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(Stock Exchange Code 2533)

March 4, 2021

To Shareholders with Voting Rights:

Yuji Nishinaga
President & CEO
Oenon Holdings, Inc.
Headquarters: 1-17-6 Higashikomagata,
Sumida-ku, Tokyo 130-0005,
Japan

NOTICE OF THE 114TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

We are pleased to advise that the 114th Annual General Meeting of Shareholders of Oenon Holdings, Inc. (the “Company”) will be held for the purposes as described below.

In light of the situation regarding COVID-19 infections, we have made the decision to hold the General Meeting of Shareholders after undertaking the appropriate measures to prevent infections.

In place of attendance at the meeting, you can exercise your voting rights via postal mail or the Internet. Please review the Reference Documents for the General Meeting of Shareholders that follow this notice, and exercise your voting rights by no later than 5:00 p.m. on Monday, March 22, 2021, Japan time.

- 1. Date and Time:** Tuesday, March 23, 2021 at 10:00 a.m. Japan time
- 2. Place:** 2nd Floor, Main Building, Peacock West at Imperial Hotel
located at 1-1-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:** Business Report, Consolidated and Non-consolidated Financial Statements for the 114th fiscal year (January 1, 2020 - December 31, 2020), and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Four (4) Directors
 - Proposal 3:** Election of One (1) Substitute Corporate Auditor
 - Proposal 4:** Establishment of a Compensation Limit for the Performance-Linked Stock Compensation System for Directors Due to the Amendment of the Companies Act
- 4. Decisions Concerning Convocation:**

Please refer to “Guide to Exercising Voting Rights” on the following page (only available in Japanese).

<Regarding Internet disclosure>

- Should the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated and Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website (<https://www.oenon.jp/ir/>).
- Regarding the documents which are required to be included in this “Notice of Convocation,” as “Notes to the Consolidated Financial Statements” and “Notes to the Non-consolidated Financial Statements” are available on the Company’s website (<https://www.oenon.jp/ir/>) in accordance with laws and regulations and Articles 15 of the Articles of Incorporation, they are not included in the Appendix hereof.
- Concerning the results of the resolution of this General Meeting of Shareholders, notification will be available on the Company’s website (<https://www.oenon.jp/ir/>) and not be mailed as written documents.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

Appropriation of Surplus for the fiscal year under review is as follows.

1. Matters regarding year-end dividends

The Company's fundamental policy for dividends is to carry out continuous and stable payout of dividends, comprehensively taking into consideration its business performance, status of consolidated financial results, medium to long term revenue, capital investment plans, amount of internal reserves, and dividend payout ratio, etc.

Concerning year-end dividends for the fiscal year under review, the Company takes into consideration the Company's consolidated and non-consolidated financial results for the fiscal year under review and return of profits to shareholders. The arrangement is as follows.

- (1) Matters regarding distribution of dividend property for shareholders and total amount
¥7 per share of common stock of the Company
Total amount: ¥419,475,294
- (2) Effective date of appropriation of surplus
March 24, 2021

2. Other matters regarding appropriation of surplus

Not applicable.

Proposal 2: Election of Four (4) Directors

The terms of office of Directors Yukio Nagai, Yuji Nishinaga, Eiji Sugahara, and Yukimasa Ozaki will expire at the conclusion of this year's Annual General Meeting of Shareholders.

Accordingly, the election of four (4) Directors, including one (1) Outside Director, is proposed.

The candidates for Director are as follows:

No.	Name		Current positions and assignments at the Company	Attendance at the Board of Directors meetings
1	Yukio Nagai	[Reappointment]	Chairman of the Board Overall management of the Group	15 out of 15 meetings
2	Yuji Nishinaga	[Reappointment]	President & CEO Overall management of the Group Member of the Nomination and Remuneration Committee Chairman of the Medium-term Management Strategy Committee Chairman of the CSR & Compliance Committee	15 out of 15 meetings
3	Eiji Sugahara	[Reappointment]	Director	15 out of 15 meetings
4	Yukimasa Ozaki	[Reappointment] [Outside Director] [Independent Director]	Outside Director Chairman of the Nomination and Remuneration Committee	15 out of 15 meetings

(Note) The Company has entered into a Directors' Liability Insurance with an insurance company. This insurance policy will cover damages resulting from an insured person bearing liability related to the execution of his or her duties or receiving a claim pertaining to the pursuit of that liability. The candidates will be included in the insured persons covered by this insurance policy. The Company plans to renew this insurance policy with the same contents when it is next due for renewal.

No.	Name (Date of birth)	Past experience, positions and assignments at the Company	Number of shares of the Company held
1	Yukio Nagai (January 23, 1945) [Reappointment] Number of years in office: 24 (at the end of this General Meeting of Shareholders) Attendance at the Board of Directors meetings: 15/15 (100%)	<p>July 1968 Joined Snow Brand Milk Products Co., Ltd.</p> <p>April 1996 General Manager, International Unit of the Company</p> <p>February 1997 General Manager, Corporate Planning Dept. of the Company</p> <p>March 1997 Director of the Company</p> <p> Deputy Head, Wine Business Group</p> <p>March 1998 Executive Director of the Company</p> <p>March 2001 President & CEO of the Company</p> <p> Head, Corporate Planning Dept. of the Company</p> <p>March 2005 Overall management of the Group (to present)</p> <p>February 2006 Head, Corporate Planning Dept. and Corporate Communication Dept. of the Company</p> <p>February 2007 Chairman, CSR Committee of the Company</p> <p>February 2011 Chairman, Medium-term Management Strategy Committee of the Company</p> <p>March 2016 Chairman of the Board of the Company (to present)</p> <p>[Significant concurrent position]</p> <ul style="list-style-type: none"> • Chairman, GODO SHUSEI CO., LTD. 	428,800

- (Notes) 1. After election as Director under this proposal, Mr. Nagai will be appointed as Chairman of the Board without representative authority at the Board meeting to be held on the same day.
2. There is no special interest between Mr. Yukio Nagai and the Company.

(Reason for nomination as a candidate for Director)

Mr. Yukio Nagai has an extensive experience and broad insight in the Group's business and management, and has contributed to the growth and development of the Group over the years as a representative director of the Company. He will continue to chair meetings of the Board as the Chairman of the Board of Directors, and the Company believes he is capable of contributing to the enhancement of the corporate value of the Group by strengthening corporate governance and enhancing the effectiveness of the Board, and therefore nominates him again as a candidate for Director.

No.	Name (Date of birth)	Past experience, positions and assignments at the Company	Number of shares of the Company held
2	Yuji Nishinaga (February 7, 1965) [Reappointment] Number of years in office: 11 (at the end of this General Meeting of Shareholders) Attendance at the Board of Directors meetings: 15/15 (100%)	August 1988 Joined the Company February 2007 Operating Officer, GODO SHUSEI CO., LTD. February 2008 General Manager, Corporate Planning Dept. of the Company February 2010 Head, Administration Division of the Group General Manager, Corporate Planning Dept. March 2010 Director of the Company Director, GODO SHUSEI CO., LTD. February 2011 Head, General Affairs & Administration Division of the Group General Secretary, Medium-term Management Strategy Committee of the Company March 2015 President & CEO of the Company (to present) Overall management of the Group (to present) Chairman, Medium-term Management Strategy Committee of the Company (to present) Chairman, CSR Committee of the Company (currently CSR & Compliance Committee) (to present) Vice Chairman, GODO SHUSEI CO., LTD. March 2016 President & CEO, GODO SHUSEI CO., LTD. (to present) December 2016 Chairman, Nomination and Remuneration Committee of the Company February 2021 Member, Nomination and Remuneration Committee of the Company (to present) [Significant concurrent positions] • President & CEO, GODO SHUSEI CO., LTD. • Director, FUKUTOKUCHO CO., LTD. • Director, AKITAKENHAKKO KOGYO CO., LTD. • Director, OENON PRODUCT SUPPORT CO., LTD. • Director, SUNNY MAIZE CO., LTD. • President & CEO, Oenon Asset Corporation	161,200

- (Notes) 1. Mr. Yuji Nishinaga is President & CEO of GODO SHUSEI CO., LTD. The Company and GODO SHUSEI CO., LTD. have a business relationship regarding trademark right enforcement, real estate leasing etc., and both companies operate a business of the same kind (real estate business).
2. Mr. Yuji Nishinaga is President & CEO of Oenon Asset Corporation. The Company and Oenon Asset Corporation has a business relationship regarding trademark right enforcement, real estate leasing etc., and both companies operate a business of the same kind (real estate business).

(Reason for nomination as a candidate for Director)

Mr. Yuji Nishinaga has accumulated experience in the fields including corporate planning, administration, operation and production, also in a management position of a Group company, and has an extensive experience and broad insight in the Group's business and management. He has been demonstrating strong leadership and determination as President & CEO of the Company. The Company believes his participation in management decision making as one who oversees the management will contribute to the continued growth and enhancement of medium- to long-term corporate value of the Company, and therefore nominates him again as a candidate for Director.

No.	Name (Date of birth)	Past experience, positions and assignments at the Company	Number of shares of the Company held
3	Eiji Sugahara (February 12, 1963) [Reappointment] Number of years in office: 2 (at the end of this General Meeting of Shareholders) Attendance at the Board of Directors meetings: 15/15 (100%)	April 1987 Joined Toyo Jozo Co., Ltd. (currently Asahi Kasei Corporation) February 2008 Factory Manager, Nirasaki Factory, FUKUTOKUCHO CO., LTD. February 2010 Factory Manager, Shimizu Factory, GODO SHUSEI CO., LTD. February 2011 Factory Manager, Tokyo Factory, GODO SHUSEI CO., LTD. February 2013 Operating Officer, GODO SHUSEI CO., LTD. (to present) March 2015 Director, GODO SHUSEI CO., LTD. March 2018 Executive Director, GODO SHUSEI CO., LTD. February 2019 General Manager, Production Headquarters, GODO SHUSEI CO., LTD. (to present) March 2019 Director of the Company (to present) March 2020 Senior Executive Director, GODO SHUSEI CO., LTD. (to present) [Significant concurrent positions] • Senior Executive Director, GODO SHUSEI CO., LTD. • Corporate Auditor, OENON PRODUCT SUPPORT CO., LTD. • Director, Gotech Co., Ltd.	31,200

(Note) There is no special interest between Mr. Eiji Sugahara and the Company.

(Reason for nomination as a candidate for Director)

Mr. Eiji Sugahara has accumulated extensive experience and broad insight over the years through involvement in the fields of production, procurement and quality assurance of the Company. The Company believes his participation in management decision making as an expert in these fields will contribute to the continued growth and enhancement of medium- to long-term corporate value of the Company, and therefore nominates him again as a candidate for Director.

No.	Name (Date of birth)	Past experience, positions and assignments at the Company	Number of shares of the Company held
4	Yukimasa Ozaki (September 2, 1959) [Reappointment] [Outside Director] [Independent Director] Number of years in office: 6 (at the end of this General Meeting of Shareholders) Attendance at the Board of Directors meetings: 15/15 (100%)	April 1989 Registered as Attorney (Daiichi Tokyo BAR Association) Joined Ozaki Law Office December 1992 Graduated from Law School, University of Wisconsin, U.S.A. (MA in Legal Institutions) January 1993 Worked at Godfrey & Kahn, S.C., Milwaukee, Wisconsin, U.S.A. Worked at Kaye, Scholer, Fierman, Hays and Handler, New York City, New York, U.S.A. August 1993 Attorney, Ozaki Law Office (to present) March 2015 Director of the Company (to present) December 2016 Member, Nomination and Remuneration Committee of the Company April 2017 Executive Governor, Japan Federation of Bar Associations and Vice- president, Daiichi Tokyo BAR Association February 2021 Chairman, Nomination and Remuneration Committee of the Company (to present) [Significant concurrent position] • Outside Director, SAKATA SEED CORPORATION	11,400

- (Notes) 1. There is no special interest between Mr. Yukimasa Ozaki and the Company.
2. Mr. Yukimasa Ozaki is an Independent Officer prescribed by the provisions of the Tokyo Stock Exchange, Inc. He will continue his role as an Independent Officer, if he is reelected as Director.
3. There is no important business or other relationship between SAKATA SEED CORPORATION and the Company.

(Reason for nomination as a candidate for Outside Director)

The Company nominates Mr. Yukimasa Ozaki again as a candidate for Outside Director because it believes that he is capable of further strengthening the management framework as well as enriching compliance and corporate governance, considering his experience as a lawyer, his independent viewpoint and supervision over the Company's management, and also because, as a member of the Nomination and Remuneration Committee, he plays an important role in examining the nomination and remuneration of Directors and others and in reporting to the Board of Directors.

Although he has had no prior involvement in corporate management other than as an Outside Director or Outside Corporate Auditor, the Company believes that he is capable of fulfilling his duties as Outside Director due to the aforementioned reasons.

Proposal 3: Election of One (1) Substitute Corporate Auditor

In preparation for the event where the number of Corporate Auditors falls below the number stipulated by laws and regulations, the advance election of one (1) Substitute Outside Corporate Auditor is proposed.

This proposal has already been approved by the Board of Corporate Auditors.

The candidate for Substitute Corporate Auditor is as follows:

Name (Date of birth)	Past experience and positions at the Company		Number of shares of the Company held
Sumio Ishikawa (April 27, 1963)	October 1988	Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC)	0
[Outside Director] [Independent Auditor]	March 1992	Registered as Certified Public Accountant	
	August 1998	Partner, Ernst & Young ShinNihon LLC	
	July 2010	Senior Partner, Ernst & Young ShinNihon LLC	
	July 2017	Head, Sumio Ishikawa CPA Office (to present)	

- (Notes) 1. There is no special interest between Mr. Sumio Ishikawa and the Company.
2. The Company has entered into a Directors' and Officers' Liability Insurance with an insurance company that will cover damages resulting from an insured person bearing liability related to the execution of his or her duties or receiving a claim pertaining to the pursuit of that liability. If Mr. Sumio Ishikawa assumes the position of Outside Corporate Auditor, he will be included in the insured persons covered by this insurance policy.
3. If Mr. Sumio Ishikawa assumes office as Corporate Auditor, the Company intends to register him as an Independent Officer as prescribed by the Tokyo Stock Exchange, Inc.

(Reason for nomination as a candidate for Substitute Outside Corporate Auditor)

Mr. Sumio Ishikawa has accumulated substantial knowledge as a certified public accountant in the fields of finance and accounting. The Company nominates Mr. Sumio Ishikawa as a candidate for Substitute Outside Corporate Auditor because it believes that he is capable of further strengthening the management framework as well as enriching compliance and corporate governance, utilizing his extensive experience, insight, and expertise with his independent viewpoint for supervision over the Company's management. Although he has no direct prior involvement in corporate management, the Company believes that he is capable of fulfilling his duties as Outside Corporate Auditor due to the aforementioned reasons.

Policy on Nominating Candidates for Directors

In order to supervise the management of the Group and make decision on significant business execution, the Company shall nominate as Candidates for Inside Directors those who have knowledge and experience of management of the Group and insight, capabilities, high ethics, fairness and honesty that are necessary for Directors.

In addition, the Company shall nominate multiple Candidates for Outside Directors in order to strengthen management supervising function of the Board. As for Candidates for Outside Directors, from the viewpoint of securing independence, the Company shall nominate those who satisfy the Independent Officer requirements prescribed by Tokyo Stock Exchange, Inc. and “Standards for Independence of Outside Officers” stipulated by the Company, with insight to provide advice on management and highly specialized knowledge and extensive experience in areas such as law, accounting and taxation, with which to provide appropriate supervision of the management of the Company.

Nomination of the Candidates for Directors shall be decided by the Board of Directors, after deliberation by the Nomination and Remuneration Committee of the list Candidates drafted by the President and CEO.

Policy on Nominating Candidates for Corporate Auditors

In order to ensure appropriate auditing and supervision of the management of the Group, the Company shall nominate as Candidates for Inside Corporate Auditors those with insight of the management of the Company, highly specialized knowledge in the areas of accounting, finance, law and risk management, etc. and wide-ranging experience, together with insight, capabilities, high ethics, fairness and honesty that are necessary for Corporate Auditors.

As a Company with a Board of Corporate Auditors, at least half of the Company’s Corporate Auditors shall be Outside Corporate Auditors. As for the Candidates for Outside Corporate Auditors, the Company shall nominate those who satisfy the Independent Officer requirements prescribed by Tokyo Stock Exchange, Inc. and “Standards for Independence of Outside Officers” stipulated by the Company, with highly specialized knowledge and extensive experience in areas such as law, accounting and taxation, with which to provide appropriate auditing and supervision of the management of the Company.

In addition, the Company shall nominate one (1) or more candidates who have appropriate insight in the fields of finance and accounting.

Nomination of the Candidates for Corporate Auditors shall be decided by the Board of Directors with the consent of the Board of Corporate Auditors, after deliberation by the Nomination and Remuneration Committee of the list of Candidates drafted by the President and CEO under discussion with full-time Corporate Auditors.

Standards for Independence of Outside Officers

In order to ensure the objectivity and transparency of governance, the Company shall establish the following independence requirements between Candidates for Outside Directors and Outside Corporate Auditors (collectively “Outside Officers”) themselves and the corporations/organizations they belong to, and the Company and its subsidiaries (the “Group”). If Outside Officers or Candidates for Outside Officers are found not to fall under any of the following items, the Company shall judge that he/she possesses independence.

1. A current executive (Note 1) of the Group or a person who has been an executive of the Group in the past.
(Note 1) An “executive” means an executive director, executive, executive officer, other person similar thereto or employee. When judging the independence of an Outside Corporate Auditor, a non-executive director is included.
2. A current major shareholder (Note 2) of the Company or an executive thereof, or an executive of a company which the Group is the major shareholder thereof.
A current major shareholder of the Company or an executive thereof in most recent three years.
(Note 2) A “major shareholder” means a shareholder who holds shares with 10% or more of total voting rights in his/her own name or another person’s name at the end of the most recent fiscal year of the Company.
3. A major business partner (Note 3) of the Group or an executive thereof.
A major business partner of the Group or an executive thereof in most recent three years.
(Note 3) A “major business partner” means a corporation whose transaction amount with the Group accounts for 2% or more of the consolidated net sales of the Group or the business partner (including its parent company and major subsidiaries, etc.).
4. A person who receives a large amount of donation (Note 4) from the Group (if the person receiving such large amount of donation is an organization such as corporation or union, an executive thereof).
(Note 4) A “large amount of donation” means a donation whose total amount exceeds the higher of 10 million yen or 2% of the total revenue of the organization on an average of the most recent three years.
5. An executive of a company in which an executive of the Group is elected as an officer.
6. A person who has been a principal partner in charge of the audit services (Note 5) of the Group executed by an auditing firm as the Accounting Auditor of the Group in the most recent three years.
(Note 5) A “principal partner in charge of the audit services” means:
 - (1) Engagement partner of the audit services
 - (2) Reviewer of the audit services
 - (3) Any other person who makes significant decision or judgment with regard to important matters of the audit services
7. A person rendering professional services, such as a certified public accountant, attorney-at-law, consultant who does not fall under 6 above and receives a large amount of money and/or other property (Note 6) other than compensation as an officer (however, in the event that the recipient of the said property is an organization such as corporation or union, a person who belongs to the organization).
(Note 6) A “large amount of money and/or other property” means total amount of 10 million yen or more of money and/or property benefits a year on an average of the most recent three years in the case of individuals; and an amount of 2% or more of total revenue of the organization on an average of the most recent three years in the case of organizations.
8. A spouse, relative within the second degree of kinship or a relative within the same household of a person who falls under any of items 1 through 7 (however, in the case of employee, this applies only to an important employee (Note 7)).
(Note 7) An “important employee” means an employee who holds the post of general manager of a division or higher.
9. Revision or abolition of these standards shall be by resolution of the Board of Directors.

Proposal 4: Establishment of a Compensation Limit for the Performance-Linked Stock Compensation System for Directors Due to the Amendment of the Companies Act

1. Reasons for proposal and justification

At the 110th Annual General Meeting of Shareholders held on March 23, 2017, the Company received approval for the introduction of a performance-linked stock compensation system (hereinafter the “System”) for Directors of the Company (excluding Outside Directors; same applies hereinafter unless explicitly stated) (hereinafter, the resolution made at the aforementioned Annual General Meeting of Shareholders shall be referred to as the “original resolution”). However, with the enforcement of the Act Partially Amending the Companies Act (Act No. 70 of 2019) on March 1, 2021, this proposal is to seek approval for the establishment of a new compensation limit for performance-linked stock compensation for Directors in place of the compensation limit under the System for current Directors.

The proposal is a procedural matter accompanying the amendment of legislation and does not constitute an increase in the substantial compensation limit compared to the original resolution. Similarly to the original resolution, the objective of the proposal is to further enhance Directors’ awareness of contribution toward enhancing the medium- to long-term corporate value of the Company through clarification of the linkage between the compensation of Directors, and the Company’s business execution and share value, so that Directors share with shareholders not only the benefits from rising share prices, but also the risks associated with falling share prices. For this reason, the Company considers this proposal reasonable.

The proposal is to seek approval for the amount of compensation, etc. distributed to the Company’s Directors under the System, which is separate from the amount of Directors’ remuneration (within ¥180 million annually, excluding employee salaries) resolved at the 100th Annual General Meeting of Shareholders on March 29, 2007, and specific details. Details of the System shall be decided by the Board of Directors within the limitations stated in 2., as follows.

Further, the number of target Directors is currently 3, and in the event that Proposal 2 is approved, the number of target Directors will be 3.

It should be further noted that the resolution of this proposal will become retroactively effective as of March 1, 2021.

2. Amount of compensation, etc. and specific details related to the System

(1) Overview of the System

The System is a performance-linked stock compensation system whereby the Company’s shares are acquired through a trust (hereinafter the “Trust” if referring to the trust set up based on the System) using monetary assets of the Company as capital, and the acquired shares and money in the amount equivalent to the fair value of a certain portion of the Company’s shares as of the retirement date (hereinafter the “Company’s shares, etc.”) are granted to Directors in accordance with the predetermined Stock Benefit Regulations. In principle, the Company’s shares, etc. are provided to Directors at the time of retirement from a position of Director of the Company.

(2) Beneficiaries of the System Directors (excluding Outside Directors)

(3) Amount of Trust

The Company has introduced the System into the 5-year period from the fiscal year ended December 31, 2017 to the fiscal year ending December 31, 2021 (this 5-year period and every subsequent period of 5 fiscal years are hereinafter all referred to as “Target Periods”) and all subsequent Target Periods. As funds for acquiring shares necessary for granting benefits to Directors under the System for the current Target Period, the Company has contributed the amount of ¥140 million, against the upper limit of contribution to the trust of ¥175 million, and set up the Trust with the Directors who fulfill the requirements as beneficiaries. The Trust has acquired 495,200 shares in the Company for the current Target Period using the funds contributed by the Company.

It should be noted that, even after the elapse of the current Target Period, the System will continue for each subsequent 5-year period, and the Company will contribute an extra amount of ¥175 million maximum to the Trust for every subsequent Target Period until the termination of the System. However, when an additional contribution is to be made and there are Company shares (excluding the Company’s shares that are equivalent to the number of points granted to Directors but yet to be granted) and money (hereinafter the “Residual shares, etc.”) remaining in the Trust on the last day of the Target Period immediately preceding the Target Period in which the additional contribution is to be made, the sum of

the amount of the Residual shares, etc. (with Company shares calculated by book value as of the last day of the preceding Target Period) and the additional contribution must be within the limit approved in this proposal. The Company must conduct proper and timely disclosure when a decision for additional contributions is made.

(4) Method of acquiring the Company's shares and the number of shares to be acquired by the Trust

Acquisition of shares in the Company by the Trust shall be conducted through the stock market or purchasing disposed treasury shares of the Company using the funds contributed by the Company in (3) above as capital.

Because the upper limit on the number of points to be granted to Directors per business year is 124,000 points, the upper limit on the number of shares in the Company that the Trust will acquire in each Target Period will be 620,000 shares.

(5) Upper limit of the number of the Company's shares, etc., to be granted to Directors subject to the System and method of calculating that number

For each fiscal year, Directors shall be granted a certain number of points reflecting their positions, degree of attainment of performance targets, etc., in accordance with the Stock Benefit Regulations. The upper limit of the total number of points granted to Directors in a single fiscal year shall be 124,000 points. The Company has taken into consideration the level of remuneration current Directors receive, fluctuations in the number of Directors, as well as forecasts, etc., and deemed the decision reasonable.

The points granted to Directors shall be exchanged at a rate of one share of the Company's common stock for one point in the grant of the Company's shares, etc. as set forth in (6) below. (However, in the event that the Company conducts a stock split, gratuitous allotment or a consolidation of its shares after the approval of this proposal, reasonable adjustments shall be made to the upper limits of points and to the points which are already granted or to the ratio of exchange accordingly.)

The ratio of the number of shares equivalent to the upper limit of the number of points granted to Directors per business year (124,000 shares) to the total number of issued shares (as of December 31, 2020; after exclusion of treasury shares) is approximately 0.2%.

The number of points which will be the basis for determining the Company's shares, etc. to be granted to Directors, as stated in (6) below, shall be calculated by aggregating all the points granted to Directors up to the time of retirement in principle (points calculated in such a manner shall be referred to as the "Final Number of Points").

(6) Grant of the Company's shares, etc.

In principle, when a Director retires and fulfills the beneficiary requirements stated in the Stock Benefit Regulations, they shall be granted, from the Trust, Company shares with a number equivalent to their "Final Number of Points" as stated in (5) after their retirement. However, according to the Stock Benefit Regulations, a certain percentage of the points must be converted to cash equivalent to the market value of the Company's shares in place of granting those shares. To prepare for payment in cash, sales of Company shares through the Trust may occur.

Even if a Director has been granted points, the Director may not be entitled to a grant of shares after discussion in the Nomination and Remuneration Committee and a resolution by the Board of Directors, in the event that a resolution for the dismissal of that Director is made at the General Meeting of Shareholders, the Director has resigned mid-term by reason of certain illegal acts, or there has been an inappropriate act that has caused damage to the Company.

(7) Handling of dividends

Dividends associated with the Company's shares within the Trust shall be received by the Trust and allocated to the capital for the acquisition of the Company's shares and Trust fees to be paid to trustees associated with the Trust, among others. Dividends that remain in the Trust upon termination of the Trust, in accordance with the Stock Benefit Regulations, shall be divided among Directors in office at that time, according to their points.