

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 9948
May 2, 2023

To our shareholders:

Kiyoshi Yokoyama,
Representative Director and President
ARCS COMPANY, LIMITED
11-2-32 Minami 13-jo Nishi, Chuo-ku, Sapporo

Notice of the 62nd Annual General Meeting of Shareholders

It is my pleasure to inform you that the 62nd Annual General Meeting of Shareholders of ARCS COMPANY, LIMITED (the “Company”) will be held as follows.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information as “Notice of the 62nd Annual General Meeting of Shareholders” and “Matters Concerning the 62nd Annual General Meeting of Shareholders and Other Measures to be Provided in Electronic Format (Matters Omitted from the Document to be Delivered)” on each of the following Internet websites, so please access either of these websites to confirm the contents.

The Company’s website:

<https://www.arcs-g.co.jp/ir/stock/report/> (in Japanese)

General Meeting of Shareholders Reference Documents Website:

<https://d.sokai.jp/9948/teiji/> (in Japanese)

Tokyo Stock Exchange website (Listed Company Search):

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

(On the TSE website, please search for the issue name (company name) “ARCS” or the securities code “9948” and select “Basic Information” and “Documents for Public Inspection/PR Information.”)

If you are unable to attend the meeting in person, you may exercise your voting rights via the internet or in writing, in advance. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 6:00 p.m. on Monday, May 22, 2023 (JST).

1. Date and Time: Tuesday, May 23, 2023, at 10:00 a.m. (JST) (Reception starts at 9:00 a.m.)

2. Venue: Park Hall, 3rd Floor, Sapporo Park Hotel
3-1-1 Minami 10-jo Nishi, Chuo-ku, Sapporo

3. Purpose of the Meeting

Matters to be reported

1. The Business Report, Consolidated Financial Statements and audit results of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board for the 62nd fiscal year (from March 1, 2022 to February 28, 2023)
2. Non-consolidated Financial Statements for the 62nd fiscal year (from March 1, 2022 to February 28, 2023)

Matters to be resolved

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Election of Nine (9) Directors
Proposal No. 3: Election of Four (4) Audit & Supervisory Board Members
Proposal No. 4: Payment of Bonuses to Officers
Proposal No. 5: Payment of Retirement Benefits to the Late Koichi Miura
Proposal No. 6: Continuation of the Measures to Respond to a Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)

Other Measures to be Provided in Electronic Format (Matters Omitted from the Document to be Delivered)

The following items are not included in this Notice of Convocation because they are posted on the respective websites listed on page 1 of this Notice of Convocation in accordance with laws and regulations and Article 17, Paragraph 2 of the Company's Articles of Incorporation.

- (i) Business Report: Systems to ensure appropriate business operations and the operational status of these systems and Basic policy on persons who control decisions on financial and business policies of the Company
- (ii) Consolidated Financial Statements:
Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements
- (iii) Non-consolidated Financial Statements:
Non-consolidated Statement of Changes in Equity and Notes to Non-consolidated Financial Statements

The Business Report audited by Audit & Supervisory Board Members and the Consolidated Financial Statements and Non-consolidated Financial Statements audited by Audit & Supervisory Board Members and the Independent Auditor include items (i), (ii) and (iii) above, in addition to each of the documents listed in this Notice of the Annual General Meeting of Shareholders.

Information Concerning the General Meeting of Shareholders

- If attending the meeting in person, please submit the voting rights exercise form at the venue reception.
- If attending via proxy, the nominated proxy must be another shareholder of the Company with voting rights, in accordance with the Company's Articles of Incorporation. The nominated proxy should submit the proxy's own voting rights exercise form together with the nominating shareholder's voting rights exercise form and written proof of the right of proxy (authorization letter) at the venue reception.
- Any modifications to measures for providing information in electronic format will be posted on each of websites shown on page 1 of this Notice.
- The revised Companies Act, which took effect on September 1, 2022, has initiated a system for the provision in electronic format of general meeting of shareholders reference documents*. Under this system, shareholders may, in principle, access the website and view the reference documents for the general meeting of shareholders via the Internet, with an exception that the paper-based reference documents will be only delivered to those shareholders who have requested by the record date of the general meeting of shareholders in accordance with the prescribed method.
*Refers to the Reference Documents for the General Meeting of Shareholders, Business Report, Audit Report, Non-consolidated Financial Statements and Consolidated Financial Statements.
- Notwithstanding the above Revised Act, the reference documents for this Annual General Meeting of Shareholders of the Company will uniformly be delivered in printed format as before. With respect to the reference documents for the next and subsequent general meetings of shareholders, with the exception of certain details, will be only delivered to shareholders who have requested the paper-based documents. We appreciate your understanding.

[Contact for inquiries regarding the system for provision in electronic format]

Mizuho Trust & Banking Co., Ltd.

Stock Transfer Agency Department

Dedicated number for the system for provision in electronic format 0120-524-324

(Inquiries are accepted from 9:00 to 17:00 excluding Saturdays, Sundays and public holidays)

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company regards the return of profits to shareholders as one of its most important management objectives. Its basic policy is to increase earnings per share and actively distribute profits, while enhancing its business foundation and strengthening its corporate condition.

Based on this policy, on consideration of the results for the fiscal year under review, etc., the Company proposes to pay a year-end dividend of surplus as follows:

Year-end dividend

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property, and the total amount thereof
¥30 per common share of the Company
Total dividend: ¥1,679,491,500
- (3) Effective date of dividend of surplus
May 24, 2023

Proposal No. 2: Election of Nine (9) Directors

The terms of office of eight Directors will expire at the conclusion of this General Meeting of Shareholders.

Director Koichi Miura passed away on April 13, 2023, and thus retired from office.

Therefore, the Company proposes the election of nine (9) Directors.

The candidates for Director are as follows:

Candidate No.	Name	Position and responsibilities	Significant concurrent positions outside the Company	
1	Kiyoshi Yokoyama	Representative Director and President	Representative Director, Chairman and CEO of Ralse Co., Ltd. Chairman of National Supermarket Association of Japan Representative Director and President of Hokkaido CGC Co., Ltd. Director and Vice Chairman of CGC JAPAN Co., Ltd. Director and Honorary Chairman of NISSENREN S-CORT Co., Ltd.	Reelection
2	Koichi Furukawa	Director and Executive Vice President In charge of Administration Division and Corporate Division, and in charge of Legal and Compliance Group	Director of Ralse Co., Ltd. Director of Donan Ralse Co., Ltd. Director of Eldy Co., Ltd.	Reelection
3	Kazuhisa Nekomiya	Director and Executive Officer	Representative Director, President and COO of Ralse Co., Ltd.	Reelection
4	Takehiko Miura	Director and Executive Officer	Representative Director and President of Universe Co., Ltd.	Reelection
5	Ikuharu Fukuhara	Director and Executive Officer	Representative Director and President of Fukuhara Co., Ltd. Representative Director and President of Happiness Delica Co., Ltd. Representative Director and President of Kajio Flower Co., Ltd.	Reelection
6	Akira Muguruma	Executive Officer	Representative Director and President of Dohoku Arcs Co., Ltd.	New election
7	Hiroshi Saeki	Director	Professor Emeritus of Hokkaido University	Reelection Outside Independent
8	Ryoko Sasaki	Director	Fellow at Nitobe College of Hokkaido University	Reelection Outside Independent
9	Toyoko Togashi	Director	Representative Director and Chairman of Hokkaido Human Resources Bank, Co., Ltd.	Reelection Outside Independent

Reelection: Candidate for Director to be reelected

New election: Candidate for Director to be newly elected

Outside: Candidate for outside Director

Independent: Independent officer as defined by the securities exchange

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
1	Kiyoshi Yokoyama (May 15, 1935) Reelection Attendance at Board of Directors meetings 25/25	Dec. 1961 Joined the Company Dec. 1964 Managing Director Apr. 1970 Representative Director and Senior Managing Officer Apr. 1985 Representative Director and President (current position) [Significant concurrent positions outside the Company] Representative Director, Chairman and CEO of Ralse Co., Ltd. Chairman of National Supermarket Association of Japan Representative Director and President of Hokkaido CGC Co., Ltd. Director and Vice Chairman of CGC JAPAN Co., Ltd. Director and Honorary Chairman of NISSENREN S-CORT Co., Ltd.	3,040,554
		<p>Reasons for nomination as candidate for Director</p> <p>Kiyoshi Yokoyama has been responsible for management as Representative Director of the Company (then Daimaru Supermarkets Co., Ltd.) since 1970, demonstrating his skill in business development. He possesses abundant experience and achievements related to supermarkets and their peripheral businesses. He has assumed office as Chairman of the National Supermarket Association of Japan, a nation-wide supermarket industry organization, in recognition of his contribution to business development throughout the Company group (the "Group"), utilizing his abundant management experience, as well as his management skill. He is deeply familiar with industry matters across Japan. The Company has again nominated him as a candidate for Director, judging that he is suitable to appropriately supervise Group management and promote its medium- to long-term growth strategy as Director of the Company because of these achievements.</p>	
2	Koichi Furukawa (May 7, 1956) Reelection Attendance at Board of Directors meetings 25/25	Apr. 1980 Joined The Hokkaido Bank, Ltd. Oct. 1998 Joined the Company Nov. 2002 Executive Officer May 2006 Director of Ralse Co., Ltd. (current position) May 2013 Director and Managing Executive Officer of the Company May 2019 Director and Senior Managing Executive Officer May 2021 Director and Executive Vice President (current position) [Significant concurrent positions outside the Company] Director of Ralse Co., Ltd. Director of Donan Ralse Co., Ltd. Director of Eldy Co., Ltd.	11,035
		<p>Reasons for nomination as candidate for Director</p> <p>In addition to his operational experience at The Hokkaido Bank, Ltd., Koichi Furukawa served as General Manager of Corporate Planning Office of the Company (then Ralse Co., Ltd.) from 1998, Executive Officer of the Company from 2002, Director and Managing Executive Officer from 2013, Director and Senior Managing Executive Officer from 2019, and Director and Executive Vice President from 2021. Moreover, as Director of Ralse Co., Ltd., the Company's core subsidiary, since 2006, he has utilized his extensive management experience to contribute to business development throughout the Group. Therefore, the Company has again nominated him as a candidate for Director, judging that he is suitable to promote Group management and strengthen corporate governance as Director of the Company.</p>	

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
3	Kazuhisa Nekomiya (August 11, 1960) Reelection Attendance at Board of Directors meetings 24/25	<p>Mar. 1983 Joined the Company</p> <p>Mar. 1997 General Manager of Foods, SV Group (responsible for Big House)</p> <p>May 2005 Executive Officer and General Manager of No. 2 Operations Department of Ralse Co., Ltd.</p> <p>May 2006 Director and General Manager of No. 2 Operations Department</p> <p>Sept. 2007 Director, Deputy General Manager of Sales Division and General Manager responsible for Retail Management Department</p> <p>May 2010 Managing Director</p> <p>May 2016 Representative Director, President and COO (current position)</p> <p>Director and Executive Officer of the Company (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative Director, President and COO of Ralse Co., Ltd.</p>	15,014
<p>Reasons for nomination as candidate for Director</p> <p>Kazuhisa Nekomiya has been responsible for the management of Ralse Co., Ltd. as its Director since 2006 and as its Representative Director and President since 2016, demonstrating his skill in business development. He possesses abundant experience and achievements related to the supermarket business. Since 2016, he has served as Director and Executive Officer of the Company, utilizing his abundant management experience to contribute to business development throughout the Group. Therefore, the Company has again nominated him as a candidate for Director, judging that he is suitable to promote Group management and strengthen corporate governance as Director of the Company.</p>			
4	Takehiko Miura (August 28, 1971) Reelection Attendance at Board of Directors meetings 25/25	<p>June 2005 Joined Universe Co., Ltd.</p> <p>July 2011 Director and General Manager of Sales Planning Department</p> <p>May 2018 Director and General Manager of Store Support Department, Store Operations Division</p> <p>Oct. 2018 Director, General Manager of Administration Division and General Manager of Store Support Department, Store Operations Division</p> <p>Mar. 2019 Director, General Manager of Merchandise Division and General Manager of Administration Division</p> <p>May 2020 Representative Director, COO and General Manager of Administration Division</p> <p>Director and Executive Officer of the Company (current position)</p> <p>May 2021 Representative Director and President of Universe Co., Ltd. (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative Director and President of Universe Co., Ltd.</p>	506,702
<p>Reasons for nomination as candidate for Director</p> <p>Takehiko Miura has been responsible for the management of Universe Co., Ltd. as its Director since 2011 and as its Representative Director since 2020, demonstrating his skill in business development. He possesses abundant experience and achievements related to the supermarket business. Since 2020, he has served as Director and Executive Officer of the Company, utilizing his abundant management experience to contribute to business development throughout the Group. Therefore, the Company has again nominated him as a candidate for Director, judging that he is suitable to promote Group management and strengthen corporate governance as Director of the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
5	<p>Ikuharu Fukuhara (September 30, 1967)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings 25/25</p>	<p>Sept. 1995 Joined Fukuhara Co., Ltd.</p> <p>May 2006 Director</p> <p>May 2009 Managing Director and General Manager of Merchandise Department</p> <p>Sept. 2009 Managing Director in charge of Store Operations Department</p> <p>May 2013 Representative Director and President (current position)</p> <p>Director and Executive Officer of the Company (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative Director and President of Fukuhara Co., Ltd.</p> <p>Representative Director and President of Happiness Delica Co., Ltd.</p> <p>Representative Director and President of Kajio Flower Co., Ltd.</p>	750,715
		<p>Reasons for nomination as candidate for Director</p> <p>Ikuharu Fukuhara has been responsible for the management of Fukuhara Co., Ltd. as its Director since 2006 and as its Representative Director and President since 2013, demonstrating his skill in business development. He possesses abundant experience and achievements related to the supermarket business. Since 2013, he has served as Director and Executive Officer of the Company, utilizing his abundant management experience to contribute to business development throughout the Group. Therefore, the Company has again nominated him as a candidate for Director, judging that he is suitable to promote Group management and strengthen corporate governance as Director of the Company.</p>	
6	<p>Akira Muguruma (October 16, 1953)</p> <p>New election</p> <p>Attendance at Board of Directors meetings -</p>	<p>Feb. 1981 Joined Fuji Co., Ltd. (currently Dohoku Arcs Co., Ltd.)</p> <p>Dec. 1987 Director</p> <p>July 1991 Managing Director</p> <p>July 1992 Senior Managing Director</p> <p>July 1998 Representative Director and President (current position)</p> <p>Oct. 2004 Director and Executive Officer of the Company</p> <p>May 2022 Executive Officer (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative Director and President of Dohoku Arcs Co., Ltd.</p>	379,471
		<p>Reasons for nomination as candidate for Director</p> <p>Akira Muguruma has been responsible for the management of Fuji Co., Ltd. (currently Dohoku Arcs Co., Ltd.) as its Representative Director and President since 1998, demonstrating his skill in business development. He possesses abundant experience and achievements related to the supermarket business. In addition, as a Director and Executive Officer of the Company from 2004 to 2022, he has contributed to business development throughout the Group by utilizing his abundant management experience. Therefore, the Company has nominated him as a candidate for Director, judging that he is suitable to promote Group management and strengthen corporate governance as Director of the Company.</p>	

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
7	Hiroshi Saeki (July 1, 1941) Reelection Outside Independent Attendance at Board of Directors meetings 25/25	Apr. 1984 Professor of School of Engineering of Hokkaido University Apr. 2001 Dean of Graduate School of Engineering and Dean of School of Engineering May 2003 Vice President May 2007 President Apr. 2013 Professor Emeritus (current position) May 2014 Outside Director of the Company (current position) [Significant concurrent positions outside the Company] Professor Emeritus of Hokkaido University	—
		Reasons for nomination as candidate for outside Director, and summary of expected roles Hiroshi Saeki has never been involved in corporate management, however, he possesses extensive insight as an educator and researcher, and abundant organizational management experience in positions such as the Vice President and President of a university. The Company has nominated him as a candidate for outside Director, judging that he can be expected to utilize this experience and insight to supervise the Group's overall management and provide effective suggestions, and is therefore able to appropriately perform the duties of an outside Director of the Company.	
8	Ryoko Sasaki (July 6, 1946) Reelection Outside Independent Attendance at Board of Directors meetings 24/25	June 1992 Managing Director of Survey and Development Center Co., Ltd. July 1995 Representative Director of R's Seminar LLC July 2002 Deputy Governor of Hokkaido Government July 2007 Chairperson of Hokkaido Prefectural Public Safety Commission June 2013 Outside Director of Hokkaido Electric Power Co., Inc. May 2015 Outside Director of the Company (current position) Apr. 2018 Fellow at Nitobe College of Hokkaido University (current position) [Significant concurrent positions outside the Company] Fellow at Nitobe College of Hokkaido University	—
		Reasons for nomination as candidate for outside Director, and summary of expected roles Ryoko Sasaki possesses experience in official administrative roles in addition to corporate management. The Company has nominated her as a candidate for outside Director, judging that she can be expected to utilize the experience and insight gained from these extensive activities to supervise the Group's overall management and provide effective suggestions, and is therefore able to appropriately perform the duties of an outside Director of the Company.	

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
9	Toyoko Togashi (June 11, 1955)	Apr. 1985 Director of B4 Corporation Aug. 1996 Representative Director and President of Hokkaido Human Resources Bank, Limited Aug. 2012 Representative Director and Chairman of Hokkaido Human Resources Bank, Co., Ltd. (current position) May 2022 Outside Director of the Company (current position)	—
	Reelection Outside Independent Attendance at Board of Directors meetings 19/19	[Significant concurrent positions outside the Company] Representative Director and Chairman of Hokkaido Human Resources Bank, Co., Ltd.	
Reasons for nomination as candidate for outside Director, and summary of expected roles Toyoko Togashi possesses abundant experience and achievements related to headhunting as a manager of a human resources company. The Company has nominated her as a candidate for outside Director, judging that she can be expected to utilize her experience and insight gained through broad activities to supervise the Group's overall management and provide effective suggestions, and is therefore able to appropriately perform the duties of an outside Director of the Company.			

- Notes:
- There is no special interest between any of the candidates and the Company.
 - Toyoko Togashi was newly elected and assumed the position of Director at the 61st Annual General Meeting of Shareholders held on May 24, 2022, and her attendance at Board of Directors meetings held after her assumption of office on May 24, 2022 is shown.
 - Hiroshi Saeki, Ryoko Sasaki and Toyoko Togashi are candidates for outside Director, and the Company has notified the securities exchanges in Japan where the Company is listed of their designation as independent officers, as prescribed by each exchange.
 - (1) Hiroshi Saeki will have served as outside Director of the Company for nine years as of the conclusion of this General Meeting of Shareholders.
(2) Ryoko Sasaki will have served as outside Director of the Company for eight years as of the conclusion of this General Meeting of Shareholders.
(3) Toyoko Togashi will have served as outside Director of the Company for one year as of the conclusion of this General Meeting of Shareholders.
 - The Company has concluded liability limitation agreements in accordance with the provisions of Article 427, paragraph (1) of the Companies Act with Hiroshi Saeki, Ryoko Sasaki and Toyoko Togashi, to enable them to fulfill the roles expected of an outside Director. Under these agreements, their liability for damages under Article 423, paragraph (1) of the aforementioned Act is limited to the minimum amount provided for in laws and regulations, and the Company intends to continue the same liability limitation agreements if each is reelected as outside Director at this General Meeting of Shareholders.

[Reference] Skill Matrix

Name	Managerial & operational experience			Management skills & knowledge						
	(i) Corporate management	(ii) Industry insight	(iii) Group Philosophy & implemen- tation of management policy	(iv) Finance & accounting	(v) Compliance & risk management	(vi) DX, IT & security	(vii) Sales & marketing	(viii) Governance	(ix) Sustain- ability	
Director	Kiyoshi Yokoyama	○	○	○		○		○	○	
	Koichi Furukawa		○	○	○	○	○		○	○
	Kazuhisa Nekomiya	○	○	○				○		
	Takehiko Miura	○	○	○				○		
	Ikuharu Fukuhara	○	○	○				○		
	Akira Muguruma	○	○	○				○	○	
	Hiroshi Saeki					○			○	○
	Ryoko Sasaki	○				○			○	○
	Toyoko Togashi	○				○			○	
Executive Officer	Hideki Kogarimai	○	○	○				○		
	Tsukasa Sawada	○	○	○				○		
	Koichi Inoue			○			○			
	Naoto Matsuo		○	○				○		

* The above list does not represent all the knowledge and experience of Directors and Executive Officers.

Proposal No. 3: Election of Four (4) Audit & Supervisory Board Members

The terms of office of all four Audit & Supervisory Board Members will expire at the conclusion of this General Meeting of Shareholders.

Therefore, the Company proposes the election of four (4) Audit & Supervisory Board Members once again.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

Candidate No.	Name	Position	Significant concurrent positions outside the Company	
1	Hiroyuki Sagawa	Full-time Audit & Supervisory Board Member	Full-time Audit & Supervisory Board Member of Ralse Co., Ltd. Audit & Supervisory Board Member of Universe Co., Ltd. Audit & Supervisory Board Member of Beljois Co., Ltd. Audit & Supervisory Board Member of Fukuhara Co., Ltd. Audit & Supervisory Board Member of Dohoku Arcs Co., Ltd. Audit & Supervisory Board Member of Tokou Store Co., Ltd. Audit & Supervisory Board Member of Donan Ralse Co., Ltd. Audit & Supervisory Board Member of Doto Arcs Co., Ltd. Audit & Supervisory Board Member of Ito Chain Co., Ltd. Audit & Supervisory Board Member of OTANI Co., Ltd. Audit & Supervisory Board Member of Eldy Co., Ltd.	Reelection
2	Takayuki Tamori	Audit & Supervisory Board Member	Audit & Supervisory Board Member of Ralse Co., Ltd. Full-time Audit & Supervisory Board Member of Tokou Store Co., Ltd.	Reelection
3	Satoru Takashima	Audit & Supervisory Board Member	Head of the Takashima Sogo Law Office Audit & Supervisory Board Member of Ralse Co., Ltd. Audit & Supervisory Board Member of Fukuhara Co., Ltd. Audit & Supervisory Board Member of Dohoku Arcs Co., Ltd. Audit & Supervisory Board Member of Tokou Store Co., Ltd.	Reelection Outside Independent
4	Kazunori Ito	Audit & Supervisory Board Member	Head of the Kazunori Ito Certified Public Tax Accountant Office Audit & Supervisory Board Member of Ralse Co., Ltd. Audit & Supervisory Board Member of Fukuhara Co., Ltd. Audit & Supervisory Board Member of Dohoku Arcs Co., Ltd. Audit & Supervisory Board Member of Tokou Store Co., Ltd.	Reelection Outside Independent

Reelection: Candidate for Audit & Supervisory Board Member to be reelected

Outside: Candidate for outside Audit & Supervisory Board Member

Independent: Independent officer as defined by the securities exchange

Candidate No.	Name (Date of birth)	Career summary and position in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
1	Hiroyuki Sagawa (May 31, 1949) Reelection Attendance at Board of Directors meetings 25/25	<p>Apr. 1974 Joined Jotetsu Shoji (currently Tokou Store Co., Ltd.)</p> <p>May 1989 Director</p> <p>June 1997 Managing Director</p> <p>June 2002 Senior Managing Director</p> <p>May 2008 Audit & Supervisory Board Member (current position)</p> <p>May 2014 Full-time Audit & Supervisory Board Member of the Company (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Full-time Audit & Supervisory Board Member of Ralse Co., Ltd.</p> <p>Audit & Supervisory Board Member of Universe Co., Ltd.</p> <p>Audit & Supervisory Board Member of Beljois Co., Ltd.</p> <p>Audit & Supervisory Board Member of Fukuhara Co., Ltd.</p> <p>Audit & Supervisory Board Member of Dohoku Arcs Co., Ltd.</p> <p>Audit & Supervisory Board Member of Tokou Store Co., Ltd.</p> <p>Audit & Supervisory Board Member of Donan Ralse Co., Ltd.</p> <p>Audit & Supervisory Board Member of Doto Arcs Co., Ltd.</p> <p>Audit & Supervisory Board Member of Ito Chain Co., Ltd.</p> <p>Audit & Supervisory Board Member of OTANI Co., Ltd.</p> <p>Audit & Supervisory Board Member of Eldy Co., Ltd.</p>	1,800
<p>Reasons for nomination as candidate for Audit & Supervisory Board Member</p> <p>Hiroyuki Sagawa has abundant experience and knowledge in the supermarket business through his management of Tokou Store Co., Ltd. as a Director since 1989, as a Managing Director since 1997, and as a Senior Managing Director since 2002. In addition, as a Full-time Audit & Supervisory Board Member of the Company since 2014, he has contributed to fair auditing throughout the Group by utilizing his abundant experience and knowledge. Therefore, the Company has again nominated him as a candidate for Audit & Supervisory Board Member, judging that he is suitable to continue as an Audit & Supervisory Board Member of the Company.</p>			
2	Takayuki Tamori (November 2, 1952) Reelection Attendance at Board of Directors meetings 24/25	<p>Apr. 1976 Joined Jotetsu Shoji (currently Tokou Store Co., Ltd.)</p> <p>June 1995 Director</p> <p>May 2010 Managing Director</p> <p>May 2014 Full-time Audit & Supervisory Board Member (current position)</p> <p>May 2019 Audit & Supervisory Board Member of the Company (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Audit & Supervisory Board Member of Ralse Co., Ltd.</p> <p>Full-time Audit & Supervisory Board Member of Tokou Store Co., Ltd.</p>	1,200
<p>Reasons for nomination as candidate for Audit & Supervisory Board Member</p> <p>Takayuki Tamori has abundant experience and knowledge in the supermarket business through his management of Tokou Store Co., Ltd. as a Director since 1995 and as a Managing Director since 2010. In addition, as an Audit & Supervisory Board Member of the Company since 2019, he has contributed to fair auditing throughout the Group by utilizing his abundant experience and knowledge. Therefore, the Company has again nominated him as a candidate for Audit & Supervisory Board Member, judging that he is suitable to continue as an Audit & Supervisory Board Member of the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary and position in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
3	Satoru Takashima (October 21, 1951) Reelection Outside Independent Attendance at Board of Directors meetings 24/25	Apr. 1979 Registered as an attorney at law Apr. 1985 Established Satoru Takashima Law Office May 1993 Audit & Supervisory Board Member of the Company (current position) Jan. 1996 Established Sapporo Chuo Law Office Aug. 2006 Head of the Takashima Sogo Law Office (current position) [Significant concurrent positions outside the Company] Head of the Takashima Sogo Law Office Audit & Supervisory Board Member of Ralse Co., Ltd. Audit & Supervisory Board Member of Fukuhara Co., Ltd. Audit & Supervisory Board Member of Dohoku Arcs Co., Ltd. Audit & Supervisory Board Member of Tokou Store Co., Ltd.	—
		Reasons for nomination as candidate for outside Audit & Supervisory Board Member Although Satoru Takashima has no experience of being involved in corporate management, he has knowledge and experience in legal matters as an attorney who serves as the head of a law office. The Company expects him to use that knowledge and experience to fairly audit the entire Group from a legal perspective and provide advice and information. Having judged that he can appropriately perform his duties as an outside Audit & Supervisory Board Member of the Company, the Company nominates him as a candidate for outside Audit & Supervisory Board Member.	
4	Kazunori Ito (May 16, 1949) Reelection Outside Independent Attendance at Board of Directors meetings 25/25	Apr. 1968 Joined SAPPORO Regional Taxation Bureau July 2008 District Director of Sapporo Naka Tax Office July 2009 Retired from SAPPORO Regional Taxation Bureau Aug. 2009 Registered as Certified Public Tax Accountant Head of the Kazunori Ito Certified Public Tax Accountant Office (current position) May 2013 Audit & Supervisory Board Member of the Company (current position) [Significant concurrent positions outside the Company] Head of the Kazunori Ito Certified Public Tax Accountant Office Audit & Supervisory Board Member of Ralse Co., Ltd. Audit & Supervisory Board Member of Fukuhara Co., Ltd. Audit & Supervisory Board Member of Dohoku Arcs Co., Ltd. Audit & Supervisory Board Member of Tokou Store Co., Ltd.	—
		Reasons for nomination as candidate for outside Audit & Supervisory Board Member Although Kazunori Ito has no experience of being involved in corporate management, he has knowledge and experience in finance and accounting as a certified tax accountant who worked for the National Tax Agency and then as the head of a Tax Accountant Office. The company expects him to use his knowledge and experience to conduct a fair audit and provide advice and information from a tax and accounting perspective. Having judged that he can appropriately perform his duties as an outside Audit & Supervisory Board Member of the Company, the Company nominates him as candidate for outside Audit & Supervisory Board Member.	

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Satoru Takashima and Kazunori Ito are candidates for outside Audit & Supervisory Board Member, and the Company has notified the securities exchanges in Japan where the Company is listed of their designation as independent officers, as prescribed by the aforementioned exchanges.
 3. (1) Satoru Takashima will have served as Audit & Supervisory Board Member of the Company for 30 years as of the conclusion of this General Meeting of Shareholders.
(2) Kazunori Ito will have served as Audit & Supervisory Board Member of the Company for 10 years as of the conclusion of this General Meeting of Shareholders.

4. The Company has concluded liability limitation agreements in accordance with the provisions of Article 427, paragraph (1) of the Companies Act with Satoru Takashima and Kazunori Ito, to enable them to fulfill the roles expected of an outside Audit & Supervisory Board Member. Under these agreements, their liability for damages under Article 423, paragraph (1) of the aforementioned Act is limited to the minimum amount provided for in laws and regulations, and the Company intends to continue the same liability limitation agreements if each is reelected as outside Audit & Supervisory Board Member under this Proposal.

Proposal No. 4: Payment of Bonuses to Officers

The Company proposes to pay an officers' bonus totaling ¥15,731,000 to nine Directors (including three outside Directors) and four Audit & Supervisory Board Members in office as of the end of the fiscal year under review (The aforementioned amount includes ¥11,431,000 for Directors who are not outside Directors, ¥1,800,000 for outside Directors, and ¥2,500,000 for Audit & Supervisory Board Members.) on consideration of the results for the fiscal year under review, etc.

The proposed portion is based on a consideration of factors such as the degree of achievement of management indicators, including net sales and ordinary profit of the Company and its business subsidiaries, and the performance assessment according to each officer's rank and duties. After deliberation by the Nomination and Compensation Committees, it was determined by the Board of Directors, and which is deemed to be appropriate.

The Company proposes that decisions on the specific amount paid to each Director, the timing and method of payment, etc., will be delegated to the Board of Directors, and that decisions on the specific amount paid to each Audit & Supervisory Board Member, the timing and method of payment, etc., will be delegated to discussion among the Audit & Supervisory Board Members.

Proposal No. 5: Payment of Retirement Benefits to the Late Koichi Miura

Koichi Miura (previous Director), who passed away on April 13, 2023, utilized his abundant management experience related to the supermarket business to contribute significantly to the development of the Group since assuming office as Representative Director and Chairman of the Company in October 2011.

Accordingly, in order to reward Koichi Miura for his services during his term, we would like to pay him a reasonable amount of retirement benefits in accordance with the Company's internal rules.

After deliberation by the Nomination and Compensation Committees, this proposal has been determined by the Board of Directors in accordance with the Company's policy for determining the content of remuneration, etc. for individual Directors determined in advance by the Board of Directors and with the internal rules of the Company, and the Company deems the proposal to be appropriate.

The Company proposes that the specific amount of the gift and its timing and method of presentation, etc. will be delegated to the Board of Directors.

The career summary of Koichi Miura is as follows.

Name	Career summary	
Koichi Miura	Oct. 2011	Representative Director and Chairman of the Company
	May 2021	Director and Chairman
	May 2022	Director (current position)
	Apr. 2023	Passed away, thus retiring from office

Proposal No. 6: Continuation of the Measures to Respond to a Large-Scale Purchase of the Company’s Shares (Takeover Defense Measures)

The Company introduced the “measures to respond to a large-scale purchase of the Company’s shares (takeover defense measures)” (hereinafter the “Former Plan”), at the Board of Directors meeting held on March 17, 2008, which was approved by shareholders at the 47th Annual General Meeting of Shareholders held on May 29, 2008. Subsequent to that, continuation of the partially renewed Former Plan was approved as the “measures to respond to a large-scale purchase of the Company’s shares (takeover defense measures)” (hereinafter the “Current Plan”), at the 50th Annual General Meeting of Shareholders held on May 24, 2011. Thereafter, continuation of the Current Plan was approved at the 53rd Annual General Meeting of Shareholders held on May 27, 2014, at the 56th Annual General Meeting of Shareholders held on May 23, 2017, and at the 59th Annual General Meeting of Shareholders held on May 26, 2020. Validity of the Current Plan was scheduled to expire at the conclusion of this General Meeting of Shareholders.

The Company has continuously considered the way the takeover defense measures should be, including the review of appropriateness of its continuation, as one of the initiatives for ensuring and enhancing its corporate value and common interests of shareholders, based on changes in the socio-economic environment thereafter, the latest development of the trends and debates concerning the details of the corporate governance code and the takeover defense measures.

As a result, at the meeting of the Board of Directors of the Company held on April 14, 2023, the Company decided to continue the “measures to respond to a large-scale purchase of the Company’s shares (takeover defense measures)” original plan (hereinafter the “Continuation”; countermeasures after this continuation shall be referred to as the “Plan”) after carrying out partial revisions to the Current Plan subject to the approval of shareholders at this General Meeting of Shareholders as an initiative to prevent decisions on the financial and business policies of the Company from being controlled by inappropriate parties in the context of its basic policy regarding the state of parties who control decisions on the financial and business policies of the Company (hereinafter the “Basic Policy on Control of the Company”) as prescribed in Article 118, Item (iii) of the Regulation for Enforcement of the Companies Act.

All four Audit & Supervisory Board Members of the Company noted their opinion that they agree with the Plan on the condition that the detailed implementation of the Plan is carried out appropriately.

For the Continuation, the main changes from the Current Plan are as shown below. (Other partial rephrasing, reordering, etc. have been carried out.)

- (i) This is limited to the scope illustrated for Large-Scale Purchases for which the Board of Directors can decide to exercise countermeasures in the case that the Large-Scale Purchase Rules (defined in I. 1. below) are followed.
- (ii) It has been clarified that no money will be paid as consideration in the event that the Company acquires share acquisition rights held by a party for whom the exercise of share acquisition rights that have been delivered due to the exercising of countermeasures (allotment of share acquisition rights without contribution) is not permitted.

I. Detail of this Plan subject to shareholders' approval

1. Purpose of this Plan

The Group focuses its management resources on the supermarket business and its peripheral businesses, and stated “Contribute to a prosperous life by providing valuable products and services at low cost as a regional lifeline” as its group philosophy.

In order for the Group to contribute to the realization of a sustainable society, it believes that it is important not to make decisions based solely on profit when the operation of stores is difficult in the event that the business conditions of specific regions or stores deteriorates temporarily or due to the occurrence of disasters, etc., but to demonstrate the Group's collective strengths, such as other regions and stores covering for those issues, to contribute to customers' lives, maintain employment in the region, and provide food, daily necessities, etc. to people living in the region.

Based on this belief, this Plan is proposed to be continued as a measure to prevent decisions on the financial and business policies of the Company from being controlled by inappropriate parties in light of its basic policy on the control over the company, in order for the Group to continue and develop the supermarket business as a regional lifeline.

The Board of Directors of the Company does not unconditionally deny free trading of the Company's shares of the Company, a listed company, nor refuse an act of or proposal for large-scale purchase of the Company's shares. However, the Board has witnessed a number of cases of large-scale purchase, etc. which have actually undermined the corporate value and/or common interests of shareholders, so it believes that sufficient time and information should be provided for shareholders to examine the conditions of purchase, etc., while discussing or proposing alternative ideas.

As of February 28, 2023, roughly 19.6% of the Company's issued shares were held by officers of the Company and related parties. However, the Company cannot exclude the possibility that its officers and related parties may in the future transfer or otherwise dispose their shares depending on individual circumstances, resulting in reduction of the officers' ownership ratio. The Company's shares other than those held by officers are largely held by individual shareholders, the employee shareholding association, institutional investors such as trust banks, domestic corporations and foreign corporations, etc. If a party intends to make large-scale purchase, etc., the Company believes it is important for those shareholders to secure time and information to examine the details of the act of or proposal for the large-scale purchase, etc., and opinion of the Board of Directors of the Company as well as the alternative proposals, in order to finalize their decisions appropriately on whether to accept the proposed large-scale purchase, etc.

In view of such circumstances, the Board of Directors of the Company believes that, in case of an act of or proposal for large-scale purchase of the Company's shares, securement of information and time necessary for shareholders to make a good decision and negotiate with the purchaser, etc., under certain reasonable rules align with the corporate value of the Company and common interests of shareholders. The Board has therefore established certain rules for ensuring the information provision and certain period for examination at the time of large-scale purchase (hereinafter the “Large-Scale Purchase Rules”) and decided to continue this Plan as takeover defense measures including the policies for responding to a large-scale purchase carried out by an inappropriate party in light of the Company's basic policy on the control over the company, subject to approval of shareholders at this General Meeting of Shareholders. Please refer to Appendix 1 for the overall outline of this Plan.

2. Type of purchase of the Company's shares, etc., that falls under this Plan

Purchase of the Company's shares, etc. (Note 1) intended to increase the proportion of voting rights (Note 2) of the specific shareholder group (Note 3) to 20% or higher, or purchase of the Company's shares, etc., with the proportion of voting rights of the specific shareholder group resulting in an increase to 20% or higher, falls under this Plan (in either case, excluding the purchase agreed upon in advance by the Board of Directors of the Company, and including any purchase methods such as market trading and tender offer; such purchase hereinafter referred to as the “Large-Scale Purchase,” and a party engaged in such act as the “Large-Scale Purchaser”)

Note 1: Shares, etc., refer to either shares, etc. as defined in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act, or shares, etc. as defined in Article 27-2, paragraph (1) of the same Act.

Note 2: Proportion of voting rights is defined as:

- (i) in case that the specific shareholder group falls under (i) of Note 3 below, ownership ratio of shares, etc., of such holder (as defined in Article 27-23, paragraph (4) of the same Act, in which case number of shares, etc., held by joint-holders of such holder [as defined in the same paragraph, hereinafter the same] shall be added);
or
- (ii) in case that the specific shareholder group falls under (ii) of Note 3 below, combined ownership ratio of shares, etc., of the Large-Scale Purchaser and its specially related parties (as defined in Article 27-2, paragraph (8) of the same Act). In calculating ratio of voting rights held by each concerned party, 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) may be quoted from securities report, quarterly report or share buyback report, whichever submitted recently.

Note 3: Specific shareholder group is defined as:

- (i) a holder (including a party who falls under the category of a holder as defined in Article 27-23, paragraph (3) of the same Act; hereinafter the same) of the Company's shares, etc. (as defined in paragraph (1) of the same Article), as well as its joint-holders (as defined in paragraph (5) of the same Article, including parties deemed as joint-holders pursuant to paragraph (6) of the same Article, hereinafter the same);
or
- (ii) a party conducting a purchase, etc., (as defined in Article 27-2, paragraph (1) of the same Act, including a purchase conducted in the financial instruments exchange market) of the Company's shares, etc., (as defined in paragraph (1) of the same Article), and its specially related parties (as defined in paragraph (7) of the same Article).

3. Establishment of the Independent Committee

The Board of Directors of the Company shall make a final decision regarding whether such Large-Scale Purchase complied with the Large-Scale Purchase Rules, or whether the countermeasures should be taken on the grounds that such Large-Scale Purchase is considered to significantly undermine the corporate value of the Company and the common interests of shareholders even if such Large-Scale Purchase complied with the Large-Scale Purchase Rules. Meanwhile, in order to operate this Plan appropriately, prevent the Board of Directors from making arbitrary decisions and ensure objective and rational decision at the Board of Directors, the Independent Committee shall be established in accordance with the Independent Committee Regulations (Please refer to Appendix 2 for the outline of the Regulations.) in the same manner as prescribed under the Current Plan. The Independent Committee shall consist of three or more members. They shall be appointed from among persons who are either of outside Audit & Supervisory Board Members or outside experts (Note) and who are independent of business execution of the Company, in order to ensure a fair and neutral decision. Members of the Independent Committee shall be announced as soon as appointed by the Board of Directors of the Company. Current members of the Independent Committee Satoru Takashima, an outside Audit & Supervisory Board Member as well as Tatsuya Hori and Shinichi Tanaka, outside experts are scheduled to continuously serve as members of the Committee after this Plan is continued. (Please refer to Appendix 3 for their career summary.)

Prior to exercising the countermeasures, the Board of Directors shall consult with the Independent Committee regarding the appropriateness of exercising the countermeasures, and the Independent Committee shall make recommendations to the Board regarding whether the countermeasures can be exercised, based on the careful evaluation and examination of the Large-Scale Purchase in light of enhancing the corporate value of the Company and the common interests of its shareholders. The Board of Directors shall make a decision on the exercise of the countermeasures while fully respecting the recommendations by the Independent Committee. The Independent Committee may request holding of the General Meeting of Shareholders for resolution on such exercise in making the recommendations on the exercise of the countermeasures. Based on such request, the Board of Directors of the Company may call for the General Meeting of Shareholders to ask shareholders to decide whether to exercise the countermeasures under this Plan. The outline of the recommendations made by the Independent Committee shall be announced as appropriate.

In doing so, the Committee may, at the cost of the Company, obtain advice as appropriate of external independent third party specialists (including financial advisors, certified public accountants, attorneys-at-law, consultants, and other experts) in order to ensure that the decision of the Independent Committee is made in a manner to contribute to the corporate value of the Company and the common interests of shareholders.

Note: An outside expert refers to a senior corporate executive with proven track record, ex-government official, attorney-at-law, certified public accountant, persons with academic experience or those equivalent thereto.

4. Outline of the Large-Scale Purchase Rules

(1) Prior submission of a letter of intent by the Large-Scale Purchaser to the Company

A Large-Scale Purchaser intending to exercise the Large-Scale Purchase of the Company's shares is required to submit to the Board of Directors of the Company a letter of intent written in Japanese containing the following information with a pledge of compliance with the Large-Scale Purchase Rules, in a form prescribed by the Company before exercising or proposing the Large-Scale Purchase.

- (a) Name and address of the Large-Scale Purchaser
- (b) Law governing the incorporation
- (c) Name of the representative
- (d) Contact address in Japan
- (e) Outline of the proposed Large-Scale Purchase
- (f) Pledge of compliance with the Large-Scale Purchase Rules under this Plan

Upon receipt of the letter of intent from the Large-Scale Purchaser, the Board of Directors shall immediately announce such receipt and its detail as appropriate.

(2) Provision of the necessary information from the Large-Scale Purchaser

The Board of Directors of the Company shall, within ten business days from the next day of the receipt of the letter of intent containing all the information as listed in (1) (a)-(f) above, issue a document (hereinafter the "List of Necessary Information") describing information concerning the Large-Scale Purchase (hereinafter the "Necessary Information"). The Large-Scale Purchaser is required to submit the Necessary Information in Japanese to the Board of Directors of the Company in accordance with the description of the List of Necessary Information.

Common items in the Necessary Information are listed as follows. While detail of the Necessary Information varies depending on the attributes of the Large-Scale Purchaser as well as the content of the Large-Scale Purchase, the scope shall be limited to the extent necessary and sufficient for shareholders to make a decision and for the Board of Directors to form its opinion.

- (a) Details (including name, business description, career summary or history, capital structure, financial conditions, and experiences of businesses similar to the business of the Company and the Group) of the Large-Scale Purchaser and its group (including joint-holders, specially related parties and, in the case of a fund, partners and other members)
- (b) The purpose, method and other details of the Large-Scale Purchase (including amounts and types of consideration for the Large-Scale Purchase, the timing of the Large-Scale Purchase, the structure of any related transactions, the legality of the method of the Large-Scale Purchase, feasibility of the Large-Scale Purchase and any related transactions)
- (c) The basis of calculation of the consideration for the Large-Scale Purchase (including facts underlying the calculation, the method of calculation, numerical information used in the calculation, and the details of synergy expected to arise from a series of transactions related to the Large-Scale Purchase)
- (d) Supporting documents explaining the source of funds for the Large-Scale Purchase (including the specific name of the provider of the funds [including substantial providers of funds], funding methods and the details of any related transactions)
- (e) Candidates for officers assumed to be put up after the completion of the Large-Scale Purchase (including information concerning experiences of businesses similar to the business of the Company and the Group), management policies, business plans, financial plans, capital policies, dividend policies, and asset utilization strategies of the Company and the Group
- (f) Changes and details thereof, if any, to the relationship between the Company and the Group and their stakeholders including customers, business partners and employees following the completion of the Large-Scale Purchase

The Board of Directors of the Company may, with a view to ensuring prompt execution of the Large-Scale Purchase Rules, set a deadline for the provision of information by the Large-Scale Purchaser as needed; provided, however, that such deadline may be extended subject to a request by the Large-Scale Purchaser on rational grounds.

If the Necessary Information submitted to the Company based on the above items is considered to be insufficient for evaluating and examining the Large-Scale Purchase following the scrutiny by the Board of Directors, it may set out a reasonable period as appropriate and request the Large-Scale Purchaser to provide additional information until the Necessary Information is fully received.

When the Board of Directors considers that all the Necessary Information has been fully and sufficiently provided by the Large-Scale Purchaser for the purpose of evaluating and examining the Large-Scale Purchase, it sends a notice to the Purchaser to that effect and announces that.

However, if the Board of Directors received a reasonable explanation from the Large-Scale purchaser regarding the difficulty in providing some of such Necessary Information regardless of the request for provision of the additional Necessary Information, negotiation for the information provision by the Large-Scale Purchaser may be terminated and the evaluation and examination by the Board of Directors as described in (3) below may commence without all the Necessary Information at hand requested by the Board of Directors. The Necessary Information provided to the Board of Directors shall be submitted to the Independent Committee, while all or part of such information shall also be disclosed at a certain point as considered appropriate by the Board of Directors, if such disclosure is deemed necessary for shareholders to make a good decision.

(3) Evaluation and examination of the Necessary Information by the Board of Directors of the Company

After the completion of the Large-Scale Purchaser's provision of the Necessary Information to the Board of Directors, the Board sets either of a period not exceeding 60 days in the case of purchasing all of the Company's shares exclusively through cash tender offer (in Japanese yen), or a period not exceeding 90 days in the case of the Large-Scale Purchase through other methods, as a period for evaluation, examination, negotiation, opinion formation, and development of an alternative proposal by the Board (hereinafter the "Board of Directors' Evaluation Period"), depending on the difficulty of evaluation, etc. of the Large-Scale Purchase. During the Board of Directors' Evaluation Period, the Board of Directors closely evaluates and examines the provided Necessary Information while obtaining advice as appropriate of external independent third party specialists (including financial advisors, certified public accountants, attorneys-at-law, consultants and other experts), and with utmost respect for the recommendations from the Independent Committee, carefully organizes and officially announces its opinion. The Board of Directors of the Company will also negotiate the terms and conditions and points to be improved of the Large-Scale Purchase with the Large-Scale Purchaser as necessary and may present an alternative proposal to its shareholders.

5. Policies for responding to the actual exercise of the Large-Scale Purchase

(1) If the Large-Scale Purchaser has not complied with the Large-Scale Purchase Rules

If the Large-Scale Purchaser has not complied with the Large-Scale Purchase Rules, the Board of Directors of the Company may exercise countermeasures such as allotment of share acquisition rights without contribution as authorized under the Companies Act or other laws as well as the Articles of Incorporation of the Company against the Large-Scale Purchase, for the purpose of protecting the Company's corporate value and the common interests of shareholders.

In considering whether the Large-Scale Purchase Rules have been complied with or not, circumstances of the Large-Scale Purchaser are duly considered to a reasonable extent, and non-provision of a part of the Necessary Information alone should not be deemed as non-compliance with the Large-Scale Purchase Rules.

(2) If the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules

If the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, even if the Board of Directors disagrees to such Large-Scale Purchase, it only attempts to persuade shareholders by expressing counter opinions against such Large-Scale Purchase proposal and/or presenting an alternative proposal, without exercising countermeasures against it in principle. Shareholders would be asked to make

consideration on their own whether to accept such Purchase proposal offered by the Large-Scale Purchaser, as well as the opinion and the alternative proposal presented by the Company.

However, even in the case where the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, if the Board of Directors considers that such Large-Scale Purchase falls under any of the following (a) to (e), and causes irretrievable damage to the Company, thus significantly undermines the Company's corporate value and the common interests of shareholders, the Board of Directors may exceptionally decide to exercise countermeasures as described in (1) above to a necessary and reasonable extent, for the purpose of protecting the Company's corporate value and the common interests of shareholders.

- (a) Cases where the Purchaser is found not to have any intention to participate in the management of the Group and to be purchasing the Company's shares only for the purpose of selling the shares to the Company's related parties at a high price after driving the share price higher (so-called greenmailer)
- (b) Cases where the Purchaser is found to be purchasing the Company's shares for the purpose of conducting so called "scorched earth" management, by temporarily gaining control over the Group's management and transferring intellectual property rights, know-how, corporate secrets, major business partners and customers that are necessary for the business operation of the Group to the Large-Scale Purchaser or its group companies, etc.
- (c) Cases where the Purchaser is found to be purchasing the Company's shares with a view to using the Group's assets as collateral for, or the source of funds for repayment of, debts of the Large-Scale Purchaser or its group companies, etc., after gaining control over the Group's management
- (d) Cases where the Purchaser is found to be acquiring the Company's shares for the purpose of temporarily gaining control over the Group's management and disposing high-value assets, etc., such as real estate, securities, etc., of the Group by sale, and temporarily paying higher dividends from the disposition proceeds or deliberately selling the Company's shares at a high price as the share price surges during the period of the said temporarily higher dividends
- (e) Cases where the method of purchase of the Company's shares proposed by the Purchaser is found to impose restrictions on the opportunity or freedom of shareholders to make a decision by way of so-called coercive two-tier tender offer (the method of carrying out a tender offer in two steps where the Purchaser does not solicit the sale of all of the Company's shares in the first stage while specifying unfavorable terms and conditions for purchase in the second stage or not clarifying the terms and conditions for purchase in the second stage) and shareholders could be effectively forced to sell the Company's shares

(3) Resolution of the Board of Directors and holding of the General Meeting of Shareholders

In making a decision as to whether to exercise countermeasures in the cases described in (1) or (2) above, the Board of Directors of the Company shall respect the recommendations of the Independent Committee to the maximum extent, fully consider the necessity and appropriateness of the countermeasures and pass a resolution as the body authorized by the Companies Act concerning the exercise or non-exercise of countermeasures.

Regarding the specific means, the Board of Directors shall opt for the countermeasures that is deemed as the most appropriate at that point in time. For example, in the case where the Board of Directors of the Company allots share acquisition rights without contribution as one of the specific countermeasures, it shall follow the outline in principle as described in Appendix 4. However, actual allotment of share acquisition rights may require conditions including the exercise period and others for maximizing its effectiveness; for example, a party to which share acquisition rights are allotted should not belong to the specific shareholder groups with the proportion of voting rights in excess of a certain threshold.

In the case where the Board of Directors makes the recommendations on the exercise of the countermeasures and call for the General Meeting of Shareholders for resolution on such exercise, it may set a period not exceeding 60 days for allowing shareholders to fully consider whether it is appropriate to exercise the countermeasures under this Plan (hereinafter the "Shareholders' Consideration Period"), and hold the General Meeting of Shareholders during such Period.

If the Board of Directors resolves holding of the General Meeting of Shareholders and the record date, the Board of Directors' Evaluation Period shall be terminated as of the date of such resolution, and proceed to the Shareholders' Consideration Period.

In calling for such General Meeting of Shareholders, the Board of Directors shall send shareholders a document containing the Necessary Information provided by the Large-Scale Purchaser, the Board's opinion on the Necessary Information, the alternative proposal presented by the Board and any other matters as deemed appropriate by the Board, along with the notice of the General Meeting of Shareholders and immediately disclose the dispatch of such document.

The Board of Directors shall follow the resolution of such General Meeting of Shareholders regarding for or against the exercise of the countermeasures. The Board of Directors shall not exercise the countermeasures if such General Meeting of Shareholders resolves not to exercise. The Shareholders' Consideration Period shall be terminated at the conclusion of such General Meeting of Shareholders, and the results at the General Meeting of Shareholders shall be disclosed appropriately on a timely basis following the resolution.

(4) Waiting Period for the Large-Scale Purchase

The "Waiting Period for the Large-Scale Purchase" is defined as the period from the date of submission of the letter of intent as described in the above-mentioned 4. (1) "Prior submission of a letter of intent by the Large-Scale Purchaser to the Company" to the Board of Directors of the Company, to the date of termination of the Board of Directors' Evaluation Period if the Shareholders' Consideration Period is not set, or the combination of the Board of Directors' Evaluation Period and Shareholders' Consideration Period, if the Shareholders' Consideration Period is set. The Large-Scale Purchase cannot be exercised during the Waiting Period for the Large-Scale Purchase.

Accordingly, the Large-Scale Purchase can be exercised only after the elapse of the Waiting Period for the Large-Scale Purchase.

(5) Suspension, etc., of the exercise of the countermeasures

In (3) above, if exercise of the countermeasures is deemed inappropriate by the Board of Directors for cases where the Large-Scale Purchaser withdraws or makes a change to the Large-Scale Purchase after the resolution for the exercise of the specific countermeasures at the Board of Directors or the General Meeting of Shareholders of the Company, the Board of Directors may suspend or otherwise halt the exercise of the countermeasures with utmost respect for opinions or recommendations of the Independent Committee.

In the case where share acquisition rights are allotted without contribution as a countermeasure, for example, if the exercise of the countermeasure is considered to be inappropriate by the Board of Directors due to the fact that the Large-Scale Purchaser withdraws or makes changes to the Large-Scale Purchase after the Board of Directors' resolution for allotment of share acquisition rights without contribution or after the allotment thereof, the Board of Directors may suspend the exercise of the countermeasures by cancelling the allotment of share acquisition rights without contribution until the day before the effective date of share acquisition rights, or by the Company's acquisition of the share acquisition rights without contribution (whereby shareholders' share acquisition rights are extinguished) until the day before commencement of the exercise period after the allotment of share acquisition rights, based on recommendations of the Independent Committee.

If the Company suspends the exercise of the countermeasures as mentioned above, the decision thereon shall be disclosed appropriately on a timely basis in accordance with laws and regulations, and listing rules of the financial instruments exchange on which the Company is listed.

6. Commencement of adoption of this Plan, its effective period, continuation and abolition

This Plan shall take effect by the resolution of this General Meeting of Shareholders from the same date of such resolution and expire at the conclusion of the 65th Annual General Meeting of Shareholders scheduled to be held by May 31, 2026.

However, even after the continuation of this Plan is approved and it becomes effective at this General Meeting of Shareholders, it shall be abolished at the time when (i) the resolution passed for abolishing this Plan at the General Meeting of Shareholders of the Company, or (ii) the resolution passed for abolishing this Plan at the Board of Directors of the Company.

The Board of Directors may also review as appropriate and make changes to this Plan subject to the approval of the General Meeting of Shareholders even during the effective period of this Plan, for the purpose of enhancing the Company's corporate value and the common interests of shareholders. If the Board of Directors decides on continuation, changes, abolition, etc., concerning this Plan, the detail thereof shall be disclosed without delay.

The Board of Directors may also make modifications or changes to this Plan as appropriate subject to the consent of the Independent Committee, even during the effective period of this Plan, in the case where it is appropriate to reflect the establishment, amendment or abolition of laws or regulations, or the financial instruments exchange rules, etc., relevant to this Plan, or to modify the words and phrases for correcting typographical errors, insofar as the interests of shareholders would not be harmed.

II. Supplementary explanation

While the detail of this Plan is as stated above, the impact on shareholders and the rationality of this Plan are as follows.

1. The impact, etc., of this Plan on shareholders

(1) The impact, etc., of the Large-Scale Purchase Rules on shareholders

The Large-Scale Purchase Rules are intended to provide shareholders with information necessary for making a decision on whether to accept the Large-Scale Purchase proposal and opinions of the Board of Directors currently engaged in the management of the Company, while ensuring opportunities for shareholders to be presented with the alternative proposals. Under the Large-Scale Purchase Rules, shareholders can make a proper decision on whether to accept the Large-Scale Purchase with adequate information and proposal from the Board of Directors, which, the Company believes, will contribute to protecting the Company's corporate value and the common interests of shareholders. Thus, the Company believes that the establishment of the Large-Scale Purchase Rules serves as a prerequisite for shareholders' appropriate decision-making, and contributes to shareholders' interest.

As described in I. 5. above, since the Company's policy for responding to the Large-Scale Purchase varies depending on whether the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, shareholders would be kindly asked to stay alert to the behavior of the Large-Scale Purchaser.

(2) Impact of the exercise of countermeasures on shareholders

In the cases where the Large-Scale Purchaser has not complied with the Large-Scale Purchase Rules, or where, despite the Large-Scale Purchaser's compliance with the Large-Scale Purchase Rules, the Large-Scale Purchase is considered to cause irretrievable damage to the Company, thus significantly undermines the Company's corporate value and the common interests of shareholders, the Board of Directors may exercise the countermeasures such as allotment of share acquisition rights as authorized under the Companies Act or other laws as well as the Articles of Incorporation of the Company for the purpose of protecting the Company's corporate value and the common interests of shareholders. However, in light of the nature of such countermeasures, the Company does not assume any situation in which shareholders (excluding the Large-Scale Purchaser that does not comply with the Large-scale Purchase Rules, or that exercises the Large-Scale Purchase considered to cause irretrievable damage to the Company, thus significantly undermines the Company's corporate value and the common interests of shareholders) may suffer any particular losses in terms of their legal rights or economic aspect.

In the event that the Board of Directors decided to exercise specific countermeasures, timely and appropriate disclosure shall be made in accordance with laws and regulations, and the financial instruments exchange rules, etc. For example, in the case where share acquisition rights is allotted without contribution as the countermeasure, shareholders receive the allotment of share acquisition rights without application for subscription of the share acquisition rights, while they receive the Company's shares as consideration for subscription of the share acquisition rights without paying the amount of money equivalent to the exercise price of the share acquisition rights, due to a procedure for acquiring the share acquisition rights taken by the Company. Consequently, procedures such as application or payment is not needed. In such case, however, each shareholder receiving the share acquisition rights may be asked to submit a written declaration in the form designated by the Company for pledging that he/she is not the Large-Scale Purchaser.

The Company may, even after the date of allotment of the share acquisition rights and the effective date of the share acquisition rights, cancel the allotment of share acquisition rights, or acquire the share acquisition rights without delivery of the Company's shares to the share acquisition rights without contribution by the day before the commencement of the exercise period of the share acquisition rights, due to circumstances including the Large-Scale Purchaser's withdrawal of the Large-Scale Purchase. In such cases, shareholders or investors who sold or otherwise traded the Company's shares based on the assumption that dilution of economic value per share would occur after the shareholders received such allotment of share acquisition rights without contribution are determined (after the ex-rights date) may be exposed to reasonable losses due to share price fluctuation.

2. Rationality of this Plan (regarding the nature of this Plan that complies with the basic policy on the control over the company, coincides with the Company's corporate value and the common interests of shareholders, has no intention to preserve the status of the Company's officers)

- (1) This Plan satisfies the requirements of the guidelines on takeover defense measures.

This Plan satisfies all three principles (principle of protecting and enhancing corporate value and shareholders' common interests, principle of prior disclosure and shareholders' will and principle of ensuring the necessity and reasonableness of defensive measures) prescribed in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interest" jointly published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

This Plan is also based on a report, "Takeover Defense Measures in Light of Recent Environmental Changes" published on June 30, 2008 by the Corporate Value Study Group, which was established in the Ministry of Economy, Trade and Industry.

The Company shall comply with all the principles concerning takeover defense measures under the corporate governance code (Principle 1.5, Supplementary Principle 1.5.1).

- (2) This Plan is being introduced for the purpose of protecting and enhancing the common interests of shareholders.

As noted in the I. 1 "Purpose of this Plan" above, this Plan is introduced for the purpose of protecting and enhancing the corporate value of the Company and the common interests of shareholders in the case where a Large-Scale Purchase of the Company's shares is proposed, by allowing shareholders to decide whether to accept the proposal for the Large-Scale Purchase, securing information and time necessary for the Board of Directors to present an alternative proposal, as well as by enabling the Company to negotiate with the Purchaser on behalf of its shareholders or to take similar actions.

- (3) This Plan reflects shareholders' intention.

This Plan is subject to the approval of shareholders at this General Meeting of Shareholders, and shareholders are asked to indicate their intention regarding this Plan for the purpose of reflecting shareholders' intention. If abolition of this Plan at the General Meeting of Shareholders of the Company is resolved even during its effective period after the continuation of this Plan, this Plan will be abolished at the time, and shareholders' intention will be reflected.

- (4) This Plan respects the judgment of highly independent outside parties.

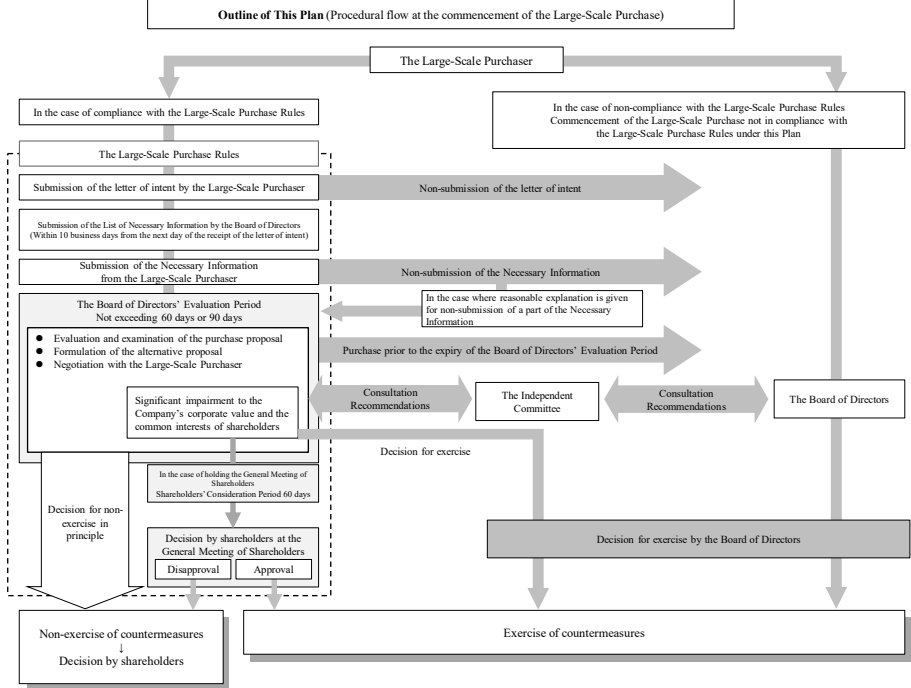
As specified in I. 5 "Policies for responding to the actual exercise of the Large-Scale Purchase" above, exercise of the countermeasures under this Plan shall be decided in consultation with the Independent Committee consisting of members independent of the management engaged in business execution of the Company with utmost respect of the recommendations from the Committee, and a procedure for transparent operation of this Plan is ensured with a view to contributing to the Company's corporate value and the common interests of shareholders.

- (5) This Plan is not a dead-hand-type nor slow-hand-type takeover defense measure.

This Plan may be abolished by the Board of Directors consisting of Directors who are elected at the General Meeting of Shareholders of the Company. Therefore, this Plan is not a dead-hand-type takeover defense measure (a takeover defense measure whose exercise cannot be prevented even after replacing a majority of the members of the Board of Directors).

The term of office of Directors of the Company is one year. Consequently, this Plan is not a slow-hand-type takeover defense measure (a takeover defense measure that requires time to prevent exercise of the plan because the members of the Board of Directors cannot be replaced at once).

Resolution for dismissing the Company's Directors does not additionally require any resolution such as special resolution.



(Note) This chart is a schematic illustration of the workflows of the main procedures presented for understanding of this Plan, and does not exhaustively show all procedures. For further details, please refer to the main text.

Outline of the Independent Committee Regulations

- The Independent Committee shall be established by the resolution of the Board of Directors of the Company.
- The Independent Committee shall consist of three or more members. The Independent Committee members shall be appointed by resolution of the Board of Directors of the Company from among persons who are either of outside Audit & Supervisory Board Members or outside experts (senior corporate executives with proven track record, ex-government officials, attorneys-at-law, certified public accountants, persons with academic experience or persons equivalent thereto) and who are independent from the senior executives in charge of business execution of the Company, with a view to ensuring fair and neutral decision.
- The Independent Committee shall make recommendations for a decision with reasons and grounds, in principle, to the Board of Directors of the Company regarding the matters consulted by the Board of Directors of the Company, such as a decision as to whether the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, whether the Large-Scale Purchase is considered to significantly undermine the Company's corporate value and the common interests of shareholders, whether the countermeasures should be exercised, or whether to suspend the countermeasures after it has been exercised. Each member of the Independent Committee shall make such a decision solely from the perspective of whether the matters in question contributes to corporate value of the Company and the common interests of shareholders.
- In doing so, the Committee may, at the cost of the Company, obtain advice as appropriate of external independent third party specialists (including financial advisors, certified public accountants, attorneys-at-law, consultants, and other experts).
- A resolution of the Independent Committee shall be passed by a majority of the votes of the Committee members at a meeting in which two-thirds or more of its members are present.

Career Summary of the Members of the Independent Committee

The Independent Committee after the continuation of this Plan is scheduled to remain served by the following three persons.

Tatsuya Hori

(Career summary) Born in November 1935
Apr. 1958 Joined Hokkaido Government
June 1993 Deputy Governor of Hokkaido Government
Apr. 1995 Governor of Hokkaido Government
Aug. 2004 Chairperson of the Board of Sapporo University
Dec. 2009 Director and Chairperson of Hokkaido (Marketing) Institute of Research Ltd.
Apr. 2010 Director of Historical Museum of Hokkaido
June 2021 Honorary Chairman of Hokkaido Sport Association (current post)

Shinichi Tanaka

(Career summary) Born in February 1939
Sept. 1965 Registered as a certified public accountant
Aug. 1976 Representative Partner of Shin Nihon & Co.
July 1995 Executive Board Member of The Japanese Institute of Certified Public Accountant
Aug. 2004 Director of Certified Public Accountant Tanaka Shinichi Office (current post)

Satoru Takashima

(Career summary) Born in October 1951
Apr. 1979 Registered as an attorney-at-law
Apr. 1985 Established Takashima Satoru Law Office
May 1993 Audit & Supervisory Board Member of the Company (current position)
Jan. 1996 Established Sapporo Chuo Law Office
Aug. 2006 Director of Takashima Sogo Law Office (current post)

There is no special interest between any of each Independent Committee member listed above and the Company. The Company has notified the financial instruments exchange in Japan where the Company is listed of designation of Satoru Takashima, outside Audit & Supervisory Board Member of the Company, as an independent officer.

Outline of the Allotment of Share Acquisition Rights Without Contribution

1. Shareholders entitled to the allotment of share acquisition rights without contribution and method of the allotment

One share acquisition right shall be allotted to each common share of the Company (excluding common shares of the Company owned by itself) held by the shareholders recorded in the last shareholder register on the record date as determined by the Board of Directors of the Company, without requiring any new payment.

2. Class and number of shares that are the subject of the share acquisition rights

The class of the shares that are the subject of the share acquisition rights shall be common shares of the Company and one share is the subject of a share acquisition right. However, in cases where the Company carries out a share split or share consolidation, the number of subject shares shall be subject to required adjustment.

3. Total number of the share acquisition rights to be allotted to shareholders

The upper limit of the number shall be calculated by deducting the total number of common shares issued by the Company (excluding common shares of the Company owned by itself) from the total number of authorized shares of the Company on the record date determined by the Board of Directors of the Company. The Board of Directors of the Company may exercise allotment of share acquisition rights more than once.

4. Assets to be contributed upon exercise of each share acquisition right and their amount

The type of assets to be contributed upon exercise of the share acquisition rights shall be money of a certain amount no less than ¥1 as determined by the Board of Directors of the Company. If the Board of Directors of the Company decides to acquire the share acquisition rights, the Company may deliver new shares to shareholders as consideration for such acquisition without making payment of the amount equivalent to the exercise price.

5. Restriction to the transfer of the share acquisition rights

Acquisition of such share acquisition rights through transfer of the share acquisition rights shall be subject to the approval of the Board of Directors of the Company.

6. Exercise conditions of the share acquisition rights

A provision to the effect that a person exercising the share acquisition rights must not fall under the specific shareholder group with the 20% or higher proportion of voting rights (excluding those approved by the Board of Directors of the Company beforehand) and other relevant provisions shall be made as conditions for exercising the share acquisition rights. Further detail shall be set separately by the Board of Directors of the Company. However, no monetary consideration will be paid as consideration for acquisition of share acquisition rights owned by those who are not eligible to exercise share acquisition rights.

7. Exercise period, etc., of the share acquisition rights

The effective date of the allotment of share acquisition rights, the exercise period, terms of acquisition and other necessary matters shall be separately specified by the Board of Directors of the Company. The terms of acquisition mentioned above may include the provisions to the effect that the Company may acquire share acquisition rights held by persons other than those not allowed to exercise share acquisition rights due to the conditions for the exercise described in 6. above, and deliver for each share acquisition right the certain number of common shares of the Company as determined separately by the Board of Directors of the Company, or that the Company may acquire share acquisition rights without delivery of the Company's shares for the share acquisition rights or contribution.