

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Stock Exchange Code: 3341
June 4, 2021

To Shareholders with Voting Rights:

Yosuke Mitsuhashi
President & CEO
NIHON CHOUZAI Co., Ltd.
1-9-1, Marunouchi, Chiyoda-ku, Tokyo

**NOTICE OF
THE 41st ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

The 41st Annual General Meeting of Shareholders of NIHON CHOUZAI Co., Ltd. (the “Company”) will be held for the purposes as described below.

In light of the current situation in which people are requested to refrain from going out and take other measures to prevent the spread of COVID-19, the meeting will be held upon implementing appropriate measures to prevent infection.

In a bid to avoid the risk of COVID-19 infections, we would like to ask that all shareholders exercise their voting rights in advance in writing or via the Internet, etc., and refrain from coming to the venue to attend the meeting. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights no later than 6:00 p.m. on Wednesday, June 23, 2021, Japan time.

- 1. Date and Time:** Thursday, June 24, 2021, at 10:00 a.m. Japan time
(Reception will start at 9:15 a.m.)
- 2. Place:** 6F Conference room, Station Conference Tokyo at Sapia Tower located at
1-7-12, Marunouchi, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company’s 41st Fiscal Year (April 1, 2020 - March 31, 2021) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 41st Fiscal Year (April 1, 2020 - March 31, 2021)

Proposals to be resolved:

- Proposal 1:** Distribution of Surplus
- Proposal 2:** Election of Ten Directors (excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal 3:** Election of One Substitute Director Who Is an Audit & Supervisory Committee Member
- Proposal 4:** Final Payment as a Result of Abolition of Retirement Benefits Plan for Directors
- Proposal 5:** Determination of Amount and Details of the New Stock-based Remuneration, etc. for Directors
- Proposal 6:** Payment of Bonuses to Directors

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Should the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (URL: <https://www.nicho.co.jp/>) on the Internet.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Distribution of Surplus

The Company proposes to appropriate surplus as follows.

Matters related to year-end dividend

The Company considers the return of profits an important management issue and has made it a basic policy to return the maximum amount of profit to shareholders according to business results each period, giving due consideration to ensuring that the Company has the internal reserves necessary for future growth.

Under this policy, the year-end dividend for this year is proposed to be as follows:

- 1) Type of dividend property
Cash
- 2) Items related to the allocation of dividend property to shareholders and its total amount
12.50 yen per common share of the Company
In this case, total amount of dividend will be 374,836,575 yen.
- 3) Date the distribution of surplus comes into effect
June 25, 2021

Proposal 2: Election of Ten Directors (excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of all nine Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders.

Accordingly, in order to strengthen the management structure, we propose the election of ten Directors (excluding Directors who are Audit & Supervisory Committee members), an increase of one Director. Additionally, regarding this proposal, the Audit & Supervisory Committee of the Company has judged that all of the candidates for Directors are qualified for the position.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee members) are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Yosuke Mitsuhara (February 5, 1976) [Reappointment]	September 1999 Joined the Company April 2001 General Manager of Corporate Planning Department January 2005 Director of Nihon Generic Co., Ltd. April 2006 General Manager of Sales Promotion Department October 2006 Director of Medical Resources Co., Ltd. June 2007 Director, General Manager of Business Promotion Department June 2010 Resigned the Director June 2013 Director of Japan Medical Research Institute Co., Ltd. June 2014 Director of the Company June 2014 Director of Nihon Generic Co., Ltd. June 2015 Managing Director of the Company June 2017 Senior Managing Director June 2019 President & CEO (to present) June 2019 President & CEO of Medical Resource Co., Ltd. (to present) June 2019 President & CEO of Nihon Generic Co., Ltd. (to present) June 2019 President & CEO of Japan Medical Research Institute Co., Ltd. (to present) June 2019 Chairman of the Board of Choseido Pharmaceutical Co., Ltd. (to present)	6,640,000
[Reason for nomination as candidate for Director] After joining the Company in 1999, Mr. Yosuke Mitsuhara has served as General Manager of Corporate Planning Department, General Manager of Sales Promotion Department, and Director of the Company and its affiliated companies. Currently, as President & CEO of the Company, he is demonstrating leadership as the Chief Executive Officer of the Company, such as by advancing the separation of drug prescribing and dispensing, which has been upheld since the Company's founding. As he has knowledge regarding overall corporate management, the Company has renominated him as a candidate for Director.			
2	Katsuhiko Fukai (December 18, 1954) [Reappointment]	May 1994 Joined the Company April 1995 Manager of Pharmaceutical Department, Kyushu Branch June 2006 Branch Manager of Kyushu Branch March 2008 General Manager of Pharmaceutical Headquarters June 2008 Director, General Manager of Pharmaceutical Headquarters April 2012 Director, Manager of Pharmaceutical Headquarters June 2012 Resigned the Director June 2012 Manager of Pharmaceutical Headquarters June 2013 Director, General Manager of Contract Dispensing Service Department June 2015 Managing Director, General Manager of Contract Dispensing Service Department January 2019 Managing Director (to present)	5,500
[Responsibilities and significant concurrent positions] In charge of medical care cooperation and business development			
[Reason for nomination as candidate for Director] After joining the Company in 1994, Mr. Katsuhiko Fukai has mainly engaged in pharmacy management and administrative operations, and has served as General Manager of Pharmaceutical Headquarters. He is currently serving as the officer in charge of medical care cooperation and business development in his capacity as Managing Director. As he has extensive work experience at the Company and knowledge regarding pharmacy administration and management operations, the Company has renominated him as a candidate for Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
3	Naoto Kasai (May 16, 1962) [Reappointment]	April 2013	Joined the Company	3,300
		April 2013	Manager of Sales Management Department	
		October 2013	General Manager of Sales Promotion Department	
		June 2015	Director, General Manager of Sales Promotion Department	
		April 2016	Director, General Manager of Sales Management Department	
		June 2016	Managing Director, General Manager of Sales Management Department	
		April 2020	Managing Director (to present)	
		[Responsibilities and significant concurrent positions] In charge of sales management, sales development, and corporate information		
		[Reason for nomination as candidate for Director] After joining the Company in 2013, Mr. Naoto Kasai has mainly engaged in pharmacy development operations, and has served as General Manager of Sales Promotion Department. He is currently serving as the officer in charge of sales management, sales development, and corporate information in his capacity as Managing Director. As he has extensive track record of developing pharmacies at the Company and knowledge regarding administration and management of overall pharmacy development of the Company, the Company has renominated him as a candidate for Director.		
4	Noriaki Miyata (October 1, 1963) [Reappointment]	January 1992	Joined the Company	920
		April 2004	Branch Manager, Manager of Sales Department, Osaka Branch	
		April 2007	General Manager of Sales Management Department	
		June 2007	Director, General Manager of Sales Management Department	
		April 2016	Director, General Manager of Sales Promotion Department (to present)	
		[Responsibilities and significant concurrent positions] General Manager of Sales Promotion Department, in charge of sales promotion and MC-Mentaio (medical center/near the station and in the shopping district) sales		
		[Reason for nomination as candidate for Director] After joining the Company in 1992, Mr. Noriaki Miyata has mainly engaged in pharmacy development operations, and has served as Branch Manager of Osaka Branch and General Manager of Sales Management Department. He is currently serving as the officer in charge of sales promotion and MC-Mentaio (medical center/near the station and in the shopping district) sales in his capacity as Director and General Manager of Sales Promotion Department. As he has extensive track record of developing pharmacies at the Company and knowledge regarding administration and management of overall pharmacy development of the Company, the Company has renominated him as a candidate for Director.		
5	Toshiyuki Koyanagi (April 8, 1963) [Reappointment]	July 1990	Joined the Company	7,960
		April 2000	Manager of Pharmaceutical Department, Tohoku Branch	
		December 2004	General Manager of East Japan Pharmaceutical Headquarters	
		December 2009	General Manager of Purchasing Department, Pharmaceutical Headquarters	
		April 2012	General Manager of Pharmaceutical Headquarters and General Manager of Purchasing Department, Pharmaceutical Headquarters	
		June 2012	Director, General Manager of Pharmaceutical Headquarters and General Manager of Purchasing Department, Pharmaceutical Headquarters	
		January 2014	Director, General Manager of Pharmaceutical Headquarters (to present)	
		[Responsibilities and significant concurrent positions] General Manager of Pharmaceutical Headquarters, in charge of pharmaceuticals administration, pharmaceuticals administration promotion, education and information, promotion of generic products, purchasing, at-home medical care, healthcare promotion, marketing, pharmaceuticals planning, and branch management		
		[Reason for nomination as candidate for Director] After joining the Company in 1990, Mr. Toshiyuki Koyanagi has mainly engaged in pharmacy management and administrative operations, and has served as General Manager of Pharmaceutical Headquarters and General Manager of Purchasing Department, Pharmaceutical Headquarters. He is currently serving as the officer in charge of pharmaceuticals administration, pharmaceuticals administration promotion, education and information, promotion of generic products, purchasing, at-home medical care, healthcare promotion, marketing, pharmaceuticals planning, and branch management in his capacity as Director and General Manager of Pharmaceutical Headquarters. As he has extensive work experience at the Company and knowledge regarding pharmacy administration and management operations, the Company has renominated him as a candidate for Director.		

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
6	Kazunori Ogi (November 14, 1966) [Reappointment]	May 2008	Joined the Company	9,400
		May 2008	Deputy General Manager of Finance Department	
		April 2009	Manager of Finance Department	
		April 2015	General Manager of Finance Department	
		June 2015	Director, General Manager of Finance Department (to present)	
		June 2015	Director of Medical Resource Co., Ltd. (to present)	
		[Responsibilities and significant concurrent positions] General Manager of Finance Department, in charge of accounting, finance, systems, and corporate planning		
		[Reason for nomination as candidate for Director] After joining the Company in 2008, Mr. Kazunori Ogi has mainly engaged in finance and accounting operations. He is currently serving as the officer in charge of accounting, finance, systems, and corporate planning in his capacity as Director and General Manager of Finance Department, as well as Director of an affiliated company. As he has extensive work experience at the Company and knowledge regarding the Company's administration and management operations, the Company has renominated him as a candidate for Director.		
7	Yoshihisa Fujimoto (September 10, 1958) [Reappointment]	January 2011	Joined the Company	12,700
		January 2011	General Manager of Sales Department for Public Institutions	
		October 2013	General Manager of General Affairs Department	
		June 2016	Director, General Manager of Administration Department and General Affairs Department	
		April 2019	Director, General Manager of Administration Department (to present)	
		[Responsibilities and significant concurrent positions] General Manager of Administration Department; in charge of general affairs, human resources, Pharmaceutical Recruitment Center, public relations, private health insurance, risk management, and compliance management; and CSO		
		[Reason for nomination as candidate for Director] After joining the Company in 2011, Mr. Yoshihisa Fujimoto has engaged in pharmacy development operations as General Manager of Sales Department for Public Institutions. Subsequently, he has served as General Manager of General Affairs Department, and is currently serving as the officer in charge of general affairs, human resources, Pharmaceutical Recruitment Center, public relations, private health insurance, risk management, and compliance management and CSO in his capacity as Director and General Manager of Administration Department. As he has a wide variety of work experience at the Company and knowledge regarding the Company's administration and management operations, the Company has renominated him as a candidate for Director.		
8	Keiso Masuhara (November 5, 1951) [Reappointment]	July 2001	Director of Department of Pharmacy of St. Marianna University Hospital	700
		February 2006	Director of Department of Pharmacy of Kawasaki Municipal Tama Hospital	
		April 2007	Visiting Professor of Pharmacy and Health Science at Graduate School of Showa Pharmaceutical University Graduate School	
		May 2017	Visiting Professor of St. Marianna University	
		August 2017	Joined Japan Medical Research Institute Co., Ltd.	
		August 2017	General Manager of the Hospital Consulting Group of Japan Medical Research Institute Co., Ltd.	
		June 2018	Director of Japan Medical Research Institute Co., Ltd.	
		April 2019	General Manager of Formulary Business Promotion Department of the Company	
		June 2019	Director, General Manager of Formulary Business Promotion Department	
		June 2020	Director, General Manager of FINDAT Business Department (to present)	
		[Responsibilities and significant concurrent positions] General Manager of FINDAT Business Department, in charge of FINDAT business		
		[Reason for nomination as candidate for Director] Mr. Keiso Masuhara has a track record of promoting the use of generic drugs at university hospitals and other institutions. After joining the Company in 2019, he has served as General Manager of Formulary Business Promotion Department, and is currently serving as the officer in charge of FINDAT business in his capacity as Director and General Manager of FINDAT Business Department. As he has knowledge regarding activities to spread formularies to medical institutions and regional communities, in which the Company is making efforts, the Company has renominated him as a candidate for Director.		

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held				
9	Yoshimitsu Onji (November 1, 1954) [Reappointment] [Outside] [Independent]	April 1977 April 1994 September 1998 December 1999 March 2000 June 2007 June 2010 October 2016 December 2016 March 2018 June 2018 December 2019 June 2020	Joined The Daiei, Inc. General Manager of Corporate Planning Department of The Daiei, Inc. Executive Vice President of RE PARTNERS Representative Director of OZ-corporation (to present) Executive Officer of Office RECOF Co., Ltd. (currently RECOF Corporation) Director and Senior Executive Officer of RECOF Corporation President and CEO of RECOF Corporation Chairman of the Board of RECOF Corporation Director of M&A Capital Partners Co., Ltd. Outside Director of Tokyo Tatemono Co., Ltd. (to present) Outside Director of the Company (to present) Outside Auditor of United Foods International Co., Ltd. (to present) Outside Director of Sotetsu Holdings Inc. (to present)	0			
		[Responsibilities and significant concurrent positions] Representative Director of OZ-corporation Outside Director of Tokyo Tatemono Co., Ltd. Outside Auditor of United Foods International Co., Ltd. Outside Director of Sotetsu Holdings Inc.					
		[Reason for nomination as candidate for Outside Director and a summary of expected roles] Mr. Yoshimitsu Onji is expected to contribute to the enhancement of the Company's governance structure by leveraging his extensive experience and wide-ranging insight as a corporate manager. Accordingly, the Company has renominated him as a candidate for Outside Director. His term of office will be three years at the conclusion of this General Meeting of Shareholders.					
		10	Mikiharu Noma (November 6, 1974) [New appointment] [Outside] [Independent]		April 2002 October 2003 October 2004 April 2007 June 2016 April 2019 June 2019 December 2019 April 2021	Lecturer of Faculty of Economics and Business Administration of Yokohama City University Assistant Professor of Faculty of Economics and Business Administration of Yokohama City University Assistant Professor of Graduate School of International Corporate Strategy (ICS) of Hitotsubashi University Associate Professor of Graduate School of International Corporate Strategy (ICS), Hitotsubashi University Outside Director of BANDAI NAMCO Holdings Inc. (to present) Professor of Graduate School of Business Administration, Hitotsubashi University Business School (to present) Outside Auditor of Nice Holdings, Inc. (currently Nice Corporation) (to present) Outside Audit & Supervisory Board Member of DarWin Capital Partners Ltd. (to present) Business Adviser of BANDAI NAMCO Entertainment Inc. (to present)	0
					[Responsibilities and significant concurrent positions] Outside Director of BANDAI NAMCO Holdings Inc. Professor of Graduate School of Business Administration, Hitotsubashi University Business School Outside Auditor of Nice Corporation Outside Audit & Supervisory Board Member of DarWin Capital Partners Ltd. Business Adviser of BANDAI NAMCO Entertainment Inc.		
					[Reason for nomination as candidate for Outside Director and a summary of expected roles] Mr. Mikiharu Noma is conducting research and educational activities on finance and accounting as well as corporate value assessment as a professor at a university, and he is expected to contribute to the improvement of the Company's corporate value by leveraging his expert scholarship and experience. Accordingly, the Company has nominated him as a new candidate for Outside Director.		

- (Notes)
1. There are no special interests between the candidates and the Company.
 2. "Number of shares of the Company held" is the number of shares as of March 31, 2021.
 3. Mr. Yoshimitsu Onji has entered into an agreement with the Company in accordance with the Company's Articles of

Incorporation to limit his liability for damages to the amount stipulated by laws and regulations. If his election is approved, the Company plans to continue the said liability limitation agreement.

4. If the election of Mr. Mikiharu Noma is approved, the Company plans to enter into a liability limitation agreement to limit his liability for damages to the amount stipulated by laws and regulations.
5. The Company does not plan to enter into indemnification agreements with the candidates regarding expenses as stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act or losses as stipulated in Item 2 of the said Paragraph.
6. The Company has entered into a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers compensation for damages and litigation expenses that an individual insured person incurs in the event that a claim for damages is made against the insured during the insurance period due to an act committed by the insured in his/her capacity as such. The candidates will become the insured persons under the insurance contract.

Proposal 3: Election of One Substitute Director Who Is an Audit & Supervisory Committee Member

In order to prepare for cases where a vacancy results in a shortfall in the number of Directors who are Audit & Supervisory Committee members prescribed by laws and regulations, the Company proposes the election of one Substitute Director who is an Audit & Supervisory Committee member.

Furthermore, only before Ms. Shio Harada assumes office, the Board of Directors may, by its resolution upon approval of the Audit & Supervisory Committee, cancel the resolution of this proposal.

Additionally, the Audit & Supervisory Committee has previously given its approval to this proposal.

The candidate for a Substitute Director who is an Audit & Supervisory Committee member is as follows:

Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
Shio Harada (May 3, 1974)	April 2000 Registered as attorney (Daini Tokyo Bar Association) April 2000 Joined MINORI SOGO LAW OFFICE August 2012 Opened Shiki-no-Kaze Law Group April 2015 Civil Conciliation Commissioner of Tokyo District Court (to present) April 2016 Specially Appointed Professor of RIKKYO UNIVERSITY Law School April 2020 Lecturer in the area of civil affairs at Legal Training and Research Institute (to present)	0
[Reason for nomination as candidate for Substitute Outside Director who is an Audit & Supervisory Committee member and a summary of expected roles] The Company expects Ms. Shio Harada to utilize her extensive experience and deep insight as an attorney in the Company's management.		

- (Notes)
1. There are no special interests between the candidate and the Company.
 2. Ms. Shio Harada is a candidate for Substitute Outside Director who is an Audit & Supervisory Committee member.
 3. If Ms. Shio Harada assumes the office of Outside Director who is an Audit & Supervisory Committee member, the Company plans to enter into a liability limitation agreement, in accordance with the Company's Articles of Incorporation, to limit her liability for damages to the amount stipulated by laws and regulations.
 4. The Company does not plan to enter into an indemnification agreement with Ms. Shio Harada regarding expenses as stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act or losses as stipulated in Item 2 of the said Paragraph.
 5. The Company has entered into a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers compensation for damages and litigation expenses that an individual insured person incurs in the event that a claim for damages is made against the insured during the insurance period due to an act committed by the insured in his/her capacity as such. If Ms. Shio Harada assumes the office of Outside Director who is an Audit & Supervisory Committee member, she will become the insured person under the insurance contract.

Proposal 4: Final Payment as a Result of Abolition of Retirement Benefits Plan for Directors

The Company has recently reviewed its executive remuneration system, and resolved at a meeting of the Board of Directors held on May 19, 2021, to abolish the retirement benefits plan for Directors at the conclusion of this year's Annual General Meeting of Shareholders.

In conjunction, subject to the approval of Proposal 2 "Election of Ten Directors (excluding Directors Who Are Audit & Supervisory Committee Members)" as originally proposed, the Company proposes to make a final payment of retirement benefits for the eight Directors (excluding Outside Directors) who are scheduled to be reappointed and one Director who is a full-time Audit & Supervisory Committee member for their terms of office from their appointment to the conclusion of this year's Annual General Meeting of Shareholders within a reasonable amount in accordance with the Company's established standards, in order to reward their past contributions.

Furthermore, the Company proposes that the specific amount, the timing of payment, the method of payment, and other matters be left to the determination of the Board of Directors regarding payment to each of the Directors (excluding Directors who are Audit & Supervisory Committee members), and to the determination by discussions among the Directors who are Audit & Supervisory Committee members regarding payment to the Director who is a full-time Audit & Supervisory Committee member.

The content of this proposal is to make a final payment to abolish the retirement benefits plan for Directors in conjunction with the review of the executive remuneration system in line with the Decision-making Policy Pertaining to the Contents of Individual Remuneration, etc. for Directors (refer to page 28 of the Japanese version of Business Report for an overview) established by the Company at a meeting of the Board of Directors held on February 15, 2021. As the Company has received a report from the Nomination and Compensation Committee, comprised of a majority of Independent Outside Directors, that it has deemed the proposal appropriate upon a multifaceted examination, the Company believes the proposal is reasonable.

The past experiences of Directors eligible for the final payment is as follows:

Name	Past experience	
Yosuke Mitsuhashi	June 2014	Director of the Company
	June 2015	Managing Director
	June 2017	Senior Managing Director
	June 2019	President & CEO (to present)
Katsuhiko Fukai	June 2013	Director of the Company
	June 2015	Managing Director (to present)
Naoto Kasai	June 2015	Director of the Company
	June 2016	Managing Director (to present)
Noriaki Miyata	June 2007	Director of the Company (to present)
Toshiyuki Koyanagi	June 2012	Director of the Company (to present)
Kazunori Ogi	June 2015	Director of the Company (to present)
Yoshihisa Fujimoto	June 2016	Director of the Company (to present)
Keiso Masuhara	June 2019	Director of the Company (to present)
Nobuyuki Hatakeyama	June 2018	Director (Audit & Supervisory Committee member) of the Company (to present)

Proposal 5: Determination of Amount and Details of the New Stock-based Remuneration, etc. for Directors

1. Reasons for the proposal and reasons the remuneration system is appropriate

Remuneration for the Company's Directors was comprised of "basic remuneration," "bonuses to directors," and "retirement benefits," but we have reviewed the executive remuneration system and decided to abolish the retirement benefits plan for Directors.

On the other hand, the Company proposes to introduce a new stock-based remuneration plan (the "Plan") for its Directors (excluding Outside Directors and non-residents of Japan, the same shall apply hereinafter in this proposal) that will deliver to each Director a number of the Company's shares according to his or her position, etc.

This proposal requests approval for the stock-based remuneration to be paid to Directors, separate from the maximum remuneration payable to Directors (1,000 million yen annually, of which 20 million yen annually for Outside Directors, not including amounts provided for employment of Directors concurrently serving as employees) as approved at the 36th Annual General Meeting of Shareholders held on June 28, 2016, and Proposal 6 "Payment of Bonuses to Directors."

The purpose of introduction of the Plan is to raise Directors' motivation to contribute to improving medium- and long-term business performance and enhancing corporate value. The content of this proposal is to pay stock-based remuneration to Directors in line with the Decision-making Policy Pertaining to the Contents of Individual Remuneration, etc. for Directors (refer to page 28 of the Japanese version of Business Report for an overview) established by the Company at a meeting of the Board of Directors held on February 15, 2021. As the Company has received a report from the Nomination and Compensation Committee, whose majority of members is Independent Outside Directors, that it has deemed the proposal appropriate upon a multifaceted examination, the Company believes the proposal is reasonable.

If the Proposal 2 "Election of Ten Directors (excluding Directors Who Are Audit & Supervisory Committee Members)" is approved as originally proposed, the number of Directors subject to the Plan will be eight.

2. Amount and details of remuneration, etc. under the Plan

(1) Outline of the Plan

The Plan is a stock-based remuneration plan under which the Company's shares will be acquired through a trust using remuneration for Directors contributed by the Company as the source and the Company's shares and money equivalent to the amount after being converted from shares to cash (the "Company Shares, etc.") will be delivered and paid (the "Delivery, etc.") to Directors. (See (2) and further for details.)

1) Persons eligible for the Delivery, etc. of the Company Shares, etc. in the Plan	<ul style="list-style-type: none"> Directors of the Company (excluding Directors who are Audit & Supervisory Committee members, Outside Directors, and non-residents of Japan)
2) Impact that the Company's shares subject to the Plan will have on the total number of outstanding shares of the Company	
Upper limit of cash contributed by the Company (as stated in (2) below)	<ul style="list-style-type: none"> 87 million yen for three business years
Method of acquisition of the Company's shares (as stated in (2) below) and upper limit of the Company's shares for the Delivery, etc. to Directors (as stated in (3) below)	<ul style="list-style-type: none"> The Company's shares will be acquired from the stock market or from the Company (disposal of treasury stock) The upper limit of points to be delivered to Directors is 15,000 points (equivalent to 15,000 shares) per business year The ratio of the number of shares equivalent to the upper limit of points to be delivered to Directors in a business year to the total number of outstanding shares (as of March 31, 2021, excluding treasury stock) is approximately 0.05%.
3) Time of the Delivery, etc. of the Company Shares, etc. (as stated in (4) below)	<ul style="list-style-type: none"> When the Directors resign, in principle

(2) Upper limit of cash contributed by the Company

The Plan will be applicable to the three consecutive business years (the first round will be applicable to the three business years from the business year ending on March 31, 2022, to the business year ending on March 31, 2024. If an extension of the trust period is made as stated below, it shall be applicable to the three consecutive business years thereafter; hereinafter, the “Eligible Period.”)

For each Eligible Period, the Company will contribute cash within the upper limit amount of 87 million yen as a remuneration for Directors of the Company, and set a trust (the “Trust”) with a trust period of three years (including extensions of the trust period as stated below; the same hereinafter) with Directors who satisfy the beneficiary conditions as beneficiaries. The Trust, under direction of the trust administrator, will acquire shares of the Company from the stock market or from the Company (disposal of treasury stock), using entrusted cash. The Company will give points to Directors (as stated in (3) below) during the trust period.

At the expiration of the trust period of the Trust, by modifying the trust agreement and making additional contributions in the Trust in lieu of setting a new trust, the Trust may be continued. In such a case, the trust period of the Trust will be extended by three years and the Eligible Period will be the three consecutive business years after the extension of the trust period. The Company will, within the limit of 87 million yen, make additional contributions for each extended trust period, and continue to give points to Directors during the extended trust period.

However, in the case that the Company’s shares (excluding the Company’s shares corresponding to the points given to Directors that have not been delivered) and cash (collectively the “Remaining Company Shares, etc.”) remain within the trust assets as of the final day of the trust period prior to extension, additional contributions will be made so that the amount of the Remaining Company Shares, etc. and the additional cash contributed by the Company will be within the limit of 87 million yen in total.

Furthermore, at the expiration of the trust period, if there are Directors in office who may meet the beneficiary conditions, although points will not be given to Directors thereafter, the trust period of the Trust will be extended until the completion of Delivery, etc. of the Company Shares, etc. to such Directors, provided that the extension will be limited to a maximum of ten years.

(3) Calculation method and upper limit of the number of the Company Shares, etc. for the Delivery, etc. to Directors

In principle, a certain number of points will be given to those who were in office of Director between the period from July 1 of the previous year to an Annual General Meeting of Shareholders (the “Eligible Tenure”) according to the basic remuneration, number of months in office, and position during the Eligible Tenure. Company Shares, etc. will be Delivered, etc. to Directors at the time of their retirement according to the cumulative number of points (the “Number of Cumulative Points”). The Company may add a certain percentage (up to 30%) to the Number of Cumulative Points for Directors who are deemed to have made particularly remarkable achievements during their term of office, after deliberation by the Nomination and Compensation Committee.

One point shall be equivalent to one share of the Company’s shares. However, if an event in which it is deemed fair to make adjustments to points, such as a stock split or consolidation of the Company’s shares, occurs during the trust period, the number of the Company’s shares per point will be adjusted according to the split ratio, consolidation ratio, etc.

The upper limit of the total number of points to be given to Directors shall be 15,000 points per business year. This upper limit on points is set based on the upper limit of cash contributed by the Company in the above (2), referring to the past stock prices and other factors.

(4) Timing of the Delivery, etc. of the Company Shares, etc. to Directors

The Delivery, etc. will be made to Directors who satisfy beneficiary conditions when the Directors retire, based on the number of Company Shares, etc. calculated based on (3) above. At this time, the Directors will receive a delivery of shares of the Company for 70% of the Number of Cumulative Points (shares of less than one trading unit will be rounded down), and concerning the remainder, upon conversion within the Trust, the Directors will receive money equivalent to the amount after being converted from shares to cash.

In case of the passing of a Director in the middle of the term of office, the heir to the Director receives the cash equivalent to the shares of the Company that correspond to the Number of Cumulative Points, which have been allocated to such individual up to that time, after converting all of the shares within the Trust. Additionally, if a Director becomes a non-resident of Japan due to an overseas assignment, the

Director receives the cash equivalent to the shares of the Company that correspond to the Number of Cumulative Points, after converting all of the shares within the Trust.

(5) Voting rights for shares of the Company

Concerning the shares of the Company within the Trust, in order to secure objectivity in management, voting rights will not be exercised during the trust period.

(6) Treatment of distribution of surplus for the Company's shares under the Trust

Distribution of surplus related to the Company's shares under the Trust will be paid to the Trust, and allocated to trust fees and trust expenses. If, after the allocation to trust fees and expenses, residual assets remain at the expiry of the Trust, the portion exceeding the allowances for trust expenses will be donated to organizations that have no vested interest with the Company and its Directors.

(7) Other contents of the Plan

Other contents regarding the Plan shall be determined by the discretion of the Board of Directors each time the Trust is set, the trust agreement is modified, or additional contribution to the Trust is made.

Concerning details of the Plan, please refer to the press release "Notice Regarding the Abolition of Retirement Benefits Plan for Directors and Introduction of a Stock-based Remuneration Plan" dated May 19, 2021.

Proposal 6: Payment of Bonuses to Directors

In order to reward contributions to the business performance for the fiscal year under review, taking into consideration the profit for the fiscal year under review, previous amounts of bonuses to directors, and various other factors, the Company proposes to pay a bonus of a total amount of 4,615 million yen for the eight Directors, excluding Audit & Supervisory Committee members and Outside Directors, serving at the end of the fiscal year under review.

Furthermore, the Company proposes that the amount to be paid to each Director, the timing of payment, and other matters be left to the determination of the Board of Directors.

The content of this proposal is to pay a bonus for Directors in charge of business execution as performance-linked remuneration in order to raise their motivation to contribute to the improvement of business performance for each business year, in line with the Decision-making Policy Pertaining to the Contents of Individual Remuneration, etc. for Directors (For its outline, please refer to page 28 of the Business Report.) established by the Company at a meeting of the Board of Directors held on February 15, 2021. As the Company has received a report from the Nomination and Compensation Committee, whose majority of members is Independent Outside Directors, that it has deemed the proposal appropriate upon a multifaceted examination, the Company believes the proposal is reasonable.