base points given during the Subject Period × performance-linked coefficient*

* The performance-linked coefficient varies from 0% to 150% depending on the level of achievement of the performance goals during the medium-term management plan. From fiscal 2025, consolidated operating profit, consolidated return on equity (ROE), total shareholder return (TSR), external ESG assessments, and employee engagement will be used as indicators to evaluate the level of achievement of performance goals.

* In cases where a stock spilt or consolidation of shares of the Company is carried out during the trust period, the number of share grant points, the number of base points, and the maximum number of Shares of the Company, Etc., to Grant or Pay in (7) below will be adjusted in accordance with the stock split or share consolidation ratio, etc.

(6) Method and Timing to Grant or Pay Shares of the Company, Etc.

After the Subject Period, Directors, Etc., who fulfill the beneficiary requirements in (3) above shall be granted shares of the Company equivalent to 50% of their share grant points (discarding fractions of less than one point) and paid money equivalent to the conversion value of shares of the Company equivalent to their remaining share grant points, after conversion into cash within this Trust.

However, in cases where a Director, Etc., dies before the end of the Subject Period (including cases where a Director, Etc., dies before the end of the Subject Period after retiring due to completion of term), the share grant points shall be calculated in accordance with the performance up until the concerned time, shares of the Company equivalent to 100% of the share grant points shall be converted into cash within this Trust, and money equivalent to that conversion value shall be paid to the Director, Etc.

In cases where it is difficult to Grant or Pay Shares of the Company, Etc., from this Trust, stock price-linked compensation that pays in cash in lieu of stocks based on the same calculation method as this Plan may be substituted.

(7) Maximum Amounts of Trust Money Contributed to this Trust and Maximum Number of Shares of the Company, Etc., to Grant or Pay from this Trust

The maximum amount of trust money contributed to this Trust and the maximum number of Shares of the Company, Etc., to Grant or Pay from this Trust during each trust period shall be subject to the following maximum limits, with resolutions approved at the General Meetings of Shareholders of the Company and of the Core Operating Companies as a requirement.

1. Maximum amount of trust money contributed to this Trust during each trust period

Alfresa Holdings Corporation: ¥300 million*

Core Operating Companies (total for the three companies): ¥1,050 million*

*The maximum amount of trust money is the total amount of funds for share acquisitions by this Trust, trust compensation, and trust expenses during the trust period.

2. Maximum number of Shares of the Company, Etc., to Grant or Pay from this Trust during each trust period

Alfresa Holding Corporation: 200,000 shares*

Core Operating Companies (total for the three companies): 710,000 shares*

*The maximum number of Shares of the Company, Etc., to Grant or Pay is set based on the above-stated maximum amount of trust money and in reference to the current stock price.

(8) Method of Acquisition of Shares of the Company by this Trust

The acquisition of shares of the Company by this Trust is planned to be acquired from the stock market within the range of the share acquisition funds and the number of shares to Grant or Pay in (7) above.

(9) Voting Rights of Shares of the Company within this Trust

To secure the neutrality of management, the voting rights of shares of the Company within this Trust shall not be exercised during the trust period.

(10) Handling of Dividends Pertaining to Shares of the Company within this Trust

The dividends pertaining to shares of the Company within this Trust will be received by this Trust and used for the trust compensation and trust expenses of this Trust.

(11) Handling of Remaining Shares and Remaining Dividends when the Trust Period Expires

In cases where this Trust is continuously used as this Plan or as a similar stock compensation plan, the remaining shares that emerge when the trust period expires are subject to granting to Directors, Etc. In

cases where this Trust is terminated from the expiration of the trust period, as a policy for returns to shareholders, this Trust is to transfer the concerned remaining shares to the Company gratis, and the Company plans to cancel them through a resolution at a Board of Directors meeting.

Also, the remaining amounts of dividends pertaining to shares of the Company within this Trust that emerge when the trust period expires will be used as share acquisition funds in cases where this Trust is continuously used. However, in cases where this Trust is terminated by the expiration of the trust period, amounts that exceed the trust expenses reserves are planned to be donated to organizations that have no conflicts of interest with the Company or with Directors, Etc.

(Reference)

[Contents of the Trust Agreement]

(1) Type of Trust	Money trust other than individually operated designated monetary trust (third-party beneficiary trust)
(2) Purpose of Trust	To incentivize Directors, Etc.
(3) Settlor	Alfresa Holdings Corporation
(4) Trustees	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiaries	Among Directors, Etc., persons who fulfill the beneficiary requirements
(6) Trust administrator	A third party with no conflicts of interest with Alfresa Holdings Corporation (certified public accountant)
(7) Trust extension agreement date	August 2025 (scheduled)
(8) Trust extension period	Until August 31, 2028 (scheduled)
(9) Exercise of voting rights	No exercise
(10) Type of shares acquired	Ordinary shares of Alfresa Holdings Corporation
(11) Maximum amount of trust money	¥1,350 million (including trust compensation and trust expenses)
(12) Vested rights holder	Alfresa Holdings Corporation
(13) Residual assets	The residual assets that can be received by Alfresa Holdings Corporation, which is the vested rights holder, shall be within the range of allowances for trust expenses after subtracting funds for share acquisition from the trust money.

About the Alfresa Group

The Alfresa Group is a leader in the Japanese healthcare industry and is dedicated to making 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 consolidated revenue of ¥2.9 trillion for the fiscal year ended March 31, 2025. For more information, please see: https://www.alfresa.com/eng/