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Securities Code: 8168

April 28, 2023

To our shareholders:

Koji Jitsukawa, President

Keiyo Co., Ltd.

1-28-1 Mitsuwadai, Wakaba-ku, Chiba City, Chiba

Notice of the 85th Annual General Meeting of Shareholders

We are pleased to announce the 85th Annual General Meeting of Shareholders of Keiyo Co., Ltd. (the “Company”), which will be held as described below.

When the Company convenes a general meeting of shareholders, it takes measures for providing materials for the general meeting of shareholders in electronic format, and posts items for which the measures for providing information in electronic format are to be taken as the “Notice of the 85th Annual General Meeting of Shareholders” on the Company’s website. Please access the Company’s website by using the internet address shown below to review the information.

Company’s website: https://www.keiyo.co.jp/ir/general_meeting/ (in Japanese)

Apart from the Company’s website above, the Company also posts items for which the measures for providing information in electronic format are to be taken on the Tokyo Stock Exchange (TSE) website. Please access the following TSE website (Listed Company Search), enter and search for the issue name (Keiyo Co., Ltd.) or the securities code (8168), select “Basic information” and then “Documents for public inspection/PR information” to review the materials.

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

Instead of attending the meeting in person, you may exercise your voting rights either in writing (by postal mail) or via the internet and other means. If you intend to do so, please review the Reference Documents for the General Meeting of Shareholders on pages 3 through 22 and exercise your voting rights by Monday, May 22, 2023 (no later than 6:00 p.m.) (JST).

- 1. Date and Time:** Tuesday, May 23, 2023 at 10:00 a.m. (JST)
- 2. Venue:** Large Conference Hall, Conference Hall, Keiyo Head Office,
1-28-1 Mitsuwadai, Wakaba-ku, Chiba City, Chiba
- 3. Purposes:**
- Items to be reported:** Business Report and Financial Statements for the 85th Term (from March 1, 2022 to February 28, 2023)
- Items to be resolved:**
- <Company Proposals: Proposal No. 1 to Proposal No. 4>**
- Proposal No. 1** Appropriation of Surplus
- Proposal No. 2** Amendment to the Articles of Incorporation
- Proposal No. 3** Election of Five Directors (Excluding Audit and Supervisory Committee Members)
- Proposal No. 4** Election of Three Directors Who Are Audit and Supervisory Committee Members
- <Shareholder Proposals: Proposal No. 5 to Proposal No. 7>**
- Proposal No. 5** Amendment to the Articles of Incorporation (Sale of Cross-Shareholdings)
- Proposal No. 6** Acquisition of Treasury Shares
- Proposal No. 7** Amendment to the Articles of Incorporation (Disclosure of Cost of Capital)

4. Notes on the Exercise of Voting Rights

- (1) If there is no indication of approval or disapproval for each proposal, it will be treated as an indication of “approval” for the Company proposals and “disapproval” for shareholder proposals.
- (2) If you exercise your voting rights both in writing (by postal mail) and via the internet and other means, we will treat the exercise of voting rights via the internet and other means as the valid exercise of voting rights. If you exercise your voting rights more than once via the internet and other means, we will treat the last vote as the valid vote.

5. Regarding the General Meeting of Shareholders Venue

The number of seats at the General Meeting of Shareholders venue is limited. We appreciate your understanding in advance.

Even if you attend in person, you are requested to bring the Voting Rights Exercise Form to the venue and hand it in at reception. We apologize for the inconvenience, but request your cooperation in this matter. Please be aware that, should there be an amendment to the items for which the measures for providing information in electronic format are to be taken, a notice shall be published to that effect with items before and after the amendment on the website of the Company (URL: <https://www.keiyo.co.jp/> (in Japanese)) and the TSE website.

Reference Documents for the General Meeting of Shareholders

<Company Proposals (Proposal No. 1 to Proposal No. 4)>

Company Proposals

Proposal No. 1 Appropriation of Surplus

As the Company marked its 70th anniversary in May 2022, we propose a year-end dividend of ¥7.25 per share for the 85th fiscal year, consisting of an ordinary dividend of ¥6.25 per share plus a commemorative dividend of ¥1.00 per share, in response to the support of our shareholders to date.

Accordingly, including the interim dividend of ¥7.25 per share, the annual dividend for the fiscal year will be ¥14.5 per share.

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property and their aggregate amount
¥7.25 per common share of the Company
Total payment: ¥422,768,714
- (3) Effective date of dividends of surplus
May 24, 2023

Company Proposals

Proposal No. 2 Amendment to the Articles of Incorporation

1. Reasons for the proposal

(1) Amendment of business purpose

To prepare for the future development of the Company's business activities, the business purpose is to be added to Article 2 (Purpose) of the current Articles of Incorporation.

(2) Deletion of Countermeasures to Large-Scale Acquisitions of Shares

The "Countermeasures to Large-Scale Acquisitions of the Company's Shares (Takeover Defense Measures)" (hereinafter the "Plan") will expire at the conclusion of the 85th Ordinary General Meeting of Shareholders to be held on May 23, 2023. As the Plan was not continued but abolished at the meeting of the Board of Directors of the Company held on February 7, 2023, the relevant Article 16 (Countermeasures to Large-Scale Acquisitions of Shares) is to be deleted. Accordingly, Article 17 onward in the current Articles of Incorporation shall each be moved up by one Article. Please refer to the "Discontinuation (Abolition) of Countermeasures to Large-Scale Acquisitions of the Company's Shares (Takeover Defense Measures)" separately disclosed as of February 7, 2023 regarding the discontinuation of the Plan.

2. Details of the Amendment

The details of the amendment are as follows:

(The underlined parts indicate the proposed amendments.)

| Current Articles of Incorporation | Proposed amendments |
|--|--|
| Chapter I General Provisions Article 1 (Text omitted) | Chapter I General Provisions Article 1 (Unchanged) |
| Article 2 (Purpose) The purpose of the Company shall be to engage in the following business activities: 1. Sales of petroleum products, sales of automobiles and other vehicles and their parts and accessories, as well as maintenance and sheet metal painting of various vehicles 2. Sales of building materials, paints, lumber, hardware, tools and equipment, and housing-related products, <u>as well as design management and contracted construction of building projects</u> 3. Sales of household electrical appliances, oil appliances, gas appliances, fire extinguishers, furniture and furnishings, and interior decorations 4. Sales of household goods, daily sundries, clothing, shoes, footwear, purses, bags, rain gear, and bedding 5. Sales of pharmaceuticals, quasi-drugs, medical equipment, cosmetics, measuring instruments and precision instruments, and management of pharmacies 6. Sales of animals, veterinary medicines, pet products, plants, gardening products, fertilizers, feed, fuel, pesticides, and poisonous and deleterious substances | Article 2 (Purpose) The purpose of the Company shall be to engage in the following business activities: 1. Sales of petroleum products, sales of automobiles and other vehicles and their parts and accessories, as well as maintenance and sheet metal painting of various vehicles 2. Sales of building materials, paints, lumber, hardware, tools and equipment, and housing-related products 3. Sales of household electrical appliances, oil appliances, gas appliances, fire extinguishers, furniture and furnishings, and interior decorations 4. Sales of household goods, daily sundries, clothing, shoes, footwear, purses, bags, rain gear, and bedding 5. Sales of pharmaceuticals, quasi-drugs, medical equipment, cosmetics, measuring instruments and precision instruments, and management of pharmacies 6. Sales of animals, veterinary medicines, pet products, plants, gardening products, fertilizers, feed, fuel, pesticides, and poisonous and deleterious substances |

| Current Articles of Incorporation | Proposed amendments |
|---|--|
| 7. Sales of sporting goods, fishing equipment, musical instruments, tapes, records, books, paper, stationery, office machinery and equipment, toys, and other recreational goods | 7. Sales of sporting goods, fishing equipment, musical instruments, tapes, records, books, paper, stationery, office machinery and equipment, toys, <u>bicycles</u> , and other recreational goods |
| 8. Sales of precious metals, jewelry, glasses, watches, camera equipment, and arts and crafts, as well as photo development and various types of key cutting | 8. Sales of precious metals, jewelry, glasses, watches, camera equipment, arts and crafts, <u>antiques, tombstones, and monuments</u> , as well as photo development and various types of key cutting |
| 9. Sales of foods, alcohol, and beverages as well as grains, salt, cigarettes, stamps and revenue stamps (Newly established) | 9. Sales of foods, alcohol, and beverages as well as grains, salt, cigarettes, stamps and revenue stamps |
| 10. Consulting services and sales business through the franchise chain system related to the preceding items | <u>10. Rental, import/export, and consignment intermediary services for products mentioned in the preceding items and other related products</u> |
| 11. Small-scale transportation and travel agency business | <u>11. Consulting services and sales business through the franchise chain system related to the preceding items</u> |
| 12. Real estate leasing, sales, brokerage, and parking lot management | <u>12. General motor truck transportation, consigned freight forwarding, and warehousing business</u> |
| 13. Non-life insurance and insurance agency business based on the Act on Securing Compensation for Automobile Accidents | <u>13. Real estate leasing, sales, brokerage, building maintenance, security services, parking lot management, and general and industrial waste disposal services</u> |
| 14. Intermediary services for satellite and cable broadcasting subscriptions | <u>14. Travel agency business, advertising agency business, life insurance solicitation business, non-life insurance and insurance agency business based on the Act on Securing Compensation for Automobile Accidents, welfare equipment rental business, nursing care support business, as well as general worker dispatch business</u> |
| 15. Agency business related to the collection and payment processing of public utility fees such as gas and electricity, as well as debt collection business (Newly established) | <u>15. Intermediary services for satellite and cable broadcasting subscriptions</u> |
| (Newly established) | <u>16. Agency business related to the collection and payment processing of public utility fees such as gas and electricity, as well as debt collection business</u> |
| (Newly established) | <u>17. Installation and construction of products, contracting of residential expansion and remodeling, as well as design, supervision, and construction of architecture, civil engineering, and landscaping projects</u> |
| (Newly established) | <u>18. Hairdressing and beauty, cleaning, printing, and copying services</u> |
| (Newly established) | <u>19. Management of restaurants, cafes, amusement facilities, parking lots, sports facilities, supermarkets, convenience stores, pharmacies, medical facilities, and cultural facilities</u> |
| (Newly established) | <u>20. Business related to power generation and sales</u> |
| 16. All businesses incidental to the preceding items. Articles 3 – 15 (Text omitted) | <u>21. Money lending, intermediary for money lending and borrowing, and credit card handling business</u> <u>22. Investment and management business related to securities</u> <u>23. All businesses incidental to the preceding items.</u> Articles 3 – 15 (Unchanged) |

| Current Articles of Incorporation | Proposed amendments |
|---|---|
| <p data-bbox="194 230 788 286"><u>Article 16 (Countermeasures to Large-Scale Acquisitions of Shares)</u></p> <ol style="list-style-type: none"> <li data-bbox="210 293 788 488">1. <u>The Company may, by a resolution of the General Meeting of Shareholders, establish countermeasures (takeover defense measures) (as defined in paragraph 4, hereinafter the “Countermeasures”) against large-scale acquisitions of the Company’s shares, which are designed to ensure and enhance corporate value and, in turn, the common interests of shareholders.</u> <li data-bbox="210 495 788 936">2. <u>As part of the Countermeasures, the Company may determine matters in relation to the allocation of share acquisition rights, and may establish the following matters as the contents of the share acquisition rights</u> <ol style="list-style-type: none"> <li data-bbox="258 600 788 689">1) <u>Certain parties set forth in the Countermeasures (hereinafter the “Specific Purchaser, etc.”) may not exercise share acquisition rights.</u> <li data-bbox="258 696 788 801">2) <u>The Company may acquire share acquisition rights only from parties other than the Specific Purchasers, etc. and deliver shares of the Company in exchange for such rights.</u> <li data-bbox="258 808 788 936">3) <u>The Company may acquire share acquisition rights from the Specific Purchasers, etc. and deliver shares of the Company, share acquisition rights, corporate bonds, cash, or other compensation in exchange for such rights.</u> <li data-bbox="210 943 788 1077">3. <u>The Company may abolish or amend the Countermeasures by a resolution of either the General Meeting of Shareholders or the Board of Directors even before the expiration of the effective period of the Countermeasures.</u> <li data-bbox="210 1084 788 1339">4. <u>The Countermeasures refer to countermeasures taken by the Company to make it difficult for a takeover bid to be successful. They include issuing new shares or share acquisition rights without the primary purpose of fundraising or other business purposes, and are established prior to any large-scale acquisition or proposed acquisition of the company’s shares by a party who may pose a risk to the corporate value and the shared interests of shareholders.</u> <p data-bbox="341 1373 644 1406" style="text-align: center;">Articles <u>17</u> – <u>37</u> (Text omitted)</p> | <p data-bbox="1054 230 1145 264" style="text-align: center;">(Deleted)</p> <p data-bbox="959 1373 1246 1406" style="text-align: center;">Articles <u>16</u> – <u>36</u> (Unchanged)</p> |

Company Proposals

Proposal No. 3 Election of Five Directors (Excluding Audit and Supervisory Committee Members)

The terms of office of all six Directors will expire at the conclusion of this meeting.

Therefore, the Company proposes the election of five Directors (excluding Audit and Supervisory Committee Members), reducing the number of Directors by one so that the Board of Directors can make flexible decisions.

With regard to the nomination of candidates for Director, the deliberation of a Nomination and Remuneration Committee, with an outside Director as its Chair and with outside Directors composing at least half of its membership, is sought, and the outcome of the said Committee's examination is respected.

The candidates for Director are as follows:

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|---|-------------------------------------|--|--------------------------------------|
| 1 | Koji Jitsukawa (October 1, 1959) | <p>Apr. 1984 Joined the Company</p> <p>Jan. 2009 Executive Officer and General Manager of Development Division</p> <p>Jan. 2010 Executive Officer and General Manager of Corporate Planning Department</p> <p>May 2010 Director and General Manager of Corporate Planning Department</p> <p>June 2011 Director, General Manager of Office of the President, and General Manager of Public Relations Department</p> <p>May 2012 Managing Director, General Manager of Office of the President, and General Manager of Public Relations Department</p> <p>Aug. 2012 Managing Director and General Manager of Office of the President</p> <p>Jan. 2014 Managing Director, General Manager of Office of the President, and in charge of financial affairs</p> <p>Feb. 2015 Managing Director, General Manager of Office of the President, and in charge of financial affairs and compliance</p> <p>Mar. 2017 Representative Director and Senior Managing Director, General Manager of Office of the President, and in charge of compliance</p> <p>Feb. 2018 Representative Director and Senior Managing Director, and General Manager of Sales Division</p> <p>May 2022 President (current position)</p> <p>May 2022 Director of DCM Holdings Co., Ltd. (current position)</p> <p>[Significant concurrent positions outside the Company] Director of DCM Holdings Co., Ltd.</p> | 95,728 |
| <p>[Reasons for nomination as candidate for Director]</p> <p>Koji Jitsukawa possesses extensive knowledge and experience with regard to corporate management and business strategy, having, for example, served as a Director in the Corporate Planning Department and as General Manager of Office of the President, and has been responsible for the Company's management as Representative Director and Senior Managing Director since 2017 and as President since 2022. In addition, he fulfills a central role in the equity and business alliance we have with DCM Holdings Co., Ltd. Having determined that he can provide strong leadership in the future, we have nominated him once again as a candidate for Director in order to realize the Company's second medium-term management plan.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|---|--------------------------------------|---|--------------------------------------|
| 2 | Mitsuo Nakazawa (October 2, 1969) | <p>June 1993 Joined the Company</p> <p>Nov. 2010 General Manager of No. 4 Merchandise Department</p> <p>Jan. 2012 No. 2 Group Manager of Merchandise Division</p> <p>Aug. 2013 General Manager of No. 4 Merchandise Department</p> <p>Jan. 2014 General Manager of No. 7 Merchandise Department</p> <p>Aug. 2014 General Manager of Sales Promotion Department</p> <p>July 2015 Supervising General Manager of Merchandise Planning Department</p> <p>Sept. 2015 Executive Officer and Supervising General Manager of Merchandise Planning Department</p> <p>Feb. 2018 Executive Officer, Deputy General Manager of Sales Division, and Supervising General Manager of Merchandise Plan Promotion Department</p> <p>May 2018 Director, Deputy General Manager of Sales Division, and Supervising General Manager of Merchandise Plan Promotion Department</p> <p>Feb. 2021 Director, Deputy General Manager of Sales Division, Supervising General Manager of Merchandise Department, and General Manager of Merchandise SV Department</p> <p>Sept. 2021 Director, Deputy General Manager of Sales Division, and Supervising General Manager of Merchandise Department</p> <p>May 2022 Managing Director, General Manager of Sales Division, and Supervising General Manager of Merchandise Department</p> <p>Mar. 2023 Senior Managing Director, General Manager of Sales Division, and Supervising General Manager of Merchandise Department (current position)</p> | 38,763 |
| <p>[Reasons for nomination as candidate for Director]</p> <p>Mitsuo Nakazawa possesses extensive experience and knowledge in sales, having worked as Supervising General Manager of Merchandise Planning Department and Deputy General Manager of Sales Division, and currently supervises our entire sales as Senior Managing Director, General Manager of Sales Division, and Supervising General Manager of Merchandise Department. He has also fulfilled a central role in sales measures to create synergistic effects with DCM Holdings Co., Ltd. Having determined him to be a valuable asset to execute sales measures for the continued sustainable growth of the Company and improvement of corporate value over the medium to long term, we have decided to nominate him once again as a candidate for Director.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|---|--|---|--------------------------------------|
| 3 | Keiichi Kitamura (January 26, 1974) | <p>Apr. 1996 Joined the Company</p> <p>Aug. 2012 General Manager of Corporate Planning Department and General Manager of Public Relations Department</p> <p>Feb. 2013 Manager of Sales Planning Department</p> <p>Jan. 2015 General Manager of Corporate Planning Department and General Manager of Public Relations Department</p> <p>June 2016 Executive Officer, General Manager of Corporate Planning Department, and General Manager of Public Relations Department</p> <p>May 2018 Director, General Manager of Corporate Planning Department, and General Manager of Public Relations Department</p> <p>Feb. 2019 Director, Supervising General Manager of Corporate Planning Department, and General Manager of Public Relations Department</p> <p>May 2022 Director, General Manager of Administration Division, Supervising General Manager of Corporate Planning Department, and General Manager of Public Relations Department</p> <p>Mar. 2023 Managing Director, General Manager of Administration Division, Supervising General Manager of Corporate Planning Department, and General Manager of Public Relations Department (current position)</p> | 27,442 |
| <p>[Reasons for nomination as candidate for Director]</p> <p>Keiichi Kitamura possesses extensive knowledge and experience with regard to corporate management and business strategy, having worked as Supervising General Manager of Corporate Planning Department and Manager of Sales Planning Department, and currently acts as Managing Director, General Manager of Administration Division, and Supervising General Manager of Corporate Planning Department. He has also fulfilled a central role in the equity and business alliance to create synergistic effects with DCM Holdings Co., Ltd., and, having determined him to be a valuable asset for the sustainable growth of the Company and improvement of corporate value over the medium to long term, we have nominated him once again as a candidate for Director.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|--|--|--|--------------------------------------|
| 4 | Toshimitsu Shimizu (November 1, 1963) | <p>Mar. 1986 Joined Ishiguro Store Co., Ltd. (current DCM Co., Ltd.)</p> <p>Mar. 2010 Division Senior Manager of Personnel Division of DCM Holdings Co., Ltd.</p> <p>May 2011 Director of Homac Corp. (current DCM Co., Ltd.)</p> <p>Mar. 2012 Executive Officer, Division Senior Manager of Personnel Division of DCM Holdings Co., Ltd.</p> <p>May 2015 Director Executive Officer in charge of General Affairs and Personnel, and Division Senior Manager of General Affairs and Personnel Division</p> <p>Mar. 2021 Director Executive Officer in charge of Internal Control, General Affairs, Stocks, and Public Relations</p> <p>Mar. 2021 Director and Vice President, Executive Manager of Administration Headquarters, Division Senior Manager of General Affairs and Personnel Division of DCM Co., Ltd.</p> <p>Jan. 2022 Representative Director and President of DCM Advanced Technologies, Co., Ltd. (current position)</p> <p>Mar. 2022 Director and Vice President, Executive Manager of Administration Headquarters of DCM Co., Ltd. (current position)</p> <p>May 2022 Director of the Company (current position)</p> <p>Mar. 2023 Director Executive Officer in charge of Internal Control, General Affairs, and Stocks of DCM Holdings Co., Ltd. (current position)</p> <p>Mar. 2023 Representative Director and President of XPRICE Inc. (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <ul style="list-style-type: none"> • Director Executive Officer in charge of Internal Control, General Affairs, and Stocks of DCM Holdings Co., Ltd. • Director and Vice President, Executive Manager of Administration Headquarters of DCM Co., Ltd. • Representative Director and President of DCM Advanced Technologies, Co., Ltd. • Representative Director and President of XPRICE Inc. | - |
| <p>[Reasons for nomination as candidate for Director]</p> <p>Toshimitsu Shimizu is in charge of Internal Control, General Affairs, and Stocks, and possesses extensive knowledge and experience with regard to corporate management at DCM Holdings Co., Ltd., with which the Company formed an equity and business alliance in January 2017, having also served as Director and Vice President of DCM Co., Ltd. For this reason, we have determined that he is able to provide timely and appropriate counsel on how to further increase synergistic effects with the Company, and have nominated him once again as a candidate for Director.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|--|------------------------------------|--|--------------------------------------|
| 5 | Tsukasa Ojima (August 24, 1963) | <p>Apr. 1986 Joined The Sanwa Bank, Limited (current MUFG Bank, Ltd.)</p> <p>Jan. 2005 General Manager of the Financial Corporation Group, Investment Banking Headquarters of Lehman Brothers Japan Inc.</p> <p>Oct. 2008 Managing Director of the Investment Banking Department of Nomura Securities Co., Ltd.</p> <p>June 2012 Executive Officer in charge of Investment Banking and Merchant Banking</p> <p>July 2014 Executive Officer in charge of Wealth Management</p> <p>June 2017 Director of Wealth Management, Inc.</p> <p>June 2018 Director, Vice President and Executive Officer</p> <p>June 2020 Director of OOTOYA Holdings Co., Ltd.</p> <p>June 2021 Advisor of AEON Co., Ltd.</p> <p>Mar. 2022 Global Head of Business Development and Branding (current position)</p> <p>May 2022 Director of the Company (current position)</p> <p>[Significant concurrent positions outside the Company] Global Head of Business Development and Branding of AEON Co., Ltd.</p> | - |
| <p>[Reasons for nomination as candidate for Director]</p> <p>Tsukasa Ojima possesses extensive knowledge and experience in corporate management, having worked as director of financial institutions and others and currently having served in such capacities as Global Head of Business Development and Branding of AEON Co., Ltd. For this reason, we have determined that he is able to provide timely and appropriate counsel for decision-making on the key management priorities of the Company, and have nominated him once again as a candidate for Director.</p> | | | |

- (Notes)
1. There is no special interest between any of the candidates and the Company.
 2. The Company has concluded limited liability agreements that limit liability for damages up to the amount stipulated by law with Toshimitsu Shimizu and Tsukasa Ojima. If this meeting sees the reelection of Toshimitsu Shimizu and Tsukasa Ojima, the Company plans to renew the aforementioned agreements with them.
 3. The Company has entered into a directors and officers liability insurance policy with an insurance company. In the event that an insured officer receives a claim for compensation for damages, etc. from the Company, its shareholders, investors, employees, or other third parties in connection with the execution of their duties during the insurance period, the insurance policy will cover the losses and costs to be incurred by the insured by way of compensation for damages, litigation expenses, etc. Additionally, each candidate will be included as an insured under the insurance policy. The Company plans to renew the policy under the same conditions at the next renewal.

Company Proposals**Proposal No. 4****Election of Three Directors Who Are Audit and Supervisory Committee Members**

The Company has elected five Directors who are Audit and Supervisory Committee Members, but the terms of office for three of them will expire at the conclusion of this meeting. Therefore, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

Candidates for the role of Director who is an Audit and Supervisory Committee Member are as follows:

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|---|---|--|--------------------------------------|
| 1 | * Kenjiro Terada (December 4, 1963) | <p>Apr. 1986 Joined the Company</p> <p>Jan. 2009 General Manager of Human Resources Department</p> <p>June 2009 Executive Officer and General Manager of Human Resources Department</p> <p>May 2011 Director, General Manager of Human Resources Division, and General Manager of Human Resources Department</p> <p>Aug. 2012 Director in charge of human resources and general affairs, and General Manager of Recruitment Department</p> <p>Aug. 2013 Director in charge of human resources, general affairs and systems, and General Manager of Recruitment Department</p> <p>Jan. 2015 Director in charge of human resources, general affairs and systems</p> <p>May 2016 Director and General Manager of Sales Planning Office</p> <p>Mar. 2017 Managing Director in charge of administration and General Manager of Human Resources Department</p> <p>Feb. 2018 Managing Director, General Manager of Office of the President, and General Manager of Administration Division</p> <p>Feb. 2019 Managing Director and General Manager of Administration Division</p> <p>Feb. 2020 Managing Director, General Manager of Administration Division, and in charge of compliance</p> <p>May 2022 Managing Director, General Manager of Human Resources Division, and in charge of compliance and associated companies</p> <p>Mar. 2023 Director in charge of compliance and associated companies (current position)</p> | 63,802 |
| <p>[Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member] Kenjiro Terada possesses extensive business experience and knowledge related to business management and compliance in the Company, having worked for a long time in the administrative departments for human resources, general affairs, and systems. As he possesses the knowledge and experience necessary for the sound and appropriate management of the Company, including the ability to provide proactive opinions and proposals from the perspective of management and compliance, we have determined that he would be able to appropriately perform his duties as an Audit and Supervisory Committee Member, and have nominated him as a candidate for Director who is an Audit and Supervisory Committee Member.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned | |
|---------------|---|--|---|---|
| 2 | Tsutomu Chinone (October 15, 1955) | Apr. 1979 | Joined The Joyo Bank, Ltd. | - |
| | | Apr. 2002 | General Manager of Oho Branch | |
| | | June 2009 | General Manager of Kencho Branch | |
| | | June 2011 | Executive Officer in charge of Sales Division | |
| | | June 2012 | Executive Officer and General Manager of Tsuchiura Branch | |
| | | June 2014 | Representative Director and President of Joyo Credit Co., Ltd. | |
| | | June 2017 | Representative Director and President of Joyo Industrial Research Institute Ltd. | |
| | | May 2021 | Outside Director (Audit and Supervisory Committee Member) of the Company (current position) | |
| | [Summary of reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member and expected roles] Tsutomu Chinone's many years of experience and knowledge at financial institutions, as well as his wide-ranging insight cultivated as a manager at an associated company, are expected to continue contributing to strengthening the supervision function of business execution and to provide advice and opinions from a wide-ranging management viewpoint. Therefore, we have determined that he is qualified as an independent officer. Although The Joyo Bank, Ltd. is a financial institution with which the Company has business relations, it is not a major business partner of the Company, and therefore, we have determined that there would be no conflict of interest with general shareholders in effect. Therefore, we have once again nominated him as a candidate for outside Director who is an Audit and Supervisory Committee Member. | | | |
| 3 | * Katsuyoshi Ota (Mar. 25, 1957) | Apr. 1979 | Joined The Chiba Bank, Ltd. | - |
| | | June 2007 | General Manager in charge of General Affairs Division | |
| | | June 2009 | General Manager in charge of Audit and Inspection Division | |
| | | Nov. 2011 | Auditor of Welfare And Medical Service Agency | |
| | | July 2018 | Executive Director of Chiba Bankers Association | |
| | [Summary of reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member and expected roles] Katsuyoshi Ota has experience and knowledge not only in financial operations but also in general affairs and auditing departments, as well as extensive experience and knowledge as an auditor at the Welfare And Medical Service Agency. He is expected to provide objective opinions from a neutral standpoint, and therefore we have determined that he is qualified as an independent officer. Although he is from a financial institution with which the Company has major business relations, it has been more than 11 years since he retired and he is not in a position to be influenced by the intentions of the company from which he retired, and therefore, we have determined that there would be no conflict of interest with general shareholders in effect. Therefore, we have nominated him as a new candidate for outside Director who is an Audit and Supervisory Committee Member. | | | |

- (Notes)
- * indicates a new candidate for Director who is an Audit and Supervisory Committee Member.
 - Together with the current Directors who are Audit and Supervisory Committee Members, Takehito Kato and Kazumi Yoshida, the Company plans to appoint an Audit and Supervisory Committee with a total of five members.
 - Tsutomu Chinone and Katsuyoshi Ota are candidates for outside Director. The Company's basic policy is to have at least one-third of its Directors as independent outside Directors, and if this proposal is approved and adopted, the ratio of independent outside Directors to the total number of Directors will indeed be at least one-third
 - The Company has submitted notification to the Tokyo Stock Exchange that Tsutomu Chinone has been designated as an independent officer as provided for by the aforementioned exchange. If the reelection of Tsutomu Chinone is approved, the Company plans for his designation as an independent officer to continue. In

- addition, Katsuyoshi Ota satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange, and if he is elected, the Company plans to appoint him as an independent officer.
5. Tsutomu Chinone is currently an outside Director who is an Audit and Supervisory Committee Member of the Company, and at the conclusion of this meeting, his tenure will have been two years.
 6. There is no special interest between any of the candidates for Director who is an Audit and Supervisory Committee Member and the Company.
 7. The Company plans to conclude limited liability agreements that limit liability for damages up to the amount stipulated by law with Kenjiro Terada and Katsuyoshi Ota, who are new candidates for outside Director who is an Audit and Supervisory Committee Member. The Company has concluded a limited liability agreement that limits liability for damages up to the amount stipulated by law with Tsutomu Chinone, who is a candidate for reelection as Director who is an Audit and Supervisory Committee Member. If this meeting sees the reelection of Tsutomu Chinone, the Company plans to renew the aforementioned agreement with him.
 8. The Company has entered into a directors and officers liability insurance policy with an insurance company. In the event that an insured officer receives a claim for compensation for damages, etc. from the Company, its shareholders, investors, employees, or other third parties in connection with the execution of their duties during the insurance period, the insurance policy will cover the losses and costs to be incurred by the insured by way of compensation for damages, litigation expenses, etc. Additionally, each candidate will be included as an insured under the insurance policy. The Company plans to renew the policy under the same conditions at the next renewal.

[Reference]

Skills Matrix of Directors (including Audit and Supervisory Committee Member) after this General Meeting of Shareholders

| Position | Name | Gender | Independence | Corporate management | Industry knowledge | Sales strategy | Finance | Human resources and labor management | Legal compliance | Sustainability and SDGs | DX and IT digital | Location development |
|--|--------------------|--------|--------------|----------------------|--------------------|----------------|---------|--------------------------------------|------------------|-------------------------|-------------------|----------------------|
| President | Koji Jitsukawa | Male | | • | • | • | • | | | | | • |
| Senior Managing Director | Mitsuo Nakazawa | Male | | | • | • | | | | • | • | • |
| Managing Director | Keiichi Kitamura | Male | | • | | • | • | | | • | • | |
| Director | Toshimitsu Shimizu | Male | | • | • | | | • | • | | | |
| | Tsukasa Ojima | Male | | • | | | • | | • | • | | |
| Director Audit and Supervisory Committee Member | Kenjiro Terada | Male | | | | | | • | • | | • | |
| | Tutomu Chinone | Male | Independent | • | | | • | | | • | | |
| | Takehito Kato | Male | Independent | • | | | • | | | • | | |
| | Kazumi Yoshida | Female | Independent | | | | • | • | • | | | |
| | Katsuyoshi Ota | Male | Independent | | | | • | | • | • | | |

<Shareholder Proposals> (Proposal No. 5 to Proposal No. 7)

Proposals No. 5 through No. 7 are proposals made by one shareholder.

The following are outlines of the proposals submitted by the proposing shareholder and the reasons for the proposals, etc. in their original wording except for formatting adjustments.

Shareholder Proposals

Proposal No. 5 Amendment to the Articles of Incorporation (Sale of Cross-Shareholdings)

The Board of Directors of the Company is against this proposal.

1. Proposal Outline

The following new chapter and article shall be added to the Articles of Incorporation of the Company. If any formal adjustment (including, but not limited to, correction of article numbers) is necessary to the chapter and article listed as this proposal due to the passage of other proposals (including those proposed by the Company) at this Annual General Meeting of Shareholders, the article pertaining to this proposal shall be interpreted as the article after the necessary adjustments have been made.

(Underlining indicates the proposed amendments.)

| Current Articles of Incorporation | Proposed amendments |
|-----------------------------------|--|
| (Newly established) | <u>Chapter VIII Sale of Cross-Shareholdings</u> <u>Article 38 (Sale of Cross-Shareholdings)</u> <u>The Company shall dispose of all of its cross-shareholdings by February 28, 2025.</u> |

2. Reasons for the proposal

On October 11, 2022, DCM Holdings Co., Ltd., the largest shareholder of the Company, purchased Company shares representing approximately 9% of the Company's shares on a voting rights basis in an off-market transaction for ¥1,300, 47% higher than the closing price on the same day. The proposing shareholder believes the high premium paid in the transaction is evidence that the Company's stock price has been discounted from its fair value which reflects its business strength, and that the primary reason for the discount is the cross-shareholdings held by the Company. According to the Company's Annual Securities Report for the 84th term (March 1, 2021-February 28, 2022), as of February 28, 2022, the Company held approximately ¥12.2 billion in cross-shareholdings, which amounted to approximately 30% of its net assets as of November 30, 2022.

The majority of cross-shareholdings (approximately ¥10.8 billion as of February 28, 2022) are shares of AEON Co., Ltd. The Company and AEON (formerly JUSCO Co., Ltd.) signed a business and capital tie-up agreement in 1991, but the purpose of the business tie-up, product development, has been in name only, and only a few of the Company's stores have opened within AEON. Instead, the Company has been strengthening its relationship with DCM, with whom it entered into a capital and business tie-up agreement in 2017. The Annual Securities Report for the 84th term states that the purpose of holding AEON shares is to gather information on the industry and competitors, but the proposing shareholder sees no rational reason for the Company, a professional group in the home improvement industry, to gather information on the industry and competitors by holding AEON shares worth over 20% of its net assets entrusted by its shareholders.

To begin with, cross-shareholdings are non-core assets with high volatility relative to their returns. As proposed and recommended in "Ito Review of Competitiveness and Incentives for Sustainable Growth - Building Favorable Relationships between Companies and Investors" (Ito Report), listed companies are required to raise awareness of the return on equity (ROE) level and cost of capital they should aim for

(p. 13), but the Company's cross-shareholdings have resulted in a cost of capital that exceeds business risks and an ROE that does not adequately reflect the earning power of its core business. In fact, if after-tax unrealized gains on cross-shareholdings are taken into account, as of March 17, 2023, the effective price-to-book ratio (PBR) is below 1x.

Therefore, in order to promptly reduce cross-shareholdings, the proposing shareholder proposes the establishment of a provision in the Articles of Incorporation requiring the Company to dispose of all cross-shareholdings by a certain deadline. In light of the liquidity of the Company's cross-shareholdings, a two-year sale period shall suffice.

<Opinion of the Board of Directors on Proposal No. 5>

Opinion of the Board of Directors

Opposed

The Board of Directors of the Company opposes this proposal for the following reasons.

The Company's basic policy is not to hold any cross-shareholdings unless the Company deems it meaningful to hold such stock, based on a comprehensive consideration of the maintenance of business relationships, individual transaction situations, and economic rationality. The Board of Directors will examine and verify the appropriateness of each holding, including the appropriateness of the purpose of the holding, and whether the benefits and risks associated with the holding are commensurate with the cost of capital, in addition to confirming the financial position and operating results of the company. The number of shares held will be reduced if their significance is insufficient or if they are not in line with the Company's capital policy.

In accordance with the above policy, the Company has sold all of its holdings (totaling ¥2,555 million) in eight stocks during the past five years.

Going forward, the Company will continue to examine and verify the significance of its holdings and sell off unneeded stock, in line with the second medium-term management plan announced on April 11, 2023.

This proposal calls for the establishment of a new provision in the Articles of Incorporation that all cross-shareholdings be disposed of by February 28, 2025. However, this may result in the forced disposal of stocks at low share prices in the market and of stocks that are expected to contribute to the enhancement of corporate value by maintaining business relationships, which may inhibit the maximization of shareholder returns.

In addition, since the Articles of Incorporation are the fundamental guidelines of a stock company, we believe that it is not appropriate to include a provision to dispose of assets by setting a uniform deadline in the Articles of Incorporation, as stated in this proposal.

For the above reasons, the Board of Directors of the Company is against this proposal.

Shareholder Proposals

Proposal No. 6 Acquisition of Treasury Shares

The Board of Directors of the Company is against this proposal.

1. Proposal Outline

Pursuant to provisions of Article 156, paragraph (1) of the Companies Act, within one year from the conclusion of this Annual General Meeting of Shareholders, the Company shall acquire 6,420,000 shares of its common stock at a total acquisition price of ¥5,240 million, or the maximum total acquisition price permitted under the Companies Act (if the Distributable Amount as defined in Article 461 of the Companies Act is less than such amount, the maximum total acquisition price permitted under the Companies Act), by way of cash payment.

2. Reasons for the proposal

The Company invests approximately 30% of its net assets entrusted by shareholders to cross-shareholdings. However, the Company's cross-shareholdings have resulted in a cost of capital that exceeds business risks and an ROE that does not adequately reflect the earning power of its core business. If after-tax unrealized gains on cross-shareholdings are taken into account, as of March 17, 2023, the effective PBR is below 1x, which is damaging shareholder value.

In the "Summary of Discussions on Measures to Improve the Effectiveness of the Market Restructuring," released by the Tokyo Stock Exchange on January 30, 2023, it was stated that "In Japan, there are many cases where management is unaware of the cost of capital and stock price. It is necessary to improve management's awareness and literacy of these concepts and allow autonomy in corporate management functions," and "First, TSE could encourage management to properly identify the company's cost of capital and capital efficiency, evaluate those statuses and its stock price and market capitalization, and disclose policies and specific initiatives for improvement as necessary. This could be a catalyst for promoting dialogue with investors and improving management literacy." Furthermore, "In particular, companies with a PBR consistently below 1x (i.e., not achieving capital efficiency in excess of their cost of capital, or achieving capital efficiency in excess of their cost of capital but future growth potential is not adequately expected by investors) should be required to disclose their policies and specific initiatives for improvement."

Furthermore, the "TSE's Future Actions in Response to the Summary of Discussions of the Follow-up Council" released by the Tokyo Stock Exchange on the same day states "Require that management and the board of directors properly identify the company's cost of capital and capital efficiency, evaluate those statuses and its stock price and market capitalization, and disclose policies and specific initiatives for improvement and the progress thereof as necessary." and "Especially for companies that clearly need to improve, such as those with a PBR consistently below 1x."

With respect to the Company, the proposing shareholder believes that the Company's effective PBR is in ongoing danger of falling below 1x due to the preservation of its cross-shareholdings, and that the acquisition of treasury stock, financed by the cash obtained from the sale of cross-shareholdings, would result in an ROE reflecting the Company's business strength and cost of capital reflecting the risks of the same business.

As noted above, the Company's cross-shareholdings can be sold within the next two years, and the total acquisition price represents almost half of the after-tax cash that would be generated by the sale of cross-shareholdings. Given the liquidity of the Company's stock, the total number of treasury shares proposed to be acquired is large enough for the market to absorb in one year.

<Opinion of the Board of Directors on Proposal No. 6>

Opinion of the Board of Directors

Opposed

The Board of Directors of the Company opposes this proposal for the following reasons.

Regarding the distribution of profits to shareholders, the Company's basic policy is to pay stable and continuous dividends while taking into consideration trends in business performance and financial conditions and maintaining a balance with internal reserves necessary for future business expansion; to pay dividends from surplus twice a year, an interim dividend and a year-end dividend; and to increase dividends in line with increases in earnings per share based on stable dividends. The Company also recognizes the acquisition of treasury stock as an option for shareholder return, and has repurchased over ¥5.8 billion of treasury stock in the past two fiscal years, for a total return ratio of 100.6% over the two fiscal years. On the other hand, under the Company's first medium-term management plan (through FY2022), it has achieved a significant improvement in profits by promoting collaboration through a capital and business tie-up with DCM Holdings Co., Ltd.

Therefore, as its next growth strategy, the Company has set the target figures of ¥110.0 billion in net sales, an operating margin of at least 8%, and an ROE of at least 10% in its second medium-term management plan.

In addition to new store openings, the next stage of growth will require investments in existing stores that will lead to future growth, as well as flexible cash reserves that can be used to prepare for unforeseen events such as disasters and pandemics. This proposal calls for spending a huge amount of money at this time to conduct an additional large-scale share buyback, but we believe that this would affect the execution of the second medium-term management plan and is not appropriate from the standpoint of long-term shareholder interests.

The Company's Articles of Incorporation stipulate that the Company may acquire treasury stock by resolution of the Board of Directors. The Board of Directors will continue to implement treasury share acquisition flexibly and efficiently when necessary, comprehensively taking into consideration the business environment, earnings and cash flow conditions, stock price trends, and other factors.

For the above reasons, the Board of Directors of the Company is against this proposal.

Shareholder Proposals

Proposal No. 7 Amendment to the Articles of Incorporation (Disclosure of Cost of Capital)

The Board of Directors of the Company is against this proposal.

1. Proposal Outline

The following new chapter and article shall be added to the Articles of Incorporation of the Company. If any formal adjustment (including, but not limited to, correction of article numbers) is necessary to the article listed as this proposal due to the passage of other proposals (including those proposed by the Company) at this Annual General Meeting of Shareholders, the article pertaining to this proposal shall be interpreted as the article after the necessary adjustments have been made.

(Underlining indicates the proposed amendments.)

| Current Articles of Incorporation | Proposed amendments |
|-----------------------------------|--|
| (Newly established) | <u>Chapter IX Disclosure of Cost of Shareholders' Equity</u> <u>Article 39 (Disclosure of Cost of Shareholders' Equity)</u> <u>The Company shall disclose in the report on corporate governance that it submits to the Tokyo Stock Exchange the cost of shareholders' equity known to the Company within one month prior to the date of submission of the report, together with the basis for its calculation.</u> |

2. Reasons for the proposal

Since 2017, when the Company entered into a capital and business tie-up with DCM, its periodic profit structure, including gross margin ratio, has improved, but capital efficiency-conscious management has been deprioritized. That is why, as of March 17, 2023, the effective PBR, which takes into account after-tax unrealized gains on cross-shareholdings, was below 1x, damaging shareholder value. The existence of cross-shareholdings amounting to approximately 30% of the net assets entrusted by its shareholders typifies the reality of the Company, which prioritizes the irrational goal of maintaining cross-shareholdings for the primary purpose of gathering information on the industry and competitors above the rational goal that a listed company should have, which is to be conscious of cost of capital, and deprioritizes the interests of minority shareholders.

Japan's Corporate Governance Code established by the Tokyo Stock Exchange stipulates in "Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans," that "When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets."

Therefore, at the Company, which has selected the Prime Market, the new market segment of the Tokyo Stock Exchange which transitioned in April 2022, the cost of shareholders' equity should be "presented" as a "targets for profitability and capital efficiency" and, to achieve this goal, clear explanations should be provided to shareholders regarding capital allocation (reallocation of capital), including cross-shareholdings, using language and logic that is easy for shareholders to understand.

<Opinion of the Board of Directors on Proposal No. 7>

Opinion of the Board of Directors

Opposed

The Board of Directors of the Company opposes this proposal for the following reasons.

We believe that it is necessary to properly understand the cost of capital and recognize it as a key management indicator. In the second medium-term management plan, the Company has set a target figure for capital efficiency of an ROE of 10% or higher in FY2027, and will promote management with a strong awareness of the cost of capital.

This proposal seeks to establish a new provision in the Articles of Incorporation to disclose in the report on corporate governance the cost of shareholders' equity known to the Company within one month prior to the date of submission of the report, together with the basis for its calculation, but Principle 5.2 of Japan's Corporate Governance Code, which is cited as the reason for the proposal, does not necessarily require disclosure of cost of capital figures or the basis for their calculation.

We believe that it is not important to uniformly disclose cost of capital figures or the basis for their calculation, but rather to properly assess the cost of capital in accordance with the intent of the principles of Japan's Corporate Governance Code, and based on this, build profit plans, etc., and disclose the progress.

In light of this, we believe that it is not appropriate to include a provision in the Articles of Incorporation, which are the fundamental guidelines of a stock company, to uniformly disclose cost of capital figures or the basis for their calculation, as stated in this proposal.

For the above reasons, the Board of Directors of the Company is against this proposal.