



May 9, 2025

DCM Holdings Co., Ltd.

Representative: Yasushi Ishiguro,
President and COO

(Code: 3050 TSE Prime)

Contact: Hisakazu Kato, Officer Vice
President, Finance and IR

(TEL 03-5764-5214)

Encho Co., Ltd.

Representative: Representative Director
and President Hideo Endo

(Code: 8208 TSE Standard)

Inquiries Takashi Okuno, Executive
Officer, Corporate Planning Office

(TEL 0545-57-0850)

**Notice of Conclusion of Share Exchange Agreement (Simplified Share Exchange)
Between DCM Holdings Co., Ltd. and Encho Co., Ltd.**

DCM Holdings Co., Ltd. ("DCM Holdings") and Encho Co., Ltd. ("Encho", and together with DCM Holdings, "the Parties") each resolved today at meetings of the Parties' respective Boards of Directors to undertake a share exchange, with DCM Holdings becoming a wholly-owned parent company in the share exchange and Encho becoming wholly-owned subsidiary of DCM Holdings in the share exchange (hereinafter referred to as the "Share Exchange") for the purpose of a business combination (the "Business Combination") based on the spirit of equality between the Parties. We have accordingly concluded a share exchange agreement (the "Share Exchange Agreement") as follows.

With respect to DCM Holdings, the Share Exchange is scheduled to take effect on September 1, 2025, without obtaining approval by the shareholders meeting of DCM Holdings pursuant to the simplified share exchange procedures provided for by Article 796, Paragraph 2 of the Companies Act (Act No. 86 of 2005; hereinafter the same shall apply), and with respect to Encho, after obtaining approval for the Share Exchange Agreement at

the Annual General Meeting of Shareholders of Encho scheduled to be held on June 27, 2025.

Prior to the effective date of the Share Exchange (scheduled for September 1, 2025), the common stock of Encho (hereinafter referred to as the "Encho Shares") will be delisted from the Tokyo Stock Exchange (hereinafter referred to as the "Tokyo Stock Exchange") Standard Market as of August, 28, 2025 (the final public trade in Encho Shares on the Tokyo Stock Exchange will be as of August 27, 2025).

Description

1. Purpose of the Business Combination

Looking at the business environment in Japan, we expect competition among companies in the retail and home center industries to become more severe than ever, due to the uncertain economic environment at home and abroad and major changes in the consumer environment.

In September 2006, DCM Holdings was established as DCM Japan Holdings Co., Ltd. through a joint share transfer between three companies, Kahma Co., Ltd., Daiki Co., Ltd., and Homac Co., Ltd. The shares of DCM Holdings were listed on the First Section of the Tokyo Stock Exchange, the Osaka Securities Exchange (the "Osaka Securities Exchange"), the First Section of the Nagoya Stock Exchange (the "Nagoya Stock Exchange"), and the Sapporo Securities Exchange, Inc. (the "Sapporo Securities Exchange"). In September 2009, DCM Holdings' common shares (the "DCM Holdings Shares") were delisted from the Osaka Securities Exchange, the Nagoya Stock Exchange and the Sapporo Securities Exchange. Due to a review of market classifications on the Tokyo Stock Exchange in April 2022, DCM Holdings Shares were listed on the Tokyo Stock Exchange Prime Market where they remain listed as of today. DCM Japan Holdings changed its corporate name to DCM Holdings Co., Ltd. on June 1, 2010. On March 1, 2015, DCM Holdings' consolidated subsidiaries Kahma Co., Ltd., Daiki Co., Ltd., and Homac Co., Ltd. changed their respective corporate names to DCM Kahma Co., Ltd. ("DCM Kahma"), DCM Daiki Co., Ltd. ("DCM Daiki"), and DCM Homac Co., Ltd. ("DCM Homac"). On July 1, 2015, Sanwado Co., Ltd. was converted into a wholly-owned subsidiary, and changed its name to DCM Sanwa Co., Ltd. ("DCM Sanwa"). On December 1, 2016, Kuroganeya Co., Ltd. was converted into a wholly-owned subsidiary via a share-for-share exchange and changed its corporate name to DCM Kuroganeya Co., Ltd. ("DCM Kuroganeya"). On November 20, 2023, Keiyo Co., Ltd. became our consolidated subsidiary. Through these mergers, and in the spirit of our philosophy of "service, creation, and solidarity", DCM Holdings has actively expanded our business foundation by integrating in partnership with our new subsidiaries, putting into practice the two "DCM"s in our name: "Demand Chain Management" and "Do Create My Style".

DCM Holdings aims to become an indispensable part of society by flexibly responding to changes in the business environment and creating systems and corporate culture that are desirable to society. To this end, we are strengthening product development and improving

our ability to create attractive products that emphasize an experience of "convenience," "fun," and "value" and striving to create attractive stores that are supported by customers. In order to respond more quickly and effectively to changes and advances in digital technologies in Japan's economy, such as changes in consumer behavior from "things" to "experiences," changes in the social environment such as the aging of society and population decline, and the expansion of the use of e-commerce and cashless payments, all of the home center businesses operated by DCM Holdings were transferred to DCM Co., Ltd. Our five home center operating companies DCM Kama, DCM Daiki, DCM Homic, DCM Sanwa and DCM Kuroganeya were merged into DCM Co., Ltd. on March 1, 2021, and the nationwide name of the stores was unified as DCM on September 1, 2022. In addition, the Company provides products under a capital and business alliance to TO Retailing Co., Ltd., which operates home centers mainly in Hakodate City, Hokkaido, and Kanseki Co., Ltd., which operates mainly in Tochigi Prefecture. On March 24, 2022, we made XPrice Co., Ltd., a specialty store EC business that sells a wide range of products centered on consumer electronics, a wholly owned subsidiary. With the addition of an e-commerce company to the DCM Group, we have been working together with DCM Co., Ltd., which operates our home improvement business centered on physical stores, to improve customer convenience and lead to further growth of the DCM Group. We also recognize the need to pursue a high level of expertise in order to strengthen our competitiveness in the future. We are working to develop pro shop stores for building professionals and to strengthen products and sales floors such as horticulture, DIY, and leisure. As of today, DCM operates 845 stores in 39 prefectures.

(Note 1) E-commerce (Electronic Commerce) is a form of transaction in which contracts and payments are made over the Internet. It is also called EC.

On the other hand, Encho was founded in May 1939 as an Endo Lumber Store in Fuji City, Shizuoka Prefecture. Following the establishment of Endo Lumber Store Co., Ltd. in July 1962, Encho changed its corporate name to Encho Co., Ltd., its current corporate name, in June 1975. Subsequently, the Encho Shares were registered with the Japan Securities Dealers Association in November 1986 and listed on the JASDAQ Securities Exchange, Inc. ("JASDAQ Securities Exchange") in December 2004. In April 2010, the Encho Shares were listed on the Osaka Securities Exchange (JASDAQ Market) following the merger of the JASDAQ Securities Exchange and the Osaka Securities Exchange. In July 2013, Encho Shares were listed on the Tokyo Stock Exchange JASDAQ (Standard) following the merger of the Tokyo Stock Exchange and the Osaka Securities Exchange. In April 2022, Encho Shares were listed on the Tokyo Stock Exchange Standard Market following the revision of the market classification of the Tokyo Stock Exchange. Encho has listed its shares on the stock market with the purpose of raising the necessary funds for opening new stores, etc., and to date has been listed on the stock market. We believe that Encho's long-standing listing on the stock market has not only raised the funds required for such expansion of existing businesses, but has also improved Encho's name recognition and brand power, and as a result, it has been helpful in launching and strengthening new businesses.

Encho, which strives to support DIY (Do It Yourself) with the management philosophy of "Becoming a leading company in the world's DIY industry" and "Becoming the kindest company anywhere, loved by everyone" has been developing 57 stores in 3 prefectures throughout the entire group, and since opening its first home center, the Jumbo Encho Fuji Store in Fuji City, Shizuoka Prefecture, in 1974, has established the home center business as its core business, with a focus on Shizuoka Prefecture. Encho believes that making the lives of local residents better and more comfortable through DIY and gaining the love and support of local residents is an important management strategy that will lead to the realization of a sustainable "recycling-oriented society," and is specifically implementing the following initiatives.

- ① DIY Advisors are stationed at home center stores to help customers understand DIY correctly and provide them with advice and advice. Through this, we provide counseling and suggestions on solutions to various problems related to housing. We also actively support the acquisition of qualifications for DIY Advisors and other lifestyle-related employees.
- ② We regularly hold DIY Women's Club events. We are focusing on increasing the number of women who enjoy DIY.
- ③ In the event of a disaster or other emergencies, we have concluded a disaster agreement with each municipality in the area where the store is opened to provide supplies.

As mentioned above, with Shizuoka Prefecture as our base, Encho has developed human resources with a high level of expertise in DIY, and in addition to being needed by everyone as one of the largest DIY home centers in the region, has also developed outdoor shops, pro shops, pet stores, etc., which are business types other than home centers, and have aimed to be an irreplaceable presence for the local people. On the other hand, in order for Encho to achieve sustainable growth, we recognize that it is necessary to quickly grasp changes in the service environment, such as labor shortages and intensifying competition, expand Encho's strengths, undertake operational and institutional reforms, and strengthen our organizational capabilities. Accordingly, Encho has developed the priority issues of "improving profitability," "strengthening the ability to attract customers," and "reforming work styles," and has developed the "62nd to 64th Medium-Term Management Plan" (hereinafter referred to as the "Encho Medium-Term Management Plan") under the slogan of "Increasing corporate value through three evolutions (growth, deepening, and innovation)." We have been working to achieve this goal.

However, with regard to the business environment surrounding Encho, amid increasingly fierce sales competition that transcends business categories, in addition to the fact that rising selling prices stemming from soaring raw material prices have greatly affected stagnation in personal consumption, rising logistics, utilities, labor and other store operating costs are also squeezing corporate earnings. Accordingly, achieving growth based on the Encho Medium-Term Management Plan was in a difficult situation. Accordingly, Encho began considering tie-ups with other companies around June 2024.

As a result of considering among several companies, Encho made an initial consultation with DCM Holdings regarding a business combination between DCM Holdings and Encho, taking into account the environment in the region where Encho's stores are dominant, recent logistics problems, and the creation of an environment that will facilitate the rationalization of Encho.

DCM Holdings began considering the possibility of a business combination with Encho after receiving the above offer from Encho, and as a result of careful consideration of the consultation from Encho, DCM Holdings came to the recognition that the business integration with Encho would enable DCM Holdings to utilize management resources including human resources, assets, and know-how possessed by both companies, and contribute to the enhancement of corporate value.

On December 26, 2024, DCM Holdings submitted a non-binding letter of intent to Encho regarding the Business Combination, and on February 3, 2025, DCM Holdings submitted a written response to DCM Holdings stating that it would like to begin full-scale discussions between the two companies regarding the Business Combination. Subsequently, the two companies began specific studies and discussions regarding the Business Combination, and determined that the following synergies are expected to be envisaged as a result of the Merger.

The expected synergies from the realization of the Business Combination are as follows.

① Purchasing, sales promotion, systems, and logistics systems

We expect the introduction of shared products, including DCM branded private brand products, to improve markups by taking advantage of economies of scale and to expand sales promotion effects. We also believe that the restructuring of our systems and logistics networks will enable us to build a more efficient management system.

② Store development and management

We believe that sharing the store development functions and store management and operations expertise of both companies will enable more efficient and flexible store openings and store management.

③ Rationalization of head office and headquarters functions

By consolidating head office and head office functions into DCM Holdings, we believe that it will enable us to formulate sales measures tailored to the characteristics of the Chubu region, respond quickly, and reduce head office and head office expenses.

④ Personnel exchange

By sharing the know-how of the human resources of both companies, we believe that we will be able to leverage the expertise that other home centers and retailers do not have, and operate stores that boast high competitiveness and high customer satisfaction within the industry.

In addition to the above, DCM Group expects to expand its customer base by newly welcoming Encho's know-how and home territory of Shizuoka Prefecture, a region with few Group stores, into the Group.

As mentioned above, the Encho Shares will be delisted prior to the effective date of the Share Exchange, but with the going-private of the Encho Shares, Encho will be able to reduce the listing maintenance costs (expenses required for continuous disclosure of information such as securities reports, audit costs, expenses required for the operation of the General Meeting of Shareholders and outsourcing of administrative work to the shareholder registry administrator, etc.) that will be incurred as long as Encho is a listed company. We believe that the burden of maintaining the administrative department and other costs required as a listed company will be reduced, and that it will be possible to further concentrate management resources for business growth. The disadvantages of delisting are generally that Encho will not be able to raise funds through equity financing from the capital markets or benefit from being able to enjoy the benefits it has enjoyed as a listed company, such as its name recognition and improved social credibility. Since it is possible to secure the necessary funds post-Business Combination, and DCM Holdings already has sufficient name recognition and social credibility as a company listed on the Prime Market of the Tokyo Stock Exchange, it is believed that Encho will contribute to improving Encho's name recognition and social credibility by becoming a wholly owned subsidiary of DCM Holdings. We do not anticipate any particular disadvantages due to the delisting of the Encho Shares.

In parallel with the examination of possible synergies, the Parties conducted discussions and negotiations on the terms of the Share Exchange several times, and after a comprehensive review, it was concluded that Encho would become a wholly owned subsidiary of DCM Holdings and join the DCM Group through the Share Exchange, thereby drawing out mutual synergies and contributing to the enhancement of the corporate value of both companies and the DCM Group as a whole. Based on the recognition that it is in the interests of each shareholder, the Board of Directors of both companies decided to conduct the Business Combination and the Share Exchange on May 9, 2025.

Further, although Encho shares will be delisted subject to approval at Encho's Annual General Meeting of Shareholders scheduled to be held on June 27, 2025, as described above, because no particular disadvantages associated with delisting are expected, and Encho's shareholders will not be disadvantaged, the Parties have determined that the Business Combination is the best measure to enhance the corporate value of Encho and the DCM Group as a whole.

Going forward with our new colleagues, we will work to achieve further growth for

Encho and DCM Group as a whole by realizing various synergies, such as purchasing restructuring and cost reduction leveraging economies of scale, in addition to business expansion. We aim to create stores that are more supported by local customers than ever.

2.Outline of the Share Exchange

(1)Schedule of the share exchange

Record Date for Annual General Meeting of Shareholders (Encho)	March 31, 2025
Date of resolution of the Board of Directors pertaining to the conclusion of the Share Exchange Agreement (both companies)	May 9, 2025 (today)
Effective date of the Share Exchange Agreement (both companies)	May 9, 2025 (today)
Ordinary General Meeting of Shareholders for Approval of the Share Exchange Agreement	June 27, 2025 (planned)
Final public trading date (Encho)	August 27, 2025 (planned)
Delisting date (Encho)	August 28, 2025 (planned)
Effective date of the Share Exchange	September 1, 2025 (planned)

(注 1) DCM Holdings plans to effect the Share Exchange without obtaining the approval of the General Meeting of Shareholders in accordance with the simplified share exchange procedures pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act.

(注 2) The Share Exchange is contingent on the expiration of the waiting period pursuant to Article 10, Paragraph 2 of the Act on Prohibition of Private Monopoly and Securing Fair Trade having elapsed, and no measures or procedures having been taken by the Fair Trade Commission to prevent the Share Exchange, such as a cease and desist order.

(注 3) The above schedule is subject to change due to necessity in connection with the proceedings of the Share Exchange or for other reasons, or subject to the agreement of both companies.

(2)Method of Share Exchange

This is a share-for-share exchange where DCM Holdings is the wholly-owning parent company of the share exchange and Encho is the wholly-owned subsidiary of the share

exchange.

The Share Exchange is scheduled to take place on the effective date of September 1, 2025 after obtaining the approval of the Share Exchange Agreement at Encho's ordinary general meeting of shareholders to be held on June 27, 2025, without obtaining the approval of DCM's general meeting of shareholders in accordance with the simplified share-for-share exchange procedures pursuant to the provisions of Article 796, Paragraph 2 of the Corporation Law.

(3)Details of Allotment Pertaining to the Share Exchange

Company name	DCM Holdings (Wholly Owing Parent Company in Share Exchange)	Encho (Wholly Owned Subsidiary Company in Share Exchange)
Share to Share Exchange ratio for the Share Exchange	1	0.85
Number of shares to be issued in connection with the Share Exchange	Common shares of DCM Holdings: 5,812,153 shares (planned)	

(Note 1) Allocation ratio of shares

0.85 DCM Holdings Shares will be allotted and delivered for each Encho Share. The share to share exchange ratio may be changed after due consultation between the parties hereto in the event of an occurrence or discovery of a cause that has a material influence on the share to share exchange ratio for the Share Exchange (hereinafter referred to as the "Share Exchange Ratio").

(Note 2) Number of DCM Holdings Shares to be delivered through the Share Exchange

Upon the share exchange, DCM Holdings will allocate 5,812,153 DCM Holdings Shares to all holders of Encho Shares at the time immediately prior to the time when DCM Holdings acquires all of Encho's issued shares (hereinafter referred to as the "Reference Time") (provided, however, that the holders of Encho Shares referred to above shall be shareholders as of after the retirement of Encho's treasury shares as set forth below, and excluding DCM Holdings). The shares to be delivered will correspond to 5,812,153 treasury shares of DCM Holdings.

Further, Encho plans to retire all of its treasury shares (including any shares to be acquired in response to a request for buyback of shares by dissenting shareholders pursuant to the provisions of Article 785, Paragraph 1 of the Company Law concerning share exchanges) held at the Reference Time by a resolution of the Board of Directors meeting held by the day prior to the effective date of the Share

Exchange at the Reference Time. The number of shares to be allotted through the Share Exchange may be revised in the future due to reasons such as the purchase and cancellation of treasury stock by Encho.

Note 3 Handling of Shares Less than One Unit

Shareholders of Encho who hold odd lots of less than one unit of shares (100 shares) of DCM Holdings as a result of the Share Exchange may request DCM Holdings to purchase their odd lot holdings of less than one unit in accordance with the provisions of Article 192, Paragraph 1 of the Companies Act. Shares less than one unit may not be sold on the Financial Instruments Exchange Market.

(Note 4) Treatment of Fractions less than One Share

In accordance with the provisions of Article 234 of the Companies Act and other relevant laws and regulations, Encho shareholders who will receive allotments of fractions of less than one share of DCM Holdings Shares as a result of the Share Exchange shall be entitled to receive proceeds equal to the value of the total of all fractional shares they are entitled to receive (if there is a fraction of less than one share in the total of all share fractions, it shall be rounded down). DCM Holdings shall sell shares equal to the total of all fractional shares and distribute the proceeds proportionally to the holders of fractional shares.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying the Share Exchange

Since Encho does not issue share warrants or debentures with share warrants, there are no applicable items.

3. Basis, etc. for the Contents of the Allotment relating to the Share Exchange

(1) Basis and reason for the content of the allocation

In determining the Share Exchange Ratio as described in (3) "Details of Allotment Pertaining to the Share Exchange", Note 2 above, DCM Holdings and Encho shall individually request a third-party accountant independent from both companies to calculate the Share Exchange Ratio in order to ensure the fairness and adequacy of the Share Exchange Ratio. DCM Holdings has chosen Yamada Consulting Group Co., Ltd. ("Yamada Consulting") and Encho has chosen SMBC Nikko Securities Co., Ltd. ("SMBC Nikko Securities") as their respective financial advisors and third-party accountants in connection with the Share Exchange Ratio.

DCM Holdings carefully consulted and examined the share-for-share exchange ratio report received from Yamada Consulting, its third-party accountant, as described below in 3.(4) "Measures to Ensure Fairness", dated May 9, 2025, with the advice of Sato General Law Office, its legal counsel. As a result, the Share Exchange Ratio was

determined to be appropriate and beneficial to shareholders of DCM Holdings. Therefore, DCM Holdings determined that the Share Exchange Ratio would be appropriate to implement the Share Exchange.

As stated in 3.(4) “Measures to Ensure Fairness” below, Encho carefully consulted and considered the share-for-share exchange ratio report received from SMBC Nikko Securities dated May 9, 2025, with the advice of City-Yuwa Law Office, its legal counsel, and carefully discussed and examine the synergies expected from the Share Exchange and the advantages and disadvantages to Encho of delisting its stock. As a result, the Share Exchange Ratio exceeds the upper limit of the Share Exchange Ratio calculation range based on the market price method described in the calculation report obtained from SMBC Nikko Securities dated May 9, 2025. Additionally, it falls within the range of calculation results based on the Discounted Cash Flow method (hereinafter referred to as “DCF method”). Furthermore, the Share Exchange Ratio of 0.85 shares of DCM Holdings for each share of Encho is calculated based on the closing price ratio on the business day preceding the Share Exchange Agreement execution date (May 8, 2025), and includes premiums of 39.1%, 39.6%, 38.3%, and 37.0% added to the simple averages of closing price ratios for the most recent one month, three months, and six months up to that date. Since the Ministry of Economy, Trade and Industry published the “Guidelines for Fair M&A - Towards Enhancing Corporate Value and Securing Shareholder Interests” on June 28, 2019, and up to April 30, 2025, the average premiums (20.8%, 21.6%, 22.0%, and 21.0%) and medians (18.4%, 20.8%, 18.0%, and 17.7%) of premiums added to the closing price ratios on the business day before the announcement of the Share Exchange Ratio, the simple averages of closing price ratios for the most recent one month, three months, and six months up to that date, for cases of complete subsidiary formation through share exchange approved at shareholder meetings (excluding cases where the premium before the announcement of the Share Exchange Ratio was discounted, unsuccessful cases, cases targeting REITs, cases where share exchange was implemented as a method of complete subsidiary formation after a tender offer, and cases where it is considered that a leak affected the stock price) exceed these values. Therefore, the Share Exchange Ratio was found to be appropriate and not detrimental to the interests of shareholders of Encho, and therefore it was determined that the Share Exchange Ratio would be appropriate to implement the Share Exchange.

In addition to the above, based on the results of due diligence conducted by the two companies on the other party, as well as comprehensively considering the financial situation, performance trends, stock price trends, etc., and as a result of careful negotiations and discussions regarding the share exchange ratio, the Board of Directors of the two companies finally came to the conclusion that the Share Exchange Ratio is appropriate and contributes to the interests of their respective shareholders. We have therefore each resolved to conclude the Share Exchange Agreement on the basis of the Share Exchange Ratio.

(2)Matters concerning Valuation

① Name of Valuation Body and Relationship with Both Companies

Both Yamada Consulting, the third-party accountant to DCM Holdings, and SMBC

Nikko Securities, the third-party accountant to Encho, are independent accountants independent of DCM Holdings and Encho, do not fall under the category of related parties of the Parties, and do not have any material interests to be described in the Business Combination, including the Share Exchange.

② Summary of Valuation

Yamada Consulting used the market price method to calculate the value of DCM Holdings Shares, since DCM Holdings' shares are listed on the Tokyo Stock Exchange Prime Market, and since there is a market stock price. For Encho, the DCF method was used to calculate the price of Encho Shares, based on the fact that Encho Shares are listed on the Tokyo Stock Exchange Standard Market and there are market stock prices, and to reflect the status of future business activities in the assessment.

For the market stock price method, the calculation reference date of May 8, 2025 is used as the calculation reference date. For DCM Holdings, the closing price on the Tokyo Stock Exchange Prime Market on the calculation reference date, and the simple average of the closing price for the one month, three months and six months up to the calculation reference date were used. For Encho, the simple average of the closing price on the Tokyo Stock Exchange Standard Market on the calculation reference date, and the and the simple average of the closing price for the one month, three months and six months up to the calculation reference date were used .

In addition, the profit plan for Encho used by Yamada Consulting for the analysis using the DCF method was prepared based on the current organizational structure, but includes fiscal years in which a significant increase in profit is expected compared to the previous fiscal year. Specifically, by strengthening Encho's ability to attract customers, improving gross profit margins, and aggressively opening and investing in store openings, operating income is expected to increase by approximately 113% year-on-year, from 120 million yen in the fiscal year ending March 2025 to 256 million yen in the fiscal year ending March 2026, and by approximately 95% year-on-year increase in profit in the fiscal year ending March 2027. In the fiscal year ending March 2028, profit is expected to increase by approximately 46% year-on-year, and in the fiscal year ending March 2029, by approximately 48% year-on-year. In other fiscal years, there are no fiscal years in which significant increases or decreases in profits are expected.

Encho's profit plan is not premised on the execution of the Share Exchange.

The range for calculating the Share Exchange Ratio for Encho Shares when the share value per share of DCM Holdings Shares using the respective valuation methods is set at 1 is as follows.

Method Used	Calculation range of Share Exchange Ratio
Market Stock Price Method	0.59 ~ 0.63
DCF method	0.46 ~ 0.99

Yamada Consultants, in principle, adopted the material provided by the Parties and the information disclosed to the general public in calculating the Share Exchange Ratio, and assumed that all such materials and information are accurate and complete, and Yamada Consultants has not independently verified the accuracy and completeness of such materials and information. Further, with regard to the assets and liabilities of both companies (including off-books assets and liabilities and other contingent liabilities), Yamada Consultants has not independently evaluate, value or appraise the product and has not requested a third party to evaluate, value or appraise these items. Financial projections submitted by Encho (including profit plans and other information) are included in the material evaluated by Yamada Consultants. It has been assumed that the information has been reasonably prepared by Encho's management based on the best predictions and judgments available at the time of their submission. The calculation of Yamada Consultants shall reflect the information and economic conditions obtained by Yamada Consultants as of May 8, 2025.

SMBC Nikko Securities used the market price method to calculate the value of DCM Holdings Shares, since DCM Holdings Shares are listed on the Tokyo Stock Exchange Prime Market, and since there is a market stock price. For Encho, the DCF method was used to calculate the price of Encho Shares, based on the fact that Encho Shares are listed on the Tokyo Stock Exchange Standard Market and there are market stock prices, and to reflect the status of future business activities in the assessment.

For the market stock price method, the calculation reference date of May 8, 2025 is used as the calculation reference date. For DCM Holdings, the closing price on the Tokyo Stock Exchange Prime Market on the calculation reference date, and the simple average of the closing price for the one month, three months and six months up to the calculation reference date were used. For Encho, the simple average of the closing price on the Tokyo Stock Exchange Standard Market on the calculation reference date, and the and the simple average of the closing price for the one month, three months and six months up to the calculation reference date were used.

In addition, SMBC Nikko Securities' financial forecasts for Encho, which are based on the DCF method, includes fiscal years in which significant profit growth is expected. Specifically, by strengthening Encho's ability to attract customers, improving gross profit margins, and aggressively opening and investing in store openings, Encho expects operating income to increase by approximately 113% year-on-year, from 120 million yen in the fiscal year ending March 2025 to 256 million yen in the fiscal year ending March 2026, and by approximately 95% year-on-year increase in profit in the fiscal year ending March 2027. In the fiscal year ending March 2028, profit is expected to increase by approximately 46% year-on-year, and in the fiscal year ending March 2029, by approximately 48% year-on-year. Encho's financial forecasts used in the

calculation are not based on the implementation of the Share Exchange. On the other hand, DCM Holdings' market capitalization is commensurate with that of Encho, and DCM Holdings shares have sufficient liquidity in the market, so the market stock price method was judged to be the most appropriate valuation method. For this reason, only the market price method was used as a valuation method for DCM Holdings, and DCM Holdings' financial forecasts are not used in calculations.

The range for calculating the Share Exchange Ratio for Encho shares when the share value per share of DCM Holdings shares using the respective valuation methods is set at 1 is as follows.

Method Used	Calculation range of Share Exchange Ratio
Market Stock Price Method	0.60 ~ 0.62
DCF method	0.62 ~ 1.54

SMBC Nikko Securities, in principle, adopted the material provided by the Parties and the information disclosed to the general public in calculating the Share Exchange Ratio, and assumed that all such materials and information are accurate and complete, and SMBC Nikko Securities has not independently verified the accuracy and completeness of such materials and information. In addition, the assets and liabilities (including unrecorded assets and liabilities and other contingent liabilities) of the Parties are not independently evaluated, assessed or assessed, and no third-party evaluation, appraisal or appraisal requests have been made. In addition, information regarding financial forecasts (including profit plans and other information) submitted by Encho is assumed to have been reasonably prepared by management based on the best forecasts and judgments available at the time of submission. The calculation of SMBC Nikko Securities shall reflect the data and economic conditions obtained by the SMBC Nikko Securities as of May 8, 2025.

(3)Likelihood of delisting and the grounds therefor

As a result of the Share Exchange, Encho will become a wholly-owned subsidiary of DCM Holdings as of September 1, 2025 (scheduled), the effective date of the Share Exchange. Accordingly, Encho shares are scheduled to be delisted on August 28, 2025 (the last trading day is August 27, 2025), in accordance with the delisting standards of the Tokyo Stock Exchange.

After the delisting, Encho Shares will no longer be traded on the Tokyo Stock Exchange, but DCM Holdings Shares allocated to Encho shareholders through the Share Exchange are listed on the Prime Market of the Tokyo Stock Exchange, and will be tradeable on the Prime Market of the Tokyo Stock Exchange after the effective date of the Share Exchange. Therefore, although there is a possibility, depending on the number

of shares held by each shareholder, of a shareholder receiving odd lot shares, for shareholders who hold at least 118 Encho Shares and receive allotments of shares of 100 shares or more of DCM Holdings Shares, these shares can continue to be traded in units of 100 on the Tokyo Stock Exchange Prime Market. We therefore believe that the liquidity of the market in DCM Holdings Shares can be secured.

On the other hand, shareholders who will hold odd-lot shares of DCM Holdings Shares through the Share Exchange may not sell such odd-lot shares on the Tokyo Stock Exchange. However, as described in 2.(3) "Details of Allotment Pertaining to the Share Exchange", Note 3 "Handling of Shares Less than One Unit" above, DCM Holdings may be requested to purchase odd-lot shares.

For details on the handling of fractions in the event of a fraction of less than one share arising from the Share Exchange, see 2.(3) "Details of Allotment Pertaining to the Share Exchange", Note 4, "Treatment of Fractions of less than One Share".

Until August 27, 2025, the final trading day of Encho, shareholders of Encho may trade their Encho shares on the Tokyo Stock Exchange Standard Market as usual, and may exercise legal rights as stipulated in the Corporate Law and other relevant laws and regulations until the reference time.

(4) Measures to Ensure Fairness

① Obtaining a Statement of Accounts from an Independent Third Party Accounting

In order to ensure the fairness of the share-for-share exchange ratio in the Share Exchange, DCM Holdings and Encho have requested a third-party computing organization independent from both companies to calculate the share-for-share exchange ratio, and have negotiated and consulted with each other based on the results of the computation, and have agreed to implement the Share Exchange ratio based on the share-for-share exchange ratio described in 2. (3) "Details of Allotment Pertaining to the Share Exchange."

Neither DCM Holdings nor Encho has received a written opinion (fairness opinion) from a third-party computing organization to the effect that the Share Exchange Ratio is appropriate or fair from a financial perspective.

② Advice from Independent Law Firms

DCM Holdings has selected Sato General Law Office and Encho has selected City-Yuwa Law Office as legal advisors for the Business Combination, including the Share Exchange, and has received advice from legal perspectives on the various procedures and decision-making processes for the Share Exchange. Both Sato General Law Office and City-Yuwa Law Office are independent from the Parties and have no material interest with the Parties in connection with the Business Combination including the Share Exchange.

(5) Measures to Avoid Conflicts of Interest

DCM Holdings held 2,000 Encho Shares through its subsidiary DCM Co., Ltd. as of February 28, 2025 (equivalent to approximately 0.029% of Encho's outstanding shares), and, as of March 31, 2025, Encho holds 7,075 DCM Holdings Shares (equivalent to approximately 0.005% of the total issued shares of DCM Holdings). However, with regard to the present Share Exchange, since there are no other material personal relationships or business relations between the Parties, it is believed that there will be no conflict of interest between the two companies in implementing the decision-making of the Board of Directors regarding the Share Exchange, and accordingly no special measures have been taken in addition to (4) “Measures to Ensure Fairness” above.

4. Outline of the companies involved in the Share Exchange

	Wholly owned parent company after share exchange	Wholly owned subsidiary through share exchange
(1) N a m e	DCM Holdings Co., Ltd.	Encho Co., Ltd.
(2) A d d r e s s	22-7, Minami-Oi 6-chome, Shinagawa-ku, Tokyo	2-12-12, Chuo-cho, Fuji-shi, Shizuoka
(3) Job title/name of representative	President and COO Yasunori Ishikuro	President and Representative Director Hideo Endo
(4) Description of B u s i n e s s e s	Home center and EC businesses	Home center business
(5) Common stock	19.973 billion yen (As of February 28, 2025)	2.902 billion yen (As of March 31, 2025)
(6) D a t e o f Establishment	September 1, 2006	July 19, 1962
(7) N u m b e r o f s h a r e s outstanding	146,500,000 shares (As of February 28, 2025)	6,857,497 shares (As of March 31, 2025)
(8) Fiscal year end	End of February	March 31
(9) N u m b e r o f e m p l o y e e s	(Consolidated) 4,646 (As of February 28, 2025)	(Consolidated) 1,117 (As of March 31, 2025)

(10) Major suppliers	Paltac Co., Ltd. Arata Corporation Iris Ohyama Co., Ltd.	Chuo Bussan Co., Ltd. JAPEL CO., LTD. Marumasa Co., Ltd.
(11) Main banks	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Mitsubishi UFJ Bank, Ltd.	Sumitomo Mitsui Banking Corporation Shizuoka Bank, Ltd. Mitsubishi UFJ Bank, Ltd.
(12) Major shareholders and Percentage of shares held	<p>The Master Trust Bank of Japan, Ltd. (Trust Account) 11.30%</p> <p>Nisshin Shinkin Co., Ltd. 8.55%</p> <p>Aeon Co., Ltd. 7.76%</p> <p>Japan Custody Bank, Ltd. (trust account) 3.15%</p> <p>Yasunori Ishikuro 3.02%</p> <p>Makikari 2.62%</p> <p>DCM Holdings 2.60%</p> <p>Employee Shareholding Association 2.13%</p> <p>Kampo Life Insurance Co., Ltd. 1.95%</p> <p>SMBC Nikko Securities Co., Ltd. 1.88%</p> <p>The Master Trust Bank of Japan, Ltd. (Stock Granting ESOP Trust Account: 76718 Accounts) (As of February 28, 2025)</p>	<p>Muryoju Co., Ltd. 22.17%</p> <p>Nice co., Ltd. 9.03%</p> <p>Encho Kyoeikai 8.81%</p> <p>Sumitomo Mitsui Banking Corporation 4.87%</p> <p>Encho Employee Stock Ownership Plan 3.45%</p> <p>Keno Endo 3.01%</p> <p>Toshitoshi Endo 2.98%</p> <p>Yamatane corporation 1.70%</p> <p>Mitsubishi UFJ Bank, Ltd. 1.33%</p> <p>Shizuoka Bank, Ltd. 1.29%</p> <p>(standing proxy: The Master Trust Bank of Japan, Ltd.)</p> <p>(As of March 31, 2025)</p>

(13)	Relationship between the parties						
	C a p i t a l relationship	As of the end of February 2025, DCM Holdings held 2,000 shares of Encho through its subsidiary DCM Co., Ltd., and as of the end of March 2025, Encho held 7075 shares of DCM Holdings.					
	P e r s o n a l relationships	Not applicable.					
	B u s i n e s s relationships	Not applicable.					
	O t h e r Situations Applicable to Related Parties	Not applicable.					
(14)	Financial position and operating results for the past three years (in millions of yen, excluding those specifically stated)						
	DCM Holdings (Consolidated)			Encho (Consolidated)			
Fiscal year end	2023 Feb.	2024 Feb.	2025 Feb.	2023 Mar.	2024 Mar.	2025 Mar.	
N e t a s s e t s	243,353	251,274	264,299	9,419	9,306	9,039	
T o t a l a s s e t s	515,955	622,734	647,936	36,726	36,547	34,911	
P e r s h a r e N e t a s s e t s (y e n)	1,738.39	1,877.90	1,972.62	1,377.59	1,361.07	1,318.19	
N e t s a l e s	469,782	481,310	536,132	36,068	34,326	33,228	
O p e r a t i n g i n c o m e	30,068	28,685	33,230	238	205	120	
O r d i n a r y i n c o m e	29,555	27,412	30,997	100	53	△55	
P r o f i t attributable to o w n e r s o f	18,135	21,446	17,144	△216	△413	△48	

p a r e n t						
Per share Net income (Y e n)	125.03	159.49	128.01	△31.64	△60.51	△7.05
1 Per share d a t a Dividends (y e n)	40.00	42.00	45.00	15.00	2.50	7.50

5.Situation after the Share Exchange

	Wholly owned parent company after share exchange
(1) N a m e	DCM Holdings Co., Ltd.
(2) A d d r e s s	22-7, Minami-Oi 6-chome, Shinagawa-ku, Tokyo
(3) Job title/name of representative	President and COO Yasunori Ishiguro
(4) Description of Businesses	Home center and EC businesses
(5) Common stock	19.973 billion yen
(6) Fiscal year end	End of February
(7) N e t a s s e t s	At present, this has not been determined.
(8) T o t a l a s s e t s	At present, this has not been determined.

6.Outline of accounting procedure

The accounting treatment associated with this share exchange falls under the category of "Acquisition" in the Accounting Standard for Business Combinations. The Company expects to incur goodwill or negative goodwill in DCM Holdings' consolidated financial statements as a result of the Share Exchange. However, the amount of goodwill or negative goodwill to be incurred has not been determined at this time.

7.Future Outlook

Through the Share Exchange, Encho will become a consolidated subsidiary of DCM Holdings. The impact of this change on DCM Holdings' consolidated financial results has not been determined at this time. DCM Holdings will promptly disclose any matters that should be disclosed in the future, such as the necessity of revising its earnings forecast.

[End]

(Reference) Forecast of Consolidated Results for the Fiscal Year under Review and Consolidated Results for the Previous Fiscal Year

DCM Holdings (Consolidated earnings forecasts for the fiscal year under review are announced on April 11, 2025)

(Millions of yen)

	Consolidated operating revenue	Consolidated operating income	Consolidated ordinary income	Profit attributable to owners of parent
Forecast for the current fiscal year (As of February 2026)	553,600	35,000	33,600	19,600
Results for the previous fiscal year (Fiscal 2025)	544,602	33,230	30,997	17,144

Encho's results for the previous fiscal year (consolidated) (Announced on May 9, 2025)

(Millions of yen)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Profit attributable to owners of parent
Results for the previous fiscal year (Year ended	33,228	120	△55	△48

March 31, 2025)				
-----------------	--	--	--	--

(NOTE) Encho is scheduled to be delisted on August 28, 2025, so the forecast for the fiscal year ending March 2026 has not been announced.