

TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice has been translated from the original Japanese text of the timely disclose statement and is for reference purpose only. In the event of any discrepancy between the original Japanese and this translation, the Japanese text shall prevail.

May 11, 2021

To whom it may concern

Company Name: **Asahi Holdings, Inc.**
Representative: Tomoya Higashiura, President & CEO
(Code: 5857, First Section of the Tokyo Stock Exchange)
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Notice on Continuation and Partial Revision of Performance-based Stock Compensation Plan

This is to announce that Asahi Holdings, Inc. (hereinafter, “the Company”) resolved at its Board of Directors’ meeting held today to submit a resolution (hereinafter, “the Resolution”) on the continuation and partial revision of the Performance-based stock compensation plan (hereinafter, “the Plan”), which was introduced in fiscal year ended March 31, 2016, to the 12th Annual General Meeting of Shareholders (hereinafter, “the Shareholders’ Meeting”) to be convened on June 15, 2021. The details are as follows:

1. Continuation of the Plan

- (1) The Company has decided to submit the Resolution for approval to the Shareholders’ Meeting with the purpose of achieving higher motivation among the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) to further improve the Group performance and enhance corporate value.
- (2) The continuation of the Plan is conditioned on the approval of the Shareholders’ Meeting.
- (3) The Plan has adopted an arrangement called the Executive Compensation BIP (Board Incentive Plan) trust (hereinafter, the “Trust”). The trust period of the Trust shall be extended to enable the continuation of the Plan beyond fiscal year ending March 31, 2022.

2. Partial revision of the Plan

In line with the continuation of the Plan, partial revisions shall be made to the conventional plan as shown below. For details on the Plan prior to revision, please refer to the “Notification of the Continuation and partial revision of the Performance-based stock compensation plan” dated May 8, 2018.

(1) Maximum monetary contribution to be made by the Company

Under the Plan, the Company is scheduled to seek approval of a resolution to acquire the Company’s shares from the stock market or the Company (disposition of treasury shares) as contribution to the Trust in the form of compensation to Directors within an upper limit of JPY330 million, with 120,000 shares designated for Directors who meet certain criteria as beneficiaries for each Target Period, over three business years from the year ending March 31, 2022 to the year ending March 31, 2024 (hereinafter, “the Target Period”). If such a resolution is approved, the monetary contribution that can be made to the Trust will be subject to the upper limit shown.

The upper limit of monetary contribution refers to the total amount of funds that can be used to acquire shares by the Trust and the trust fees and trust expenses incurred during the Target Period.

Upon the expiration of the trust period of the Trust, the Trust may be continued by amending the trust agreement and establishing an additional trust in place of creating a new Trust, in which case, the trust period of the Trust shall be extended for three years. In the event that the trust period is extended, each of the subsequent three business years shall be deemed the Target Period. The Company will make an additional contribution within the range of JPY330 million for each trust period that has been extended and continue to grant points to the Directors while the Trust will continue to issue the Company’s shares during the period of extension. However, in the case of additional contribution, when there are Company’s shares (excluding the Company’s shares equivalent to the points issued to Directors that are yet to be granted) and cash (hereinafter, collectively referred to as “Remaining Shares, etc.”) remaining in the trust assets at the time of extension, the total value of the Remaining Shares, etc. and the monetary contribution by the Company shall not exceed JPY330 million.

(2) Calculation method and maximum number of the Company's shares that can be issued to Directors

In principle, the Company will grant points to Directors in May of each year during the trust period based on their position during the business year that ended on March 31 of the same year, the achievement of targets for consolidated operating income performance and individual evaluation, etc. in the respective business year, and other factors. The Company's shares will be issued in accordance with the points accumulated as of May 31 that falls immediately after the end of the Target Period.

One point is equivalent to one common share of the Company. In the event of a stock split, reverse stock split or any other event that would justify point adjustment, the number of the Company's shares per point shall be adjusted in accordance with the stock split ratio, reverse stock split ratio, etc.

The Company plans to seek approval of the resolution that would limit the total number of points to be granted to Directors in each business year to 40,000 points. If such a resolution is approved, the number of points to be granted to Directors will be subject to such limits.

In addition, the total number of the Company's shares to be granted to Directors during the Target Period shall be limited to 120,000 shares.

(3) Base Points and Performance-linked Factor

The number of points to be granted to Directors in each business year during the trust period is determined by the following formula:

[Calculation Formula]

"Base Points" defined in (1) below multiplied by "Performance-linked Factor" defined in (2) below multiplied by "Appraisal Coefficient" (*) as stipulated in the stock issue regulations.

(1) Base Points

Base points allotted to Directors in the target business year are as follows:

Position of the Director	Base Points
Director of the Company	6,400 points

(2) Performance-linked Factor

The Performance-linked Factor shall be based on the percentage of performance target achievement for "consolidated operating profits" in each business year as follows:

Percentage of performance target achievement	Performance-linked Factor
100% or higher	1.0
50% or higher	0.5
Less than 50%	0

(*) The "Appraisal Coefficient" shall be determined on the basis of the results of individual evaluation of Directors in accordance with stock issue regulations.

(4) Method and timing of the issue of the Company's shares to Directors

The number of the Company's shares as calculated in accordance with (2) and (3) above shall be issued from the Trust to Directors, who meet the criteria as beneficiaries, in August that falls immediately after the end of the Target Period.

[Reference]

●Content of Trust Agreement

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| (1) Type of trust | Money trust other than individually operated designated money trust (Third-party beneficiary trust) |
| (2) Purpose of trust | To grant incentives to Directors |
| (3) Settlor | The Company |
| (4) Trustee | Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.) |
| (5) Beneficiaries | Directors who meet the criteria as beneficiaries |
| (6) Trust administrator | A third party with no vested interest in the Company (certified public accountant) |
| (7) Trust agreement date | February 2, 2016 (to be changed to August 2021) |
| (8) Trust period | February 2, 2016 - August 31, 2021
(To be extended to August 31, 2024 following an amendment to the trust agreement in August 2021) |
| (9) Plan launch date | February 2, 2016 |
| (10) Exercise of voting rights | The Company shall not exercise the rights. |
| (11) Type of shares to be acquired | Common shares of the Company |
| (12) Maximum value of shares to be acquired | JPY330 million (including trust fees and trust expenses) |
| (13) Timing of share acquisition | Early August 2021 - September 17, 2021 (scheduled) |
| (14) Method of share acquisition | To be acquired from the stock market |
| (15) Rights holder | The Company |
| (16) Residual assets | Any residual rights entitled to the Company, the rights holder, shall be limited to the provision for trust expenses remaining after deducting for stock purchases from the trust fund. |