



May 12, 2022

To our shareholders:

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|----------------|---|
| Company | Onward Holdings Co., Ltd. |
| Representative | Michinobu Yasumoto, President and CEO (Securities code: 8016 Prime Market of Tokyo Stock Exchange) |
| Inquiries | Osamu Sato, Director in charge of Finance, Accounting, Investor Relations (TEL: +81-3-4512-1030) |

Explanation Relating to Agenda Item for 75th Annual General Meeting of Shareholders

Thank you very much for your continued support.

It has come to our attention that the voting advisory firm Institutional Shareholder Services Inc. (“ISS”) recommends voting against Agenda Item No. 3 “Election of Six (6) Directors” at the 75th Annual General Meeting of Shareholders to be held on May 26, 2022.

In light of this, we have opted to provide the following supplementary explanation of said agenda item for your review.

1. Details of the ISS recommendation to vote against the proposal

ISS has established quantitative guidelines stating that it recommends voting against the election of directors if the value of the cross shareholdings of the company concerned accounts for 20% or more of consolidated net assets. In this particular case, ISS is recommending against the election of Michinobu Yasumoto, a candidate for director, because said ratio for the Company as of the end of fiscal 2020 conflicted with the abovementioned quantitative guidelines.

2. Supplementary explanation concerning the Company’s cross shareholdings

The Company has established a policy regarding cross shareholdings, and based on this policy, the Company reviews shareholdings on an annual basis. During fiscal 2021, the Company sold off cross shareholdings in 10 companies. As a result, the ratio of the value of the cross shareholdings of the Company decreased to 15.4% of consolidated net assets, down 5.4 percentage points from the previous year.

(1) The Company's policy regarding cross-shareholdings

The Company holds shares in business partners as cross shareholdings as a way to build stable and long-term business relationships and reinforce business transactions. The Company's basic policy, however, is to reduce holdings in companies for which the meaningfulness of holding shares is deemed to be not necessarily sufficient.

(2) Number of companies invested in for purposes other than pure investment, and amounts recorded on balance sheets

| | Fiscal 2018 72nd period | Fiscal 2019 73rd period | Fiscal 2020 74th period | Fiscal 2021 75th period |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| No. of companies invested in | 40 | 39 | 30 | 20 |
| Of these, listed companies | 30 | 29 | 23 | 14 |
| ① Total amount recorded on balance sheets (million yen) | 15,816 | 11,369 | 12,384 | 11,928 |
| ② Consolidated net assets (million yen) | 162,210 | 94,036 | 59,509 | 77,257 |
| ③ Ratio of cross-shareholdings value to consolidated net assets (%) (①÷②) | 9.8 | 12.1 | 20.8 | 15.4 |