

Securities Code: 2674
June 6, 2023
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To Shareholders with Voting Rights:

Taro Yamamoto
Representative Director and President
HARD OFF CORPORATION Co., Ltd.
3-1-13 Shineicho, Shibata-shi, Niigata

**NOTICE OF
THE 51ST ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

The 51st Annual General Meeting of Shareholders of HARD OFF CORPORATION Co., Ltd. (the “Company”) shall be held for the purposes described below.

On the occasion of this annual general meeting, we have taken measures to provide information (materials provided in electronic format) contained in the reference documents for the General Meeting of Shareholders electronically. They have been posted on the Company website. Please reference them by accessing the website below (General Meeting of Shareholders Materials).

Company website (General Meeting of Shareholders Materials)

<https://www.hardoff.co.jp/ir/library/meeting.html>



In addition to the above website, the electronically provided information is also posted on the website of the Tokyo Stock Exchange (TSE). Please access the TSE website below, enter “Hard Off” or the Company’s securities code, “2674,” in the stock name (company name) or securities code field, click Search, then select “Basic Information” and “Documents for Public Inspection/PR Information” in that order to check the “Shareholder Meeting Notices/Shareholder Meeting Materials” under “Documents for Public Inspection.”

Tokyo Stock Exchange website (TSE Listed Company Information Service)
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



If you cannot attend on the day, you can exercise your voting rights via the Internet or in writing. We ask that you review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 PM on June 21, 2023 (Wednesday).

[If exercising voting rights via the Internet]

Please access the Company's designated voting rights exercise website (<https://soukai.mizuho-tb.co.jp/>), use the "Voting Rights Exercise Code" and "Password" displayed on the Voting Rights Exercise Form, and enter your approval or disapproval of the proposals in accordance with the on-screen instructions. When exercising your voting rights on the Internet, please check the "Guide for Exercising Voting Rights via the Internet."

[If exercising voting rights by mail]

Please indicate your approval or disapproval of the proposals on the Voting Rights Exercise Form and return it so that it arrives by the voting deadline noted above.

1. **Date and Time:** Thursday, June 22, 2023 at 2:00 p.m. Japan time
2. **Place:** 570 banchi, Nagata, Chuo-ku, Niigata-shi, Niigata
HARD OFF ECO STADIUM NIIGATA Conference Room

3. Meeting Agenda:

- Matters to be reported:**
1. 51st Fiscal Year (April 1, 2022 to March 31, 2023)
The Business Report, Consolidated Financial Statements, and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. 51st Fiscal Year (April 1, 2022 to March 31, 2023)
Financial Statements Report

Proposals to be resolved:

- Proposal 1:** Distribution of Surplus
- Proposal 2:** Election of Five (5) Directors
- Proposal 3:** Renewal of measures against large-scale purchases of company shares
(takeover defense measures)

4. Proposals to be Resolved (Guide to Exercising Voting Rights):

- (1) If exercising voting rights in writing (by mail), when there is no indication of approval or disapproval for a proposal on the Voting Rights Exercise Form, it shall be treated as an indication of approval.
 - (2) If voting rights are exercised multiple times via the Internet, the latest exercise of voting rights shall be treated as the valid submission.
 - (3) If exercising voting rights both via the Internet and in writing (by mail), regardless of the date and time of arrival, the exercise of voting rights via the Internet shall be treated as the valid submission.
 - (4) If exercising voting rights via a proxy, you can have another shareholder with voting rights attend the shareholder meeting as a proxy. However, please note that documentation proving this person's proxy rights will need to be submitted.
- ◎ On the day of the meeting, we request that you submit your proxy form at the reception desk.
- ◎ Following the conclusion of the General Meeting of Shareholders, we will conduct a social gathering for approximately 45 minutes. After this, we will host a stadium tour. Please feel free to participate.
- ◎ In the event of any amendments to electronically provided documents, we shall promptly disclose the pre-change and post-change details on the Company website (<https://www.hardoff.co.jp>) and the Tokyo Stock Exchange (TSE) website.
- ◎ Shareholders who have requested written communications shall be sent a document outlining the content of the electronically provided materials. However, the document, in compliance with legal provisions and Article 16 of the Articles of Incorporation, shall exclude the following items:
- (i) The "Consolidated Notes Table" from the consolidated financial statements
 - (ii) The "Individual Notes Table" from the financial statements
- These items are included in the consolidated financial statements and financial statements audited by the auditors for the audit report and by the accountants for the accounting audit report. Regardless of whether a request for written delivery is made, all shareholders shall be sent a document that describes the electronically provided content, excluding the aforementioned items.
- ◎ If future circumstances require us to inform shareholders about any matters concerning the operation of the General Meeting of Shareholders, we shall announce this on the Company website (<https://www.hardoff.co.jp>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

The Company considers “the return of profits to shareholders” as one of its priority management policies. By improving earnings per share, return on equity (ROE) and cash flow and working to strengthen its management base and financial position through enhancing active business development to increase corporate value, the Company shall implement a policy of maintaining a stable dividend based on business performance with a dividend payout ratio of approximately 50%.

With regard to the fiscal year-end dividend and distribution of surplus for the fiscal year under review, the Company proposes as follows by comprehensively taking into account such factors as the business results for the fiscal year under review and internal reserves.

Items related to the fiscal year-end dividend

- (1) Type of dividend property
Cash
- (2) Items related to the allocation of dividend property to shareholders and its total amount 60 yen per common share of the Company
Total of ¥833,852,760
- (3) Date the distribution of surplus comes into effect
June 23, 2023

Proposal 2: Election of Five (5) Directors

The terms of office of all five (5) Directors shall expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of five (5) Directors is proposed.

The candidates for Directors are as follows:

No.	Furigana Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held	Special interests with the Company
1	Yoshimasa Yamamoto (April 1, 1948)	July 1972	Established Sound Hokuetsu Co., Ltd. (current HARD OFF CORPORATION Co., Ltd.)	300 thousand	None
		April 1988	as Senior Managing Director Representative Director and President of the Company		
		June 2007	Representative Director and Chairman		
		April 2008	Representative Director, Chairman and President		
		April 2019	Representative Director and Chairman (current post)		
		[Reason for nomination] As founder, he has led the management of the Company with strong leadership over many years, built the HARD OFF business model, created the current HARD OFF Group, and at the same time made contributions to the improvement of social awareness and development of the reuse industry. Based on such achievements, the Company has nominated him as a candidate for Director.			
2	Taro Yamamoto (November 16, 1980)	March 2005	Joined The FAST RETAILING CO., LTD.	124 thousand	None
		October 2007	Joined the Company as Deputy General Manager of president's office		
		April 2011	General Manager of Corporate Planning Office		
		June 2011	Managing Director and General Manager of Corporate Planning Office		
		April 2013	Managing Director and General Manager of Store Operation Headquarters		
		April 2016	Executive Vice President and General Manager of Store Operation Headquarters		
		April 2019	Representative Director and President and General Manager of Store Operation Headquarters (current post)		

<p>[Reason for nomination] Since joining the Company, he has been in charge of corporate planning, store operation, store development, and human resources development divisions and served as President of subsidiaries. He has also been involved in overall management as Vice President since April 2016, and as President since April 2019. Based on such abundant experience, the Company has nominated him as a candidate for Director.</p>					
3	Tsuyoshi Nagahashi (October 6, 1967)	April 1991 March 2003 June 2003 June 2008 June 2011 April 2015 April 2016	Joined Nippon Life Insurance Company Joined the Company General Manager of president's office Director and General Manager of president's office Managing Director and General Manager of president's office Managing Director, General Manager of president's office, and General Manager of Management Administration Headquarters Senior Managing Director, General Manager of president's office, and General Manager of Management Administration Headquarters (current post)	10 thousand	None
<p>[Reason for nomination] Since joining the Company, he has been in charge of IR, corporate planning, human resources and general affairs, and accounting divisions. Considering that he has abundant business experience and extensive knowledge cultivated in such divisions, the Company has nominated him as a candidate for Director.</p>					
4	Mieko Watanabe (September 6, 1962)	April 1983 December 1996 July 2011 March 2016 June 2020	Joined Yamakou Co., Ltd. (current Snow Peak, Inc.) Director of Snow Peak, Inc. Managing Director Representative Director and Senior Managing Officer Outside Director of the Company (current post)	-	None
<p>[Reason for nomination and summary of expected roles] She has abundant experience and deep insight cultivated as an executive of a listed company. Based on such abundant experience and deep insight, the Company expects that she will provide supervision, advice, etc. on overall management including execution of duties by Directors from a female perspective as the only female Director in the Company, and will be involved in and supervise selection of candidates for officers of the Company and determination of officers' compensation, etc. from an objective and neutral standpoint. Thus, the Company has nominated her as a candidate for Outside Director.</p>					

5	* Nobuyoshi Izumi (July 5, 1965)	April 1988	Nikkei Inc. (journalist)	-	None
		March 2009	Assigned to Tokyo Copyreading Department Head of Tokushima Branch Office		
		April 2015 October 2015 December 2016	Osaka Local News Section Left Nikkei Inc. Joined Toranomon Law & Economic Office (Registered with Tokyo Bar Association)		
		November 2017 November 2019	Joined Adan Law Office Opened Kudan Izumi Law Office (current position)		
<p>[Reason for nomination and summary of expected roles]</p> <p>He has abundant experience and deep insight cultivated as a journalist. He also possesses a high degree of knowledge as an attorney, and the Company expects him to use his wealth of experience and insight to supervise and advise the directors on the overall management of the Company. He will also be involved in and supervise selection of candidates for officers of the Company and determination of officers' compensation, etc. from an objective and neutral standpoint. Thus, the Company has nominated him as a candidate for Outside Director.</p> <p>While this individual has not been involved in company management other than as an outside officer, we believe that he can adequately perform his duties as an outside director for the aforementioned reasons.</p>					

Note: 1. An asterisk (*) denotes a candidate for a new director.

2. Ms. Mieko Watanabe and Mr. Nobuyoshi Izumi are candidates for Outside Directors.
3. Ms. Mieko Watanabe is currently an Outside Director of the Company, and her term of office as Outside Director will be three (3) years at the conclusion of this General Meeting of Shareholders.
4. The Company has registered Ms. Mieko Watanabe as an Independent Director prescribed by the Tokyo Stock Exchange. Mr. Nobuyoshi Izumi meets the independence criteria set by the Tokyo Stock Exchange, and we plan to notify the exchange of his appointment as an independent director.

Director Candidate Skill Matrix

No.	1	2	3	4	5
Name	Yoshimasa Yamamoto	Taro Yamamoto	Tsuyoshi Nagahashi	Mieko Watanabe	Nobuyoshi Izumi
Post	Representative Director and Chairman	Representative Director and President	Senior Managing Director	Outside Director	Outside Director
Business Administration	●	●		●	
Marketing (Store openings, business strategy)	●	●			
Franchise Business	●				
Finance and Accounting			●	●	
DX		●			
Legal Risk Management			●		●
Global Business	●	●		●	
Diversity				●	

Proposal 3: Renewal of measures against large-scale purchases of company shares (takeover defense measures)

The Company initially introduced the “Measures Against Large-scale Purchases of Company Shares (Takeover Defense Measures)” at the 36th Annual General Meeting of Shareholders held on June 20, 2008, as an initiative to prevent the Company’s financial and business policies from being controlled by inappropriate individuals, in light of the “basic policies related to the way a person is to control the decisions on the financial and business policies of the stock company” as defined in the main text of Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act (hereinafter referred to as the “Basic Policy on Company Control”). The measures were most recently updated with some changes at the 48th Annual General Meeting of Shareholders held on June 24, 2020, (the takeover defense measures as they exist after the most recent update shall hereinafter be referred to as the “Current Plan”), and their validity expires at the end of the 51st Annual General Meeting of Shareholders (hereinafter referred to as “this meeting”). Even after the update to the Current Plan, we have continued to consider it to be one of the initiatives to ensure and improve corporate value and the common interests of the shareholders, taking into account changes in social and economic conditions, trends surrounding takeover defense measures, and the progress of various discussions seen in the introduction of the Corporate Governance Code. At the Board of Directors’ meeting held on May 10, 2023, we decided to renew it, conditional upon approval by the shareholders at this meeting. In renewing the plan, we have made some revisions and adjustments to certain words and phrases, but there are no changes to the basic scheme.

Therefore, we are asking for your approval to renew the plan.

1. Objective of the Plan (Renewal)

The plan shall be renewed as an initiative to prevent the Company’s financial and business policies from being controlled by inappropriate individuals in light of the Basic Policy on Company Control.

Even if there are large-scale purchases of the Company’s shares, we do not believe that those who make such purchases are inappropriate individuals controlling the decision-making of the Company’s financial and business policies, provided that they contribute to ensuring and improving corporate value and the common interests of the shareholders. Additionally, we believe that the decision whether or not to accept a takeover proposal involving a transfer of control of a corporation should ultimately be made based on the wishes of the shareholders.

However, there are not a few large-scale share purchases that do not contribute to corporate value and the common interests of shareholders, such as those that pose a clear threat to

corporate value and the common interests of shareholders, or that effectively force shareholders to sell their shares, or that do not provide the necessary and sufficient time and information for the Board of Directors and shareholders to consider the details of large-scale share purchases, or to propose alternatives, or whose purchase conditions are insufficient or inappropriate in light of corporate value, or that intend to destroy relationships with stakeholders that are indispensable for maintaining and increasing corporate value.

In particular, we believe that the strength of our corporate value lies in our business know-how for achieving high management efficiency with low cost and high return through our unique business model. If those who make large-scale purchases of our shares do not fully understand this, we believe that corporate value and the common interests of the shareholders will be damaged.

The ratio of shares of the Company held by Company officers and their related parties is 37.8%, of which 37.1% is held by the Company president and asset management companies over which he has control. However, as we are a publicly traded company, shares of the Company can be transferred based on the free will of the shareholders through transactions and the like. Therefore, depending on the circumstances of Company officers and related parties, shares of the Company may be transferred or otherwise disposed of, or inherited in the future. As a result, we cannot deny the possibility that the shareholding ratio of these parties may decrease or become more diversified.

Moreover, a significant portion of Company shares are held by individual shareholders, institutional investors such as trust banks, domestic corporations, overseas corporations, and others, which means they are widely distributed. Furthermore, we will continue to actively open multiple stores in the future, and as we accelerate store openings and expand our business, raising funds for facilities will be extremely important. When we need to raise funds for facilities, the method for procuring said funds is not limited to borrowing from financial institutions. Raising funds from the capital market is a viable option, and in that case, as the number of circulating shares increases, the shareholding ratio of Company officers and related parties will decrease, and the composition of the shareholders could significantly change.

In light of these circumstances, the liquidity of the shares we issue is likely to increase significantly, and going forward, we cannot deny the possibility of large-scale purchase activities against the Company's shares that could damage the Company's value and, in turn, the common interests of the shareholders.

Therefore, the Board of Directors believes that if large-scale purchases are carried out on the Company's shares, it is in line with the Company's value and the common interests of the

shareholders to ensure necessary information and time for the shareholders to make appropriate decisions, and to ensure that negotiations with the purchasers are conducted according to certain reasonable rules. We have thus decided to establish certain rules for providing information and ensuring discussion time during large-scale purchases (hereinafter referred to as “Large-scale Purchase Rules”). In consideration of the Basic Policy on Company Control, we have decided to renew this plan as a measure against inappropriate parties carrying out large-scale purchase activities, including countermeasures against such purchases.

2. Purchase of the Company’s Shares Subject to the Plan

The purchase of the Company’s shares subject to this plan refers to the act of purchasing shares (Note 3) of the Company with the aim of bringing the voting rights ratio (Note 2) of a specific group of shareholders (Note 1) to 20% or more, or the act of purchasing shares of the Company that results in the voting rights ratio of the specific group of shareholders reaching 20% or more (in both cases, this applies regardless of the specific method of purchase, such as market transactions, public tender offers, etc., except for those previously agreed upon by the Board of Directors. Below, such purchase activities are referred to as “large-scale purchase activities,” and those who carry out such purchase activities are referred to as “large-scale purchasers”).

Note 1: A specific shareholder group refers to:

- (i) Holders of Company shares and other similar financial instruments (defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act; includes those deemed holders based on Article 27-23, Paragraph 3. The same shall apply hereinafter), or joint holders (defined in Article 27-23, Paragraph 5 of the same Act, and includes those deemed to be joint holders based on Paragraph 6 in the same article. The same shall apply hereinafter), or
- (ii) Those who perform purchasing and other similar transactions (defined in Article 27-2, Paragraph 1 of the same Act, including transactions carried out in a financial instruments exchange market) of Company shares and other similar financial instruments (defined in Article 27-2, Paragraph 1 of the same Act) and their special related parties (defined in Article 27-2, Paragraph 7 of the same Act).

Note 2: The voting rights ratio refers to:

- (i) In the case mentioned in Note 1(i), the shareholding ratio of the specific shareholder group, which refers to the ratio of shares and other similar financial instruments held by the holder in question (defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. In this case, the number of shares and other similar financial

instruments held by the joint holders (defined in the same paragraph. The same shall apply hereinafter) shall also be added to the total), or

- (ii) In the case mentioned in Note 1(ii), the total ratio of shares and other similar financial instruments (defined in Article 27-2, Paragraph 8 of the same Act) held by the large-scale purchaser and special related parties in question. In calculating each voting rights ratio, the total number of voting rights (as defined in Article 27-2, Paragraph 8 of the same Act) and the total number of issued shares (as defined in Article 27-23, Paragraph 4 of the same Act) can be referenced from the most recently submitted securities report, quarterly report, and share buyback status report.

Note 3: Shares and other similar financial instruments refer to those that fall under either of the definitions specified in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act or Article 27-2, Paragraph 1 of the same Act.

3. Establishment of the Independent Committee

In order to operate this plan properly and ensure the rationality and fairness of the Company's decisions, we shall establish an Independent Committee based on the Independent Committee Regulations (refer to Appendix 1 for an overview) just as with the Current Plan. The committee shall consist of three or more members, and to enable fair and impartial judgment, members shall be selected from among outside directors, outside auditors, or outside experts (Note), who are independent from the execution of the Company's operations. (Refer to Appendix 2 for candidates for the Independent Committee at the time of renewal.)

The Independent Committee shall provide recommendations to the Board of Directors in response to inquiries about judgments on whether large-scale purchasers have complied with large-scale purchase rules, whether large-scale purchases significantly harm the Company's corporate value and the common interests of shareholders, judgments on whether to implement or not implement countermeasures, judgments on stopping countermeasures once implemented, etc. The Board of Directors shall respect the recommendations of the Independent Committee to the fullest extent. Overviews of the details of the Independent Committee's recommendations shall be announced as appropriate.

To ensure that the judgments of the Independent Committee contribute to the Company's corporate value and hence the common interests of shareholders, the Independent Committee will be able to seek advice from independent third-party experts (financial advisors, certified public accountants, lawyers, consultants, and other experts) as necessary at the Company's expense.

Note: Outside experts are defined as

individuals with a proven track record as company executives, former government officials, lawyers, certified public accountants, academics, or others with similar qualifications.

4. Overview of Large-scale Purchase Rules

The large-scale purchase rules set by the Company involve large-scale purchasers providing necessary and sufficient information to the Board of Directors in advance, then initiating large-scale purchase activities after a certain evaluation period has passed. The overview is as follows:

① Submission of a Letter of Intent by the large-scale purchaser to the Company

When a large-scale purchaser intends to engage in large-scale purchase activities, they must first submit a Letter of Intent in Japanese to the Board of Directors, which includes a legally binding pledge to follow the large-scale purchase rules and the following details, prior to large-scale purchase activities or a proposal for large-scale purchase activities. When the Company receives a Letter of Intent from a large-scale purchaser, this shall be promptly announced, along with the details thereof if necessary.

- (a) Name and address of the large-scale purchaser
- (b) Law governing the establishment
- (c) Name of the representative
- (d) Domestic contact details
- (e) Overview of the proposed large-scale purchase activities
- (f) Pledge to follow the large-scale purchase rules set forth in this plan

② Large-scale purchaser's provision of necessary information to the Company

The Board of Directors of the Company shall, within 10 business days from the day following the receipt of the Letter of Intent which contains all items from (a) to (f) as mentioned in ① above, provide the large-scale purchaser with a written document (hereinafter referred to as the "List of Necessary Information") describing the items to be submitted to the Board of Directors as information related to the large-scale purchase (hereinafter referred to as the "Necessary Information"). The large-scale purchaser is required to submit to the Board of Directors a document written in Japanese containing the Necessary Information, in accordance with the Necessary Information List.

The general items for the Necessary Information include, but are not limited to, the following. The specific content may vary depending on the attributes of the large-scale purchaser and the purpose and content of the large-scale purchase; however, in any case, it is limited to the scope necessary and sufficient for the Board of Directors to form its opinions and for the judgment of the shareholders.

- (a) Detailed information (including name, business description, history or background,

capital structure, financial details, experience in businesses similar to those of the Company and its Group companies) about the large-scale purchaser and its group (including joint holders, special related individuals, and members (in the case of a fund))

- (b) Purpose, method, and details of the large-scale purchase (including the amount and type of the large-scale purchase, the timing of the large-scale purchase, the structure of related transactions, the legality of the method of the large-scale purchase, and the feasibility of the large-scale purchase)
- (c) Basis for calculation of the amount of the large-scale purchase (including facts serving as assumptions for the calculation, the calculation method, the numerical information used for the calculation, and the details of synergies expected to arise from a series of transactions related to the large-scale purchase)
- (d) Backing of the funds for the large-scale purchase (including specific names of the providers of the funds (including the actual providers), the method of procurement, and details of related transactions)
- (e) Candidates for executives who are expected to participate in the management of the Company and Group companies after the large-scale purchase (including information about their experience in businesses similar to that of the Company and Group companies), management policy, business plan, financial plan, capital policy, dividend policy, asset utilization measures, etc.
- (f) Whether there are any planned changes, and the details of such changes, regarding the relationship with stakeholders such as trading partners, customers, and employees of the Company and Group companies after the large-scale purchaser has participated in the management of the Company and Group companies.

From the standpoint of swift application of the large-scale purchase rules, the Board of Directors may, as necessary, set a deadline for the large-scale purchaser to provide the information. However, the deadline can be extended if a request for extension is made by the large-scale purchaser on a reasonable basis.

Based on the Necessary Information submitted as described above, if the Board of Directors, after diligent review, deems that said Necessary Information is not sufficiently adequate for evaluating and considering the large-scale purchase, the Board may request the large-scale purchaser to provide additional information within a reasonable response deadline (capped at 60 days from the initial receipt of the Necessary Information), set by the Board.

Furthermore, should the Board of Directors deem that the large-scale purchaser has

submitted sufficiently necessary information for evaluating and considering the large-scale purchase, a notification to that effect (hereinafter referred to as the “Notice of Completion of Information Provision”) shall be sent to the large-scale purchaser. The necessary information shall be submitted to the Independent Committee, and this fact shall be publicly announced.

If the large-scale purchaser does not provide part of the requested information despite the request for additional provision of the necessary information by the Board of Directors, but provides a reasonable explanation for not providing said information, it is possible for the Board of Directors to conclude the negotiations, etc., related to the provision of information with the large-scale purchaser even without having all the necessary information requested by the Board. This fact shall be publicly announced, and the evaluation and consideration by the Board of Directors, as described in ③ below, may commence. Necessary Information provided to the Board of Directors shall be submitted to the Independent Committee and, when deemed necessary for shareholder decision-making, all or part of it shall be publicly announced at a time the Board of Directors deems appropriate.

③ Evaluation and consideration of necessary information by the Board of Directors, etc.

The Board of Directors, depending on the complexity of evaluating the large-scale purchase, shall establish a period for evaluation, consideration, negotiation, formation of opinions, and the development of alternative proposals by the Board of Directors (hereinafter referred to as the “Board Evaluation Period”), which shall be a maximum of 60 days in the case of a tender offer for all of the Company’s shares with cash (yen) as the only consideration, and a maximum of 90 days in the case of other large-scale purchases, after the large-scale purchaser has completed the provision of necessary information to the Board of Directors.

During the Board Evaluation Period, the Board of Directors, with the advice of independent third-party experts such as financial advisors, certified public accountants, lawyers, consultants, and other professionals as needed, shall thoroughly evaluate and consider the provided Necessary Information, respect the recommendations from the Independent Committee to the fullest extent, and carefully consolidate and announce the opinions of the Board of Directors. Also, if necessary, negotiations with the large-scale purchaser regarding improvement of the conditions of the large-scale purchase activities may be held, and the Board of Directors may present alternative proposals to shareholders.

5. Response in the Case of a Large-scale Purchase

① If the large-scale purchaser does not comply with the large-scale purchase rules

If the large-scale purchaser does not comply with the large-scale purchase rules, regardless of the specific method of the purchase, the Board of Directors, while respecting the recommendations of the Independent Committee to the fullest extent, may counteract the large-scale purchase by taking countermeasures allowed by the Companies Act and the Articles of Incorporation, such as the allotment of share options without contribution, in order to protect corporate value and the common interests of the shareholders.

The specific measures to be taken shall be chosen by the Board of Directors at that point in time within the necessary and reasonable scope for defending against the acquisition, as deemed most appropriate by the Board of Directors. In principle, the outline of the allotment of share options without contribution, if taken as a concrete countermeasure by the Board of Directors, is as described in Appendix 3, but in the actual case of the allotment of share options without contribution, an exercise period and other conditions may be set with the intent of serving as countermeasures, such as not belonging to a specific shareholder group with a certain percentage of voting rights being set as a condition for the exercise of the new share options. However, in this case, the Company does not anticipate paying money to the large-scale purchaser for the acquisition of the new share options.

② If the large-scale purchaser complies with the large-scale purchase rules

If the large-scale purchaser complies with the large-scale purchase rules, even if the Board of Directors opposes the large-scale purchase, it shall, in principle, not take countermeasures against the large-scale purchase, but shall instead limit its actions to persuading shareholders by expressing its opposition to the purchase proposal or presenting alternative proposals. Whether or not to accept a purchase proposal from a large-scale purchaser shall be up to the shareholders to decide based upon consideration of the purchase proposal and the opinions on the purchase proposal and alternative proposals presented by the Company.

However, even if the large-scale purchase rules are complied with, if the large-scale purchase activities fall under any of Items (a) to (i) below, for example, and it is clear that as a result they may cause damage to the Company from which it is difficult to recover, or if they are judged to significantly harm the corporate value and the common interests of its shareholders, then the Board of Directors, while fully respecting the recommendations of the Independent Committee and, if necessary, obtaining the approval of the General Meeting of Shareholders, may exceptionally decide to activate the countermeasures described in ① above to the extent

necessary and reasonable to protect the corporate value and the common interests of its shareholders.

- (a) If it is judged that the large-scale purchaser is purchasing the Company's shares for the purpose of driving up the price of the Company's shares and having the Company's related parties buy them at high prices, even though the purchaser has no real intention to participate in the management of the Company (referred to as "greenmailing")
- (b) If it is judged that the large-scale purchaser is purchasing the Company's shares for the purpose of conducting scorched-earth management, such as transferring intellectual property rights, know-how, confidential business information, main customers and clients, etc., necessary for the business management of the Company or its Group companies, to the large-scale purchaser or its Group companies, etc., by temporarily controlling the Company's management
- (c) If it is determined that the purchase of the Company's shares is being conducted with the intent to divert the Company's or its Group companies' assets as collateral or repayment for the debts of large-scale purchasers or their Group companies, etc., after assuming control of our management
- (d) If it is determined that the purchase of the Company's shares is being conducted with the intent to temporarily control its management, force the sale or disposal of its or its Group companies' high-value assets such as real estate, securities, etc., and use the profits from the disposal to enable a temporary high dividend or to aim for a sudden increase in share price due to a temporary high dividend in order to sell shares at the top of the market
- (e) If it is determined that the purchase method of the Company's shares proposed by a large-scale purchaser imposes so-called coercive two-step purchases (buying all of the Company's shares without soliciting at the first purchase, setting the conditions of the second purchase disadvantageously or without clarity, and conducting public offers, etc.), restricting the judgment opportunities or freedom of all shareholders, and effectively coercing the shareholders to sell Company shares
- (f) If it is determined that the purchase conditions (including but not limited to type and amount of purchase price, calculation basis for the amount, specific details of other conditions, legality, feasibility, etc.) of the Company's shares proposed by the large-scale purchaser are significantly inadequate or inappropriate in light of the Company's corporate value and the common interests of shareholders
- (g) If it is determined that the management policy after the purchase by the large-scale purchaser is inadequate or inappropriate, inhibiting the growth and stability of the Company's or its Group companies' business, and thereby potentially causing serious

damage to its corporate value and the common interests of shareholders

- (h) If it is a purchase that could seriously undermine the relationship with stakeholders associated with the Company, including customers, creditors, employees, etc., which is essential for achieving the continuous increase in the corporate value of the Company or its Group companies, thereby bringing about a significant risk of being contrary to the common interests of shareholders
- (i) If the large-scale purchaser is judged to be extremely inappropriate as a controlling shareholder from the standpoint of public order and morals

③ Resolutions of the Board of Directors and holding of the General Meeting of Shareholders

When the Board of Directors makes a decision on whether or not to implement countermeasures in ① or ② above, it shall do so by giving the utmost respect to the recommendations of the Independent Committee and thoroughly considering the necessity, appropriateness, etc., of such countermeasures, and making a resolution as a corporate body under the Companies Act on the implementation or non-implementation of countermeasures, etc.

In addition, when the Independent Committee recommends the implementation of countermeasures and requests the holding of a General Meeting of Shareholders for the resolution on the implementation, the Board of Directors shall set a maximum period of 60 days (hereinafter referred to as the “Shareholder Consideration Period”) for all shareholders to thoroughly consider the implementation of countermeasures under this Plan, and hold a General Meeting of Shareholders during this Shareholder Consideration Period.

In the event that the Board of Directors decides to hold a General Meeting of Shareholders and set the reference date, the Board of Directors evaluation period shall end on that day, and there shall be an immediate transition into the Shareholder Consideration Period.

When holding the General Meeting of Shareholders, the Board of Directors shall provide a written document that includes the Necessary Information provided by the large-scale purchaser, the opinion of the Board of Directors on said Necessary Information, alternate plans from the Board of Directors, and any other matters deemed appropriate by the Board of Directors. This document shall be sent to all shareholders along with the notice of the General Meeting of Shareholders, and it shall be announced promptly and appropriately.

If a resolution regarding the implementation or non-implementation of countermeasures is made at the General Meeting of Shareholders, the Board of Directors shall comply with the resolution of the General Meeting of Shareholders. If the General Meeting of Shareholders

resolves not to activate countermeasures, the Board of Directors shall not activate countermeasures. Upon the conclusion of the General Meeting of Shareholders, the shareholder deliberation period shall end and the results of the General Meeting of Shareholders shall be announced promptly and appropriately after the resolution.

④ Large-scale purchase waiting period

If no shareholder deliberation period is set, the period from the submission of the Letter of Intent mentioned in 4. ① to the Board of Directors to the end of the Board of Directors' evaluation period (or until the end of the combined period of the Board of Directors' evaluation period and shareholder deliberation period if a shareholder deliberation period is set) shall be designated as the large-scale purchase waiting period. During the large-scale purchase waiting period, large-scale purchases are not allowed. Therefore, large-scale purchases can only begin after the large-scale purchase waiting period has elapsed.

⑤ Regarding the suspension of countermeasure activation

In the case mentioned in ③ above, even after the Board of Directors or the General Meeting of Shareholders has decided to take specific countermeasures, if the large-scale purchaser withdraws or changes the large-scale purchase activity, or if the Board of Directors determines that it is not appropriate to activate the countermeasures, the activation of the countermeasures may be suspended or changed in a manner that respects the recommendations of the Independent Committee to the fullest extent possible.

For example, if conducting allotments of share options without contribution as a countermeasure, even after the Board of Directors has decided to grant such options for free, or after they have been granted, if the large-scale purchaser withdraws or changes the large-scale purchase activity, or if the Board of Directors determines that it is not appropriate to activate the countermeasures, upon receiving the recommendation of the Independent Committee, the Company may cancel the allotment of share options without contribution, etc., until the day before the effective date of the share options or, after the allotment of share options without contribution, suspend the implementation of countermeasures by means of the allotment of share options without contribution by the Company until the day before the commencement date of the exercise period.

In the event that measures such as the suspension of countermeasures are undertaken, we shall promptly announce them along with any items the Independent Committee deems necessary.

6. Initiation, Effective Period, and Discontinuation of the Plan

This plan shall take effect upon approval at this General Meeting of Shareholders, and its effective period shall be until the conclusion of the Annual General Meeting of Shareholders (to be held in June 2026) concerning the last fiscal year ending within three years after said date.

However, even after this plan is approved and takes effect at this Annual General Meeting of Shareholders, it shall be discontinued at the point when ① a resolution to discontinue this plan is made at the General Meeting of Shareholders, or ② a resolution to discontinue this plan is made by the Board of Directors.

In addition, even during the effective period of this plan, it may be reviewed from time to time for the purpose of improving corporate value and, ultimately, the common interests of shareholders, and with the approval of the General Meeting of Shareholders, the plan may be amended.

Furthermore, even during the effective period of this plan, if laws related to this plan or rules for the financial instruments exchange where the Company is listed are newly established or abolished, or if it is appropriate to reflect the new establishment or abolition thereof, or if it is appropriate to correct typos and omissions for some reason, if it does not disadvantage shareholders, the Independent Committee may approve the modification or amendment of this plan.

As stated above, if the Board of Directors makes decisions on updates, modifications, or discontinuations of this plan, the details shall be promptly announced.

<For Reference>

The details of this plan are as described in 1 to 6 above, and the impacts on shareholders and the rationale for this plan are as follows:

1. Plan's Impact on Shareholders, etc.

① Impacts of large-scale purchase rules on shareholders, etc.

The large-scale purchase rules are intended to provide shareholders with the necessary information to decide whether to accept large-scale purchase activities along with the opinions of the Board of Directors that is currently managing the Company, and to ensure that shareholders have the opportunity to receive alternative proposals. This allows shareholders to make appropriate decisions about whether to accept large-scale purchase activities based on sufficient information, which we believe leads to the protection of corporate value and ultimately, the common interests of shareholders. Therefore, we believe that the establishment of large-scale purchase rules is a prerequisite for enabling shareholders to make appropriate investment decisions, and is thus beneficial to shareholders.

Note that the approach to large-scale purchase activities varies depending on whether the large-scale purchaser complies with the large-scale purchase rules, so shareholders are advised to pay attention to the tendencies displayed by large-scale purchasers.

② Impact on shareholders at the time of countermeasure activation

If a large-scale purchaser fails to comply with the large-scale purchase rules, or even if they are compliant with said rules, the Board of Directors of the Company may take countermeasures permitted by the Companies Act and the Articles of Incorporation, such as the allotment of share options without contribution, if it is determined that the large-scale purchase activities could cause irreparable harm to the Company and thereby significantly harm the value of the Company and, consequently, the common interests of the shareholders, with the aim of protecting the value of the Company and the common interests of the shareholders. However, we do not anticipate a situation where all shareholders (excluding those large-scale purchasers who do not comply with the large-scale purchase rules and who perform large-scale purchase activities that are deemed to harm the overall interests of the shareholders, such as by causing irreparable damage to the Company) suffer extraordinary losses to their legal rights or economic interests due to the structure of these countermeasures.

If the Board of Directors decides to take specific countermeasures, they shall be disclosed in a timely and appropriate manner in accordance with laws and regulations and the rules of the

financial products exchange where the Company is listed.

As one of the countermeasures, if the Company decides to implement the allotment of share options without contribution, all shareholders shall be allocated new share options without needing to apply. Furthermore, by the Company taking steps to acquire the new share options, shareholders shall receive Company shares for the acquisition of new share options by the Company, without having to pay the exercise price equivalent in cash. Thus, procedures such as application and payment are not necessary. However, in this case, shareholders who receive the allocation of new share options may be asked to submit a written pledge in a format specified by the Company, affirming, among other things, that they are not a large-scale purchaser.

Even after the allotment date of the new share options or after the effectuation of the new share options, the Company may, for example, cancel the allotment of the new share options, or acquire the new share options free of charge without delivering Company shares in exchange for the new share options, if large-scale purchasers withdraw their large-scale purchase activities or other circumstances arise by the day prior to the start date of the exercise period of the new share options. In such cases, shareholders or investors who have sold or otherwise disposed of shares based on an assumption that the value per share would be diluted may suffer substantial losses due to changes in the share price.

2. Regarding the Rationale of the Plan (that this plan is in line with the Basic Policy on Company Control, is consistent with the value of the Company and the common interests of the shareholders, and is not intended to maintain the positions of the Company's officers)

① The plan satisfies the requirements of the Guidelines for Countermeasures Against Takeovers

The plan satisfies the three principles (the principle of securing and enhancing corporate value and common interests, the principle of prior disclosure and shareholder intent, and the principle of ensuring necessity and proportionality) set forth in the Guidelines for Countermeasures Against Takeovers for the Protection and Improvement of Corporate Value and the Common Interests of Shareholders announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. Additionally, this takes into account the details of the "Approach to Anti-Takeover Measures in Light of Recent Environmental Changes" report announced by the Corporate Value Study Group established in the Ministry of Economy, Trade and Industry on June 30, 2008, as well as the Corporate Governance Code (revised on June 11, 2021) publicly announced by the Tokyo Stock Exchange on June 1, 2015, particularly "Principle 1-5: So-called Takeover

Defense Measures.”

② The plan does not undermine the common interests of shareholders

The plan, when there are large-scale purchase activities for the Company’s shares, allows shareholders to determine whether or not to respond to these large-scale purchases. It also provides information and time for the Board of Directors to present alternative proposals or negotiate with the purchaser on behalf of shareholders, with the aim of securing and enhancing the corporate value of the Company and, consequently, the common interests of the shareholders.

The renewal of this plan is conditional upon the approval of the shareholders, and the plan can be abolished by the will of the shareholders. Therefore, it can be assumed that this plan is guaranteed not to undermine the common interests of the shareholders.

③ The plan reflects the will of the shareholders

The plan shall come into effect with the approval of shareholders at the General Meeting, and the renewal of the plan shall reflect the will of the shareholders.

Also, even prior to the expiration of the plan after renewal, if a resolution to abolish the plan is made at the General Meeting of Shareholders, the plan shall be abolished at that point, reflecting the will of the shareholders.

④ Emphasis on the judgment of highly independent outsiders

The activation of countermeasures in this plan entails consulting with an Independent Committee composed of members independent from the execution of the Company’s business, and it is supposed to respect the recommendations of this committee to the greatest extent possible. Procedures are also secured to ensure the transparent operation of this plan to contribute to the corporate value of the Company and the common interests of shareholders.

⑤ It is not a dead-hand takeover defense measure

The plan can be abolished by the Board of Directors, who are elected at the Company’s General Meeting of Shareholders. Therefore, this plan is not a dead-hand takeover defense measure (a takeover defense measure that cannot be stopped even if more than half of the members of the Board of Directors are replaced).

In addition, the Company has set the term of directors at two years, but has not adopted a

staggered term system. Furthermore, the Company does not require a special resolution as a requirement for the resolution to dismiss a director.

(Appendix 1)

Overview of Independent Committee Regulations

- The Independent Committee is established by a resolution of the Company's Board of Directors.
- The members of the Independent Committee consist of three or more people, and to make fair and neutral judgments, they are elected based on a resolution of the Company's Board of Directors from among outside directors, outside auditors, or outside experts (experienced company managers, former government officials, lawyers, certified public accountants, experienced scholars, or the equivalent) who are independent from the management executing the Company's business.
- The term for members who are outside directors or outside auditors is until the expiration of their term as directors or auditors, and the term for members who are outside experts is until the end of the first Board of Directors meeting after the conclusion of the Annual General Meeting of Shareholders concerning the last fiscal year ending within three years after said date.
- The Independent Committee shall make recommendations to the Board of Directors regarding matters that are consulted on, including whether a large-scale purchaser has complied with the large-scale purchase rules, whether the large-scale purchase activities could significantly damage corporate value and the common interests of shareholders, whether countermeasures should be implemented or not, and whether to cease countermeasures that have been initiated. The recommendations shall, in principle, include the details of their decisions, as well as their reasons and the basis thereof. Furthermore, each member of the Independent Committee shall make these decisions from the perspective of whether they contribute to corporate value and thus to the common interests of the shareholders.
- The Independent Committee can, at the Company's expense, obtain advice from independent third-party professionals such as financial advisors, certified public accountants, lawyers, consultants, and other specialists as needed.
- The resolutions of the Independent Committee are passed when more than half of committee members are present and more than half of attending members agree.

(Appendix 2)

Brief Profiles of Independent Committee Member Candidates

Once the plan is renewed, the Independent Committee is expected to consist of the following three members.

Kazuo Watanabe

Brief Profile: Born on December 11, 1956

April 1979: Joined Yamagata Shiawase Bank
(currently Kirayaka Bank)

May 2007: Became General Manager of the Yuza branch

April 2010: Became General Manager of the Niigata branch

June 2012: Appointed Full-time Outside Corporate Auditor (current post)

Masahiro Shibuya

Brief Profile: Born on May 26, 1953

April 1976: Joined The Daishi Bank, Ltd. (current Daishi Hokuetsu Bank, Ltd.)

February 1996: Became General Manager of the Nishishibata branch

June 2003: Appointed Sales Division Manager

June 2006: Became General Manager of Tsubame branch

April 2008: Officer in charge of personnel affairs of Daishi JCB Card Co., Ltd.

February 2011: Appointed Managing Director of Daishi Credit Guarantee
Corporation

June 2014: Appointed Managing Director of The Daishi Bank Health Insurance
Society

(current Daishi Hokuetsu Health Insurance Society)

June 2016: Appointed Outside Corporate Auditor (current post)

Koji Yoshida

Brief Profile: Born on February 5, 1954

October 1983: Passed the bar exam

April 1986: Registered as a lawyer (current post)

April 1991: Opened a law firm

June 2000: Appointed Outside Corporate Auditor (current post)

These three individuals have been reported as independent directors according to the standards set by the Tokyo Stock Exchange.

* There is no special conflict of interest between each Independent Committee member and the Company.

(Appendix 3)

Overview of Allotment of Share Options Without Contribution

1. Shareholders subject to the allotment of share options without contribution and the allotment method

Share options shall be allocated to the shareholders recorded in the final shareholder registry on the allotment date determined by the Board of Directors, without requiring additional payment, at a rate of one share option per share of Company common shares that they own (excluding the Company's own shares).

2. Type and number of shares to be issued for share options

The type of shares to be issued for share options shall be common shares of the Company, and the number of shares to be issued per share option shall be one share. However, if the Company conducts a stock split or a stock merger, the necessary adjustments shall be made.

3. Total number of share options to be allocated to shareholders

The upper limit shall be the number obtained by subtracting the total number of issued common shares of the Company (excluding the common shares of the Company owned by the Company) from the total number of shares that the Company can issue as of the allocation date determined by the Board of Directors. The Board of Directors may allocate share options multiple times.

4. Assets and their value to be contributed upon exercise of each share option

The assets to be contributed upon the exercise of each share option shall be cash, and their value shall be an amount not less than one yen as determined by the Board of Directors. If the Board of Directors decides to acquire the share options, it is possible to deliver new shares to shareholders as consideration for the acquisition of new share options by the Company, without paying an amount equivalent to the exercise price.

5. Restrictions on transfer of share options

Acquisition of the share options through transfer shall require the approval of the Board of Directors.

6. Conditions for exercising share options

It shall be stipulated that conditions for exercise include not being part of a specific shareholder group with a voting rights ratio of 20% or more (excluding those who have received prior approval from the Board of Directors). Detailed conditions shall be determined separately by the Board of Directors.

7. Exercise period for share options, etc.

The date when the allocation of the share options becomes effective, the exercise period, the acquisition clause, and other necessary matters shall be determined separately by the Board of Directors. Furthermore, with regard to the acquisition clause, it is possible to stipulate that the Company can acquire the share options held by persons other than those who are not permitted to exercise the share options due to the exercise conditions stated above in Section 6, and the Company can deliver a number of the Company's common shares per share option as determined separately by the Board of Directors. It is also possible to establish a clause stating that the Company can acquire the share options at no charge without issuing Company shares. Additionally, the Company does not anticipate paying money for the acquisition of the share options held by persons who are not permitted to exercise the share options due to the conditions stated in the aforementioned "6. Conditions for exercising share options."