

[Translation]

January 21, 2025

To Whom It May Concern:

Company Name:	Kobayashi Pharmaceutical Co., Ltd.
Name of Representative:	Satoshi Yamane, Representative Director, President and Chief Executive Officer
Code Number:	4967; Prime Market of the Tokyo Stock Exchange

Notice of Change of Representative Director and Director

Kobayashi Pharmaceutical Co., Ltd. (the “Company”) hereby announces as follows that the Company has tentatively decided, by a resolution of the Board of Directors dated January 21, 2025, to make changes to its Representative Director and the directors as of the date of the annual general meeting of shareholders to be held in March 2025 (the “Annual General Meeting of Shareholders”), subject to approval by the Annual General Meeting of Shareholders of the Company’s proposal to elect directors.

1. Changes to the Representative Director and Directors

(1) Reasons for Changes

As announced in the Company’s press release titled “Notice Regarding the Formulation of the Reoccurrence Prevention Measures, Etc.” dated September 17, 2024, the Company has upheld “implementing fundamental corporate governance reforms” as one of its key issues in the measures of preventing recurrence in response to the issue in which some red yeast rice related products contained components that the Company did not anticipate (the “Issue”). In this context, the Company has caused the Nomination Committee and the Board of Directors to reexamine the ideal structure and/or composition of the Board of Directors that would contribute to the enhancement of the Company’s corporate value and has been considering changes to the members of the Board of Directors. Based on matters such as the business environment in which the Company operates, business performance and other situations in the various businesses, and progress in preventing recurrence of the Issue, the Company considers it necessary to re-define the composition of the Board of Directors, including the skillset of the members of the Board of Directors, as well as the size of the Board of Directors as a whole. Recently, the Company tentatively decided on nine (9) director candidates to be included in the proposal to elect directors to be submitted to the Annual General Meeting of Shareholders upon discussions at the Nomination Committee, and is in the process of arranging to have one (1) candidate with experience and knowledge in the medical and pharmaceutical fields to be included in the proposal.

In addition, the Company expects to elect Mr. Norikazu Toyoda as new Representative Director, President and Chief Executive Officer in order to reform the Company’s management system, subject to the approval of the proposal to elect directors proposed by the Company at the Annual General Meeting of Shareholders. In addition, the Company nominates Mr. Yoshihito Ota, who has managed KYOCERA Corporation, Japan Airlines Co., Ltd. and other companies, and has experience assisting in the recovery of Japan Airlines Co., Ltd., as new Chairman of the Board of Directors. The Company aims to restore stakeholders’ trust, implement recurrence prevention measures, and make operational improvements by incorporating new perspectives from outside the Company. The Company will make a final decision on the positions and other duties of the directors in the composition of the Board of Directors at the meeting of the Board of Directors to be held after the conclusion of the Annual General Meeting of Shareholders.

The Company will appoint several outside directors so as to further strengthen the internal control system in light of the continuity of the discussions at the Board of Directors and other matters, and intends to arrange to add a board member (outside director) with experience and knowledge in the medical and pharmaceutical fields. The Company seeks to improve the supervisory function of the Board of Directors.

Please see Item (4) below for career summary of the candidates.

Having received a request from a shareholder of the Company for the convocation of an extraordinary general meeting of shareholders, the Company expects to hold an extraordinary general meeting of shareholders on February 19, 2025, before the Annual General Meeting of Shareholders is held. A shareholder proposal titled “Election of Three (3) Directors” is expected to be submitted to the extraordinary general meeting of shareholders. The Company has resolved to oppose that and all other shareholder proposals by a resolution of the Board of Directors dated January 21, 2025. Please see the Company’s press release titled “Notice of Extraordinary General Meeting of Shareholders and Opinion of the Board of Directors Regarding Shareholder Proposals” dated January 21, 2025.

- (2) Candidates for director to be proposed at the Annual General Meeting of Shareholders and anticipated roles

Anticipated role	Name
Director and Chairman	Yoshihito Ota
Representative Director, President and Chief Executive Officer	Norikazu Toyoda
Director	Yuji Matsushima
Director in charge of compensation claim management	Akihiro Kobayashi
Outside Director	Yoshiro Katae
Outside Director	Akio Takahashi
Outside Director	Masato Mori
Outside Director	Shinsuke Matsumoto
Outside Director	Misa Kusumoto
Outside Director	TBD

Note: The candidates’ roles will be formally determined by a resolution of the Board of Directors following the Annual General Meeting of Shareholders.

- (3) Directors scheduled to step down at the conclusion of the Annual General Meeting of Shareholders

Position	Name
Representative Director, President and Chief Executive Officer	Satoshi Yamane
Outside Director	Kunio Ito
Outside Director	Kaori Sasaki

Outside Director	Chiaki Ariizumi
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- (4) Career summaries and other details of candidates for director to be proposed at the Annual General Meeting of Shareholders

Yoshihito Ota

Brief Career Summary:

March 1978	Joined KYOCERA Corporation
June 2003	Executive Officer, KYOCERA Corporation
February 2010	Deputy Trustee and Assistant to the Chairman Japan Airlines Co., Ltd.
June 2010	Director and Managing Executive Officer, KYOCERA Corporation
December 2010	Senior Managing Executive Officer, Japan Airlines Co., Ltd.
February 2012	Assistant to the President and Senior Managing Executive Officer, Japan Airlines Co., Ltd.
December 2015	Representative Director and Chairman, KYOCERA Communication Systems Co., Ltd.
June 2018	Outside Director, Konoike Transport Co., Ltd. (current position)
September 2019	Chairman, MTG Co., Ltd.
December 2019	Director and Chairman, MTG Co., Ltd.
December 2021	Director and Chairman, EVERING Corp.

Norikazu Toyoda

Date of birth:

August 22, 1964

Brief Career Summary:

December 1987	Joined the Company
January 2006	President, Kobayashi Healthcare Europe, Ltd. (international sales company)
December 2012	Manager, Europe, America & China Strategy Department, International Business Division
March 2015	Manager, Europe & America Strategy Department, International Business Division and President, Kobayashi Healthcare International, Inc.
March 2023	Executive Officer and General Manager, International Business Division
January 2025	Executive Officer and General Manager, International Business Division (current position)

Number of shares held:

4,046 shares (as of December 31, 2024)

Yuji Matsushima

Brief Career Summary:

April 2003	Joined Fujisawa Pharmaceutical Co., Ltd. (now Astellas Pharma Inc.)
April 2014	Seconded to Office of Healthcare Strategy, Cabinet Secretariat
October 2017	Manager, Advanced Chemistry Laboratory, Modality Research Center, Research Division, Astellas Pharma Inc.
April 2020	Joined the Company
July 2020	Manager, Research and Development Department, Central Research Laboratory
January 2023	Director, Central Research Laboratory
March 2023	Executive Officer and Director, Central Research Laboratory

January 2025	Executive Officer and General Manager, Research and Development Division (current position)
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Akihiro Kobayashi

Brief Career Summary:

March 1998	Joined the Company
June 2001	Executive Officer President of Manufacturing Company
June 2004	Director President of International Sales Company and Marketing Officer
June 2007	Executive Director
March 2009	Senior Executive Director Senior General Manager of Manufacturing and Sales Operations Department
June 2013	Representative Director, President and Chief Operating Officer
August 2024	Director (in charge of compensation claim management)(current position)

Yoshiro Katae

Brief Career Summary:

April 1981	Joined Komatsu Ltd.
January 2003	Osaka Plant GM, General Affairs Department, Production Division of Komatsu Ltd.
July 2007	GM, General Affairs Department of Komatsu Ltd.
April 2013	Executive Officer, GM, General Affairs Department (in Charge of Risk Management) of Komatsu Ltd.
July 2013	Secretary General (in Charge of Risk Management) of Komatsu Ltd.
October 2015	Secretary General (in Charge of Risk Management) of Komatsu Ltd. and GM, Komatsu Economic Strategy Research Center
April 2017	Secretary General (Supervising General Affairs & Compliance and Risk Management) of Komatsu Ltd.
April 2018	Senior Executive Officer (Jomu) of Komatsu Ltd.
July 2019	Advisor of Komatsu Ltd. (current position)
March 2021	Outside Director of the Company (current position)

Akio Takahashi

Brief Career Summary:

April 1978	Joined Daiwa Securities Co., Ltd.
April 2009	Director, Senior Managing Director, Daiwa Securities SMBC Co., Ltd. (now Daiwa Securities Co., Ltd.)
June 2012	Director and Executive Vice President, Daiwa Securities Group Inc.
April 2015	President and Representative Director, Daiwa Investment Management Co., Ltd.
December 2015	Outside Director, Green Thermal Co., Ltd.
March 2016	Outside Director, Kantatsu Co., Ltd.
July 2017	Outside Director, Biomass Fuel Co., Ltd. (current position)
June 2019	Outside Director, Suzumo Machinery Co., Ltd.
December 2019	Outside Director, MTG Co., Ltd.

Masato Mori

Brief Career Summary:

April 1979	Joined Kokusai Denshin Denwa K.K. (now KDDI CORPORATION)
September 2000	Joined Japan Telecom Co., Ltd. (now SoftBank Corp.)
July 2005	Joined Chuo Aoyama Audit Corporation
June 2007	Joined Tohmatsu Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
July 2010	Director, Deloitte Touche Tohmatsu LLC
October 2013	Representative Director, Crowe Horwath Global Risk Consulting K.K.
April 2017	Professor, Department of Global Innovation Studies, Faculty of Global and Regional Studies, Toyo University (current position)
June 2018	Outside Supervisory & Audit Board Member, Tecnos Japan Incorporated
March 2019	Outside Supervisory & Audit Board Member, VELTRA Corporation
June 2020	Outside Director and Audit and Supervisory Committee Member, Tecnos Japan Incorporated
	Outside Director and Audit and Supervisory Committee Member, Pado K.K. (now Def Consulting, Inc.) (current position)
March 2023	Outside Director and Audit and Supervisory Committee Member, VELTRA Corporation (current position)

Shinsuke Matsumoto

Brief Career Summary:

April 1997	Registered with Dai-Ichi Tokyo Bar Association; Nishimura & Partners (now Nishimura & Asahi (Gaikokuho Kyodo Jigyo))
October 1999	Nagashima & Ohno (now Nagashima Ohno & Tsunematsu)
September 2002	New York Office, Skadden, Arps, Slate, Meagher & Flom LLP
March 2003	Admitted to the New York State Bar
April 2004	Nakamura & Tsunoda
January 2005	Partner, Nakamura, Tsunoda & Matsumoto (current position)
December 2005	Registered with Tokyo Bar Association
March 2017	Outside Supervisory & Audit Board Member, Betrend Corporation (current position)
June 2023	Outside Supervisory & Audit Board Member, Soken Chemical & Engineering Co., Ltd.

Misa Kusumoto

Brief Career Summary:

April 1994	Joined P&G Far East Inc. (now The P&G Japan Limited)
October 1997	Senior Assistant Brand Manager for “SK-II,” P&G Far East Inc.
April 1998	Brand Manager for “Max Factor,” P&G Far East Inc.
October 1999	New Brand Development Manager, Food & Beverage Category, P&G Far East Inc.
April 2000	Brand Manager for “IAMS” pet food, P&G Far East Inc.
October 2001	Marketing Consultant (current position)
February 2022	Director and CMO, Cell Factor Inc. (current position)
February 2024	Outside Director, NorthSand, Inc. (current position)

2. Relevant skills of each Director on the new board after the Annual General Meeting of Shareholders

To address the Issue, the Board of Directors of the Company established and announced the Reoccurrence Prevention Measures comprised of the three pillars of policies, namely (1) Changing Mindsets and Enhancing Systems concerning Quality and Safety, (2) Fundamental

Changes to Corporate Governance, and (3) Rebuilding a New Kobayashi Pharmaceutical through Unity (see the “Notice Regarding the Formulation of the Reoccurrence Prevention Measures, Etc.” dated September 17, 2024).

In response to these measures, the Board of Directors and the Nomination Committee have been deeply exploring the optimal board composition and skills matrix to secure a more effective supervisory function while enhancing corporate value and continuing to maintain a majority of outside directors on the Board of Directors. Specifically, in addition to soliciting board members who are able to further enhance the Company’s internal control system and improve product quality and safety management systems, the Board of Directors and the Nomination Committee have been selecting for candidates with experience and knowledge in the medical and pharmaceutical fields to enable the Board of Directors to exercise its supervisory function from a more professional and technical perspective.

The resulting skills matrix of the director candidates to be nominated by the Company is as follows.

	Corporate Management	Global Business	Organizational Management & HR Development	ESG & Sustainability	Marketing & Sales	Finance & Accounting	Legal Affairs & Risk Management	DX & IT-Digital	Research and Development (New)	Medical and Pharmaceutical (New)
Yoshihito Ota	•	•	•	•						
Norikazu Toyoda		•	•		•					
Yuji Matsushima			•						•	•
Akihiro Kobayashi	•	•	•	•	•			•		
Yoshiro Katae		•	•	•			•			
Akio Takahashi	•		•			•				
Masato Mori	•	•	•	•		•	•			
Shinsuke Matsumoto			•	•			•			
Misa Kusumoto		•	•		•			•		
TBD ^(Note)										•

Note: With regard to the candidate marked TBD, discussions are proceeding on the basis that a candidate with experience and knowledge in the medical and pharmaceutical fields should be selected.

By taking into consideration its future business plans and other factors, the Company is in the process of establishing the specific roles expected to be performed by each candidate based on the skills set out above, and plans to present the expected roles of the candidates at the Annual General Meeting of Shareholders to seek the shareholders’ approval.

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