

May 14, 2019

To our shareholders:

Eigo Nosaka, President & CEO

**Treasure Factory Co., Ltd.**

3 Kandaneibeicho, Chiyoda-ku, Tokyo

## **Notice of Convocation of the 24th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 24th Ordinary General Meeting of Shareholders of the Company.

**If you are unable to attend the meeting in person, you may exercise your voting rights in writing. Please review the attached Reference Documents for the General Meeting Shareholders first, then exercise your voting rights by indicating approval or disapproval of each agenda item on the enclosed voting rights exercise form, and return it so that it reaches us no later than 5:00 p.m. on Tuesday, May 28, 2019.**

**1. Date and time:** 10:00 a.m., Wednesday, May 29, 2019 (Reception will open at 9:00 a.m.)

**2. Venue:** Room B in sola city Conference Center on the 1st floor of  
Ochanomizu sola city  
4-6 Kandasurugadai, Chiyoda-ku, Tokyo

**3. Matters constituting the purpose of the meeting:**

**Matters to report:**

1. Reports on contents of the Business Report for the 24th period (from March 1, 2018 to February 28, 2019) and Consolidated Financial Statements, and reports on audit results of Consolidated Financial Statements by the Accounting Auditors and the Board of Corporate Auditors
2. Reports on contents of Financial Statements for the 24th period (from March 1, 2018 to February 28, 2019)

**Matters for resolution:**

**Agenda Item No. 1:** Dividend of Surplus

**Agenda Item No. 2:** Partial Amendments to the Articles of Incorporation

**Agenda Item No. 3:** Election of Five Directors

**Agenda Item No. 4:** Election of Two Auditors

**Agenda Item No. 5:** Election of One Substitute Auditor

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1. If you attend the meeting in person, please submit the enclosed voting rights exercise form to the receptionist.
  2. Pursuant to the provisions of relevant laws and regulations and Article 18 of the Articles of Incorporation, the following items are posted on the Internet at the Company's Japanese-language website (URL: <http://www.treasurefactory.co.jp/>) and therefore are not included in this Notice of Convocation.
    - (1) Status of accounting auditors
    - (2) Framework for ensuring the appropriateness of operations and the summary of its operational status
    - (3) Consolidated Statement of Changes in Equity and Statement of Changes in Equity
    - (4) Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements

The items listed under (1) to (4) above are part of the Business Report, Consolidated Financial Statements and Financial Statements audited by auditors for preparing an Audit Report. The items listed under (3) and (4) are part of the Consolidated Financial Statements and Financial Statements audited by accounting auditors for preparing an Accounting Audit Report.

3. If any revisions are made to the Reference Documents for the General Meeting of Shareholders, Business Report, Financial Statements, and Consolidated Financial Statements are made, such revisions will be posted on the Internet at the Company's website (URL: <http://www.treasurefactory.co.jp/>).

## **Reference Documents for the General Meeting of Shareholders**

### **Agenda Item No. 1: Dividend of Surplus**

The Company proposes to pay 8 yen per share as the year-end dividend for the 24th period in order to reward shareholders' support.

Matters concerning year-end dividend

- 1) Dividend asset  
Cash
- 2) Matters concerning allocation of dividend to shareholders and total amount  
8 yen per common share of the Company  
Total dividend: 90,526,152 yen
- 3) Effective date of dividend of surplus  
May 30, 2019

## Agenda Item No. 2: Partial Amendments to the Articles of Incorporation

### 1. Reason for proposing amendments

In light of the current state of business, the Company proposes to add, revise and rearrange items of the business purpose under Article 2 (Purpose) of the Articles of Incorporation to redefine the business descriptions, prepare for future business expansion and advance into new industries.

### 2. Details of amendments

Details of amendments are as follows.

(Underlined part indicates amendments)

Current Articles of Incorporation	Proposed Amendments
(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses. (1) – (5) (Omitted) [New (moved from Item 11, Article 2 of the current Articles of Incorporation)]  (New)  (6) – (10) (Omitted) <u>(11) Operation of a franchise organization of franchisees operating a retail business for sports goods and used items</u> (12) – (21) (Omitted)  (New)  (22) (Omitted)  (New)  (23) Acquisition, disposal, management, and rental, lease and other uses of real estate <u>and brokerage of such transactions</u> (24) – (29) (Omitted)	(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses. (1) – (5) (Unchanged) <u>(6) Operation of a franchise organization of franchisees operating a retail business for sports goods and used items</u> <u>(7) Operation of a used-goods market and hosting auctions</u> (8) – (12) (Unchanged) [Deleted (moved to Item 6, Article 2 of the Proposed Amendments)]  (13)~(22) (Unchanged) <u>(23) General motor truck transportation business and light motor truck transportation business</u> (24) (Unchanged) <u>(25) Real estate brokerage</u> (26) Acquisition, disposal, management, and rental, lease and other uses of real estate  (27)~(32) (Unchanged)

### Agenda Item No. 3: Election of Five Directors

The term of office of Directors Eigo Nosaka, Jun Nosaka, Taku Sawada, Eiji Kobayashi, and Nobuo Suzuki will expire at the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes that five Directors be elected.

The Director candidates are as follows.

Candidate number	Name (Date of birth)	Brief career summary, position, and main responsibilities at the Company (Significant concurrent positions)		Number of Company's shares held
1	<b>Reappointed</b> Eigo Nosaka (May 6, 1972)	May 1995	Founded Treasure Factory Y.K. (currently Treasure Factory Co., Ltd.) as President & CEO	4,284,000 shares
		December 1999	Reorganized the Company into a joint-stock company, founded Treasure Factory Co., Ltd. as President & CEO (incumbent)	
		March 2016	External director of Altech Corporation (incumbent)	
	<b>Reason for the selection as a candidate for Director</b> Mr. Eigo Nosaka has been President & CEO of the Company since its foundation and significant contributions to achievements by making important management decisions, appropriately playing roles such as operation supervisor, and taking the lead in the Company's business expansion and improvement of corporate value. Based on his good judgment as a business manager, rich experience and proven performance, the Company considers that Mr. Eigo Nosaka is competent to lead a further increase in corporate value and achieve sustainable growth, and proposes that he be reelected as a Director.			
2	<b>Reappointed</b> Jun Nosaka (September 15, 1974)	April 1998	Joined Treasure Factory Y.K. (currently Treasure Factory Co., Ltd.)	473,600 shares
		December 1999	Director of the Company, General Manager of the Business Division	
		June 2003	Executive Director of the Company, General Manager of the Administration Division, and General Manager of Systems Department	
		March 2009	Executive Director of the Company, General Manager of the Sales Department, and General Manager of Systems Department	
		March 2011	Executive Director of the Company, General Manager of the Sales Department	
		March 2012	Executive Director of the Company	
		February 2014	Executive Director of the Company, General Manager of the Systems Department	
		March 2017	Executive Director of the Company (incumbent)	
	<b>Reason for the selection as a candidate for Director</b> Mr. Jun Nosaka has appropriately played such roles as a maker of important management decisions and supervisor of operations, and assisted the President as an Executive Director, thereby significantly contributing to the Company's business expansion and improvement of corporate value. Based on his extensive knowledge, experience and proven performance in overall management with a focus on sales and systems, the Company considers that Mr. Jun Nosaka is competent to lead a further increase in corporate value and achieve sustainable growth, and proposes that he be reelected as a Director.			

Candidate number	Name (Date of birth)	Brief career summary, position, and main responsibilities at the Company (Significant concurrent positions)	Number of Company's shares held
3	<b>Reappointed</b> Taku Sawada (April 15, 1973)	<p>April 1996      Joined Taihei-Jyutaku Corporation</p> <p>October 1999    Joined Treasure Factory Y.K. (currently Treasure Factory Co., Ltd.)</p> <p>June 2002      Purchasing Supervisor of the Company</p> <p>June 2003      General Manager of Purchasing Department and General Manager of the Store Development Department of the Company</p> <p>January 2004    General Manager of the Purchasing Department of the Company</p> <p>May 2004      Director of the Company, General Manager of the Purchasing Department</p> <p>March 2012    Director of the Company, General Manager of the Business Promotion Department</p> <p>March 2019    Director of the Company, Manager of Business Promotion Section (incumbent)</p>	60,000 shares
		<p><b>Reason for the selection as a candidate for Director</b></p> <p>As a Director of the Company, Mr. Taku Sawada has appropriately played such roles as a maker of important management decisions and supervisor of operations and helped improve the purchase operation, develop new businesses, and expand reuse-related businesses as the manager of the business promotion division, thereby significantly contributing to the Company's business expansion and improvement of corporate value.</p> <p>Based on his extensive knowledge, experience and proven performance in the reuse business and business operations, the Company considers that Mr. Taku Sawada is competent to lead a further increase in corporate value and achieve sustainable growth, and proposes that he be reelected as a Director.</p>	

Candidate number	Name (Date of birth)	Brief career summary, position, and main responsibilities at the Company (Significant concurrent positions)		Number of Company's shares held
4	<b>Reappointed</b> Eiji Kobayashi (August 19, 1975)	July 1998	Joined PricewaterhouseCoopers Co., Ltd.	55,000 shares
		October 2002	Joined the Company	
		January 2004	General Manager of the Finance and Accounting Department of the Company	
		March 2006	General Manager of the Administration Department of the Company	
		May 2011	Director of the Company, General Manager of the Administration Department	
		January 2012	Director of the Company, General Manager of the Administration Department, General Manager of the General Affairs Department	
		March 2012	Director of the Company, General Manager of the Administration Department	
		March 2017	Director of the Company, General Manager of the Corporate Planning Department	
		March 2019	Director of the Company, Manager of the Corporate Planning Section (incumbent)	
		<b>Reason for the selection as a candidate for Director</b> As a Director of the Company, Mr. Eiji Kobayashi has appropriately played such roles as a maker of important management decisions and supervisor of operations, taken charge of overall corporate planning as the manager of the corporate planning division, and overseen the Company's financial affairs and accounting operation, thereby significantly contributing to the Company's business expansion and improvement of corporate value. Based on his extensive knowledge, experience and proven performance in corporate planning and management operation, the Company considers that Mr. Eiji Kobayashi is competent to lead a further increase in corporate value and achieve sustainable growth, and proposes that he be reelected as a Director.		
5	<b>Reappointed</b> Nobuo Suzuki (June 8, 1971)	April 1995	Joined Nippon Automation Co., Ltd.	8,000 shares
		September 1997	Joined Chiyoda Daiichi Kogyo Co., Ltd.	
		January 2000	Managing Director of Chiyoda Daiichi Kogyo	
		January 2004	President of Chiyoda Daiichi Kogyo (incumbent)	
		May 2004	Director of the Company	
		September 2004	Retired from the position of Director of the Company	
		May 2006	Director of the Company (incumbent)	
		<b>Reason for selection as a candidate for External Director</b> Mr. Nobuo Suzuki operates a manufacturing company, appropriately supervises the Company's business and provides beneficial opinions as an External Director from the perspective of corporate management in an industry different from the Company. The Company proposes that he be reelected as an External Director to continue supervising the Company's management to further increase corporate value and achieve sustainable growth.		

(Notes)

- There are no special conflicts of interest between the Company and the candidates.
- Details of matters concerning External Director candidate
  - Mr. Nobuo Suzuki is an External Director candidate.
  - His tenure as an External Director will be thirteen years at the close of this Ordinary General Meeting of Shareholders.
  - Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with External Directors to limit their liability for damages; provided, however, that limit of the liability provided for in Article 423, Paragraph 1 of the said act shall be the greater of 2 million yen and the amount stipulated by laws and regulations. If the election of Mr. Suzuki is approved, the Company will

- continue the said agreement with him.
- (4) The Company has registered Mr. Suzuki as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange. The Company will continue to designate him as an Independent Officer if his reappointment is approved.
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(For reference)

**Director candidates selection and nomination procedures**

(1)

In deciding the candidates for the Company's internal Director, the Company will comprehensively determine whether they have high-level management skills and expertise, etc. to contribute to achieving the Company's corporate philosophy and management policy as well as increasing the corporate value over the medium- to long-term, after which the Board of Directors will deliberate and decide on the candidates.

(2)

In deciding the candidates for the Company's External Director, the Company will comprehensively determine whether they have knowledge to contribute to the Company's management from a professional perspective, such as in management, legal, and financial accounting, and to fulfill their managerial and supervisory functions over the corporate management from an independent standpoint, after which the Board of Directors will deliberate and decide on the candidates.

**Criteria for determining independence of External Directors**

The Company selects its candidates for Independent External Director based on the independence criteria specified by the Tokyo Stock Exchange.



## Agenda Item No. 4: Election of Two Auditors

The term of office of Auditors Kazuo Sado and Hiroyasu Ishikawa will expire at the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes that two Auditors be elected.

The Board of Corporate Auditors has consented to this agenda item.

The Auditor candidates are as follows.

Candidate number	Name (Date of birth)	Brief career summary, position at the Company (Significant concurrent positions)		Number of Company's shares held
1	<b>Newly appointed</b> Masahiko Nagao (April 29, 1960)	April 1983	Joined The Kyowa Bank, Ltd.	0 shares
		April 1986	Joined Showa Leasing Co., Ltd.	
		April 2005	Manager of the Hiroshima Office of Showa Leasing	
		April 2007	Manager of the Tachikawa Office of Showa Leasing	
		July 2008	Manager of the Tokyo Business Division of Showa Leasing	
		February 2010	Group Leader of the Preparation Section of the Business Promotion Group of Showa Leasing	
		April 2010	Group Leader of the Business Promotion Group of Showa Leasing	
		April 2011	Deputy Chief of the Business Promotion and Sales Division of Showa Leasing	
		July 2016	Business Promotor of the Business Promotion and Sales Division of Showa Leasing (incumbent) (Scheduled to retire in May 2019)	
		<b>Reason for selection as a candidate for External Auditor</b> The Company proposes that Mr. Masahiko Nagao be appointed as an External Auditor under the expectation that he will apply his good judgment based on his extensive experience and knowledge of finance and accounting acquired in the financial service industry to the audit operations of the Company and provide appropriate advice and suggestions to ensure legal compliance.		
2	<b>Reappointed</b> Hiroyasu Ishikawa (June 22, 1959)	April 1992	Registered as attorney at law (Saitama Bar Association) Joined Ishikawa Hiromitsu Law Office	8,000 shares
		January 2000	Representative attorney of Ishikawa Sogo Law Office	
		May 2006	Auditor of the Company (incumbent)	
		April 2007	Representative attorney of Ark Law Office (incumbent)	
		June 2007	Outside auditor of Bull-Dog Sauce Co., Ltd.	
		June 2015	Outside Director of Bull-Dog Sauce Co., Ltd. (Audit and Supervisory Committee member) (incumbent)	
		<b>Reason for selection as a candidate for External Auditor</b> Mr. Hiroyasu Ishikawa provides appropriate advice and suggestions from the perspective of an expert as a lawyer at the Board of Directors' meetings to ensure the Company's legal compliance and improve its risk management and compliance. The Company proposes that he be elected as an External Auditor to continue supervising the Company's management to further increase corporate value and achieve sustainable growth.		

(Notes)

1. There are no special conflicts of interest between the Company and the candidates.
2. Details of matters concerning Mr. Masahiko Nagao, an External Auditor candidate
  - (1) Mr. Nagao is an External Auditor candidate.
  - (2) Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with External Auditors to limit their liability for damages; provided, however, that the limit of liability provided for in Article 423, Paragraph 1 of the said act shall be the greater of 2 million yen and the amount stipulated by laws and regulations. If the election of Mr. Nagao is approved, the Company will conclude the said agreement with him.
  - (3) If Mr. Nagao assumes the position of Auditor, the Company will designate him as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange and register him as such with the exchange.
3. Details of matters concerning Mr. Hiroyasu Ishikawa, an External Auditor candidate
  - (1) Mr. Ishikawa is an External Auditor candidate.
  - (2) His tenure as an External Auditor will be thirteen years at the close of this Ordinary General Meeting of Shareholders.
  - (3) Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with External Directors to limit their liability for damages; provided, however, that limit of the liability provided for in Article 423, Paragraph 1 of the said act shall be the greater of 2 million yen and the amount stipulated by laws and regulations. If the election of Mr. Ishikawa is approved, the Company will continue the said agreement with him.
  - (4) The Company has registered Mr. Ishikawa as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange. The Company will continue to designate him as an Independent Officer if his reappointment is approved.

## Agenda Item No. 5: Election of One Substitute Auditor

The Company proposes that one Substitute Auditor be elected to prepare for a case in which the number of Auditors may fall short of the number stipulated by laws and regulations.

The result of the election of the Substitute Auditor shall be invalidated by a resolution of the Board of Directors with the consent of the Board of Corporate Auditors only if the resolution is adopted before the Substitute Auditor assumes the office.

The Board of Corporate Auditors has consented to this agenda item.

The Substitute Auditor candidate is as follows.

Name (Date of birth)	Brief career summary (Significant concurrent positions)		Number of Company’s shares held
Akira Noguchi (July 29, 1951)	June 1977	Joined Nakamura Home Electronics Sales Co., Ltd.	0 shares
	December 1984	Established a home electronics sales and repair shop	
	September 1990	Established Keiyo Techno Limited (currently, Keiyo Techno Co., Ltd.) and assumed the position of President	
	August 2002	Reorganized Keiyo Techno Limited into Keiyo Techno Co., Ltd. and assumed the position of President (incumbent)	
<b>Reason for selection as a candidate for Substitute External Auditor</b>			
The Company proposes that Mr. Akira Noguchi be appointed as a Substitute External Auditor under the expectation that he will apply his extensive experience and wide range of knowledge as a corporate manager to the audit operations of the Company and provide appropriate advice and suggestions to ensure legal compliance			

(Notes)

1. The Substitute External Auditor candidate has assumed the position of the President of Keiyo Techno Co., Ltd., with which the Company has a business transaction relationship involving interior finish work and building equipment installation work, etc.
2. Details of matters concerning the Substitute External Auditor
  - (1) Mr. Akira Noguchi is the Substitute External Auditor candidate.
  - (2) Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with External Auditors to limit their liability for damages; provided, however, that the limit of liability provided for in Article 423, Paragraph 1 of the said act shall be the greater of 2 million yen and the amount stipulated by laws and regulations. If the election of Mr. Noguchi is approved, the Company will conclude the said agreement with him.
  - (3) If Mr. Noguchi assumes the position of Auditor, the Company will designate him as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange and register him as such with the exchange.

(For reference)

### Auditor candidates selection and nomination procedures

In deciding External Auditor candidates, the Company will comprehensively determine, based on relevant laws and regulations and internal regulations, etc., whether they have the extensive experience and knowledge and high-level expertise to perform audit operations appropriately. After obtaining the approval from the Board of Corporate Auditors, the Board of Directors will then deliberate and decide on the candidates.

### Criteria for determining independence of External Auditors

The Company selects its candidates for Independent External Auditor based on the independence criteria specified by the Tokyo Stock Exchange.